

Bank of Uganda Act

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Act 5

Bank of Uganda Act

1966

THE BANK OF UGANDA ACT, 1966.

ARRANGEMENT OF CLAUSES.

Clause

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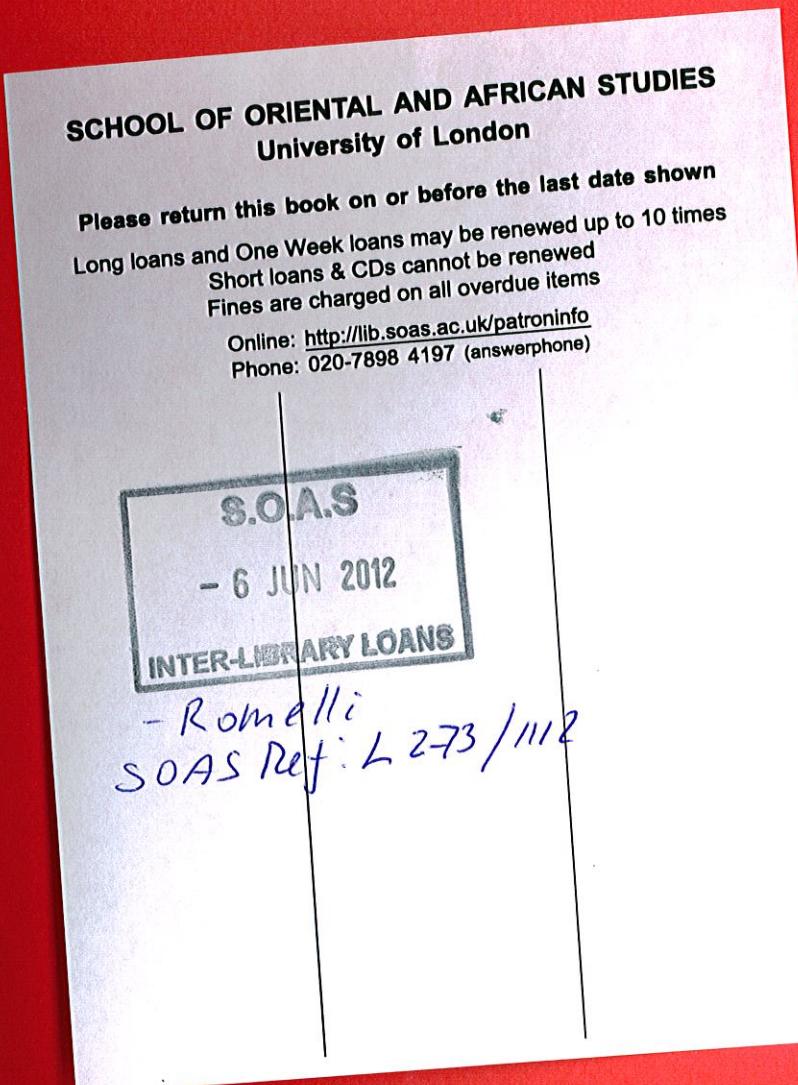
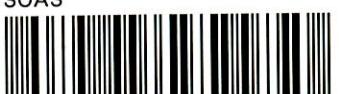
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25/10/66

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Act 5*Bank of Uganda Act*

1966

**THE BANK OF UGANDA ACT, 1966.**

AN ACT to establish the Bank of Uganda which shall issue legal tender currency and maintain external reserves in order to safeguard the international value of that currency, promote stability and a sound financial structure conducive to a balanced and sustained rate of growth of the economy and other purposes connected therewith.

DATE OF ASSENT: 28th May, 1966.

Date of Commencement: (*See section 51*).

BE IT ENACTED by the President and the National Assembly in this present Parliament assembled, as follows:—

PART I—ESTABLISHMENT AND CAPITAL.*Establishment.*

1. (1) There shall be established a Bank to be known as the Bank of Uganda. Establish-
ment of
Bank.

(2) The Bank shall be a body corporate with perpetual succession and a common seal; and may sue or be sued in its corporate name.

(3) The Bank may, subject to the limitations contained in this Act relating to the business which may be carried on

by the Bank, purchase, hold, manage and dispose of real and personal property and may enter into such contracts as may be expedient.

Head Office
and
branches.

2. The Bank shall have its head office in Kampala and may open branches and appoint agents and correspondents in and out of Uganda in accordance with decisions of the Board made in that behalf.

Capital and Reserve.

Authorised
capital.

3. (1) The authorised capital of the Bank shall be forty million shillings which shall be taken up from time to time by the Government, and may be increased from time to time.

(2) On the coming into force of this section the Government shall take up not less than five million shillings of the authorised capital of the Bank.

General
Reserve
Fund.

4. (1) There shall be a General Reserve Fund of the Bank.

(2) At the end of each financial year of the Bank, after allowing for the expenses of operation, and after provision has been made for bad and doubtful debts, depreciation of assets, contributions to staff and superannuation funds, and other contingencies, there shall be transferred to the General Reserve Fund,

- (a) the whole of the net profits of the Bank, if the amount of moneys in that Fund does not exceed fifty *per centum* of the amount of the paid up capital of the Bank;
- (b) one-quarter of the net profits of the Bank, if the amount of moneys in that Fund is less than the amount of the paid up capital of the Bank;
- (c) one-eighth of the net profits of the Bank, if the amount of moneys in that Fund is less than twice the amount of the paid up capital of the Bank;

and any moneys thereafter remaining shall be paid into the Consolidated Fund.

(3) If at the end of the financial year as aforesaid the amount of moneys in the General Reserve Fund is not less than twice the amount of the paid up capital, or such other amount not being less than twice the amount of the paid up capital of the Bank as the Board may, with the approval of the Minister determine, the whole of the net profits of the Bank shall be paid into the Consolidated Fund.

(4) Notwithstanding anything to the contrary contained in the preceding provisions of this section the Bank shall retain, from moneys payable into the Consolidated Fund under this section, any such amount as may be determined by the Board in satisfaction of any moneys due from the Government to the Bank or in reducing the amount of any such moneys due.

Administration.

5. (1) There shall be a board of directors which shall consist of a Governor, a Deputy Governor and not less than five nor more than seven other directors. Board of
directors.

(2) The general administration of the affairs of the Bank shall be entrusted to the Board, to which the Governor shall be answerable for his acts and decisions.

(3) The Governor or, in his absence, the Deputy Governor, shall be entrusted with the day to day business and administration of the Bank, and may, subject as is expressly provided in this Act, give decisions and exercise all powers and do all acts which may be exercised or done by the Bank.

6. (1) The Governor and the Deputy Governor shall be persons of recognised financial or banking experience and shall be appointed by the President acting on the advice of the Cabinet. Appoint-
ments to the
Board.

(2) The Governor and the Deputy Governor shall be appointed for a period not exceeding five years and shall be eligible for re-appointment.

(3) The Governor and the Deputy Governor shall not, while holding office occupy any other office or employment whether remunerated or not;

Provided that they may,

- (a) become trustees of any staff, pension, provident or superannuation fund or scheme;
- (b) with the approval of the Board, become directors of any corporation in which the Bank may have an interest by virtue of the provisions of paragraph (d) of subsection (2) of section 21 of this Act;
- (c) with the approval of the Board, act as members of any commission or committee appointed by the Government to enquire into any matter affecting currency or banking;

(d) with the consent of the Minister and the approval of the Board, become directors, governors or members of the board, by whatever name called, of any international bank or an international monetary authority to which the Government shall have adhered or given support or approval.

(4) The Governor and the Deputy Governor shall each be appointed on such terms and conditions as may be provided for in their respective letters of appointment.

(5) The other directors of the Bank shall be appointed by the Minister and each shall,

(a) hold office for a period not exceeding three years and shall be eligible for re-appointment; and

(b) be entitled to such fees and allowances as the Board may, subject to confirmation by the Minister, by rules prescribe.

(6) The Governor or the Deputy Governor, as the case may be, may resign his office by writing under his hand addressed to the Minister which shall take effect six months from the date of receipt of the letter of resignation by the Minister.

(7) Any other director may resign his office by writing under his hand addressed to the Minister which shall take effect one month from the date of receipt of the letter of resignation by the Minister.

*Disqualification of
directors.*

7. (1) A member of the Board shall cease to hold office if,

(a) he becomes a person of unsound mind or incapable of carrying out his duties;

(b) he becomes bankrupt or suspends payment or compounds with his creditors;

(c) he is convicted of a felony or of any offence involving fraud or dishonesty;

(d) he is guilty of serious misconduct in relation to his duties;

(e) in the case of a person possessed of professional qualifications he is disqualified or suspended from practising his profession by the order of any competent authority made in respect of him personally, or ceases to be a member of the profession, otherwise than at his own request.

(2) No person shall be appointed or be a member of the Board who is, or becomes,

(a) a member of the National Assembly;

(b) a director, salaried officer, or shareholder of any banking institution or other credit institution which carries on business in Uganda;

(c) a public officer.

8. (1) If any member of the Board dies or resigns or otherwise vacates his office before the expiry of the term for which he has been appointed, another person shall be appointed for the unexpired period of the term of office of the person in whose place he is appointed.

(2) Whenever for any sufficient reason the offices of the Governor and the Deputy Governor are vacant at the same time, the General Manager shall perform the functions of the Deputy Governor until the appointment of the Governor or the Deputy Governor, and attend meetings of the Board, but shall not for those purposes be, or be deemed to be, a member of the Board; and accordingly three other members of the Board shall form a quorum for any such meetings of the Board.

9. (1) The Governor shall preside at all meetings of the Board and in his absence the Deputy Governor shall preside.

(2) The Governor or in his absence the Deputy Governor shall summon meetings as often as he may require but not less frequently than ten meetings in each financial year and whenever so requested by two other directors.

(3) At any meeting of the Board the quorum shall consist of four members including either the Governor or the Deputy Governor, as the case may be, and decisions shall be adopted by a simple majority of the votes of the members present and voting; and in the case of an equality of votes, the person presiding shall have a casting vote.

(4) No act or proceedings of the Board shall be invalidated by reason only of the existence of a vacancy among the members thereof.

(5) All acts done by any person acting in good faith as a director shall be valid, notwithstanding any defect in his appointment or qualification.

(6) Notwithstanding anything contained in subsection (3) of this section whenever in the opinion of the Governor circumstances or urgency so requires decisions of the Board may be taken by three members of the Board including either

the Governor or the Deputy Governor and any actions or decisions so taken shall be valid and binding on the Bank as if a full quorum had been present thereat.

(7) Any action or decision taken under the provisions of the immediately preceding subsection shall be reported to the Board at its next meeting.

Appoint-
ment of
employees.

10. (1) Save as may otherwise be provided by bye-laws made by the Bank, all appointments of employees shall be made on behalf of the Bank by the Board.

(2) Employees of the Bank shall be engaged on such terms and conditions as shall be laid down by the Board.

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

(4) No employee of the Bank shall be liable for any loss or damage suffered by the Bank unless such loss or damage was caused by his own default or wilful act.

Declaration
of secrecy.

11. (1) The members of the Board, officers and all other employees of the Bank shall be bound by a declaration of secrecy and shall not disclose to any person any information acquired in the performance of their functions unless they are otherwise called upon to give evidence in a court of competent jurisdiction or to fulfil other obligations imposed by law.

(2) For the purposes of this section any former member of the Board and any former employee of the Bank shall be similarly bound and shall not disclose any information whether documentary or otherwise which he has acquired as such member or employee save as by order of a court of competent jurisdiction.

(3) Any person who contravenes the provisions of this section commits an offence and shall be liable on conviction to imprisonment for a term not exceeding five years or to a fine not exceeding five thousand shillings or to both such imprisonment and fine.

PART II—CURRENCY.

Unit of
currency.

12. (1) The unit of currency shall be the shilling which shall be divided into one hundred cents.

(2) For the purposes of the preceding subsection,
(a) every contract, sale, payment, bill, note, instrument or security for money and every transaction, dealing, matter or thing whatsoever related to

money or involving the payment of, or the liability to pay, any money which would have been deemed to be made, executed, entered into, done or had in and in relation to currency issued by the East African Currency Board shall be deemed to be made, executed, entered into, done or had in and in relation to the currency specified in the preceding subsection;

(b) any reference to East African shillings or East African currency in any enactment, instrument, or any other document shall be construed as a reference to the equivalent amount of the currency specified in the preceding subsection.

(3) The provisions of paragraph (a) of the immediately preceding subsection shall not affect any obligation to pay any money in any country outside Uganda where currency issued by the East African Currency Board is legal tender.

(4) All monetary obligations or transactions shall be deemed to be expressed and recorded and shall be settled in the shilling unless otherwise provided under any enactment or lawfully agreed to between the parties to an agreement under any lawful obligation.

13. The Minister may on the recommendation of the Board, by statutory instrument, determine the par value of the shilling in terms of gold in accordance with any international agreement to which Uganda is a party. Parity of
the shilling.

14. (1) The Bank shall have the sole right of issuing bank notes and coin and neither the Government nor any other person shall issue currency notes, bank notes or coin or any documents or tokens payable to bearer on demand being documents or tokens likely to be passed as legal tender. Right of
issue.

(2) The Bank shall,

(a) arrange for the printing of notes and the minting of coins;

(b) issue and re-issue and exchange any such notes and coin at the Bank's offices and at such agencies as the Bank may establish or appoint;

(c) arrange for the custody of unissued stocks of currency and for the preparation, safe custody and destruction of plates and paper for the printing of notes and of dies for the minting of coins.

Denominations and form of bank notes and coin.

15. (1) Bank notes and coin issued by the Bank shall be in such denominations of the shilling or fractions thereof expressed in cents as shall be approved by the Minister on the recommendations of the Board.

(2) Bank notes and coin issued by the Bank shall be of such forms and designs and bear such devices as shall be approved by the Minister on the recommendations of the Board.

(3) The standard weight and composition of coins issued by the Bank and the amount of remedy and variation shall be determined by the Minister on the recommendations of the Board.

Legal tender.

16. (1) Bank notes issued by the Bank shall be legal tender at their face value.

(2) Coins issued by the Bank shall, if such coins have not been tampered with, be legal tender for payments up to an amount not exceeding,

(a) forty shillings, in the case of coins of denominations of not less than twenty cents; and

(b) five shillings, in the case of coins of a lower denomination.

(3) On giving not less than three months notice in the Gazette the Bank shall have power to call in any of its bank notes and coin on payment of the face value thereof; and any such notes or coin with respect to which a notice shall have been given under this subsection shall, on the expiration of the notice, cease to be legal tender.

(4) For the purposes of this Act a coin shall be deemed to have been tampered with if the coin shall have been,

(a) impaired, diminished or lightened otherwise than by fair wear and tear; or

(b) defaced by stamping, engraving or piercing whether the coin shall or shall not have been thereby diminished or lightened.

Refund of lost or imperfect bank notes or coin.

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

(2) Subject to the provisions of the preceding subsection, the circumstances in which, and the conditions and limitations subject to which, the value of any lost, stolen, mutilated or imperfect bank notes or coins tampered with may be refunded as of grace shall be within the absolute discretion of the Board.

Evidence of imitation of bank note.

18. Where in any proceedings in any court of competent jurisdiction it is to be determined whether a document purporting to be a bank note is an imitation of a bank note, a certificate under the hand of the Governor or any officer of the Bank authorised by him certifying that he has examined the document which purports to be a bank note, stating the denomination, and the number of the bank note, and that the document is an imitation of a bank note and is not a note issued or deemed to be issued by the Bank, shall be received in evidence without further proof as conclusive evidence of the fact that such document is an imitation of a bank note.

Exemption from stamp duty on bank notes. Cap. 168.

19. The Bank shall not be liable to the payment of any stamp duty under the Stamps Ordinance in respect of notes issued by it.

Obligation in respect of currency.

20. (1) Subject to the provisions of any enactment relating to exchange control and of this section, the Bank,

(a) shall on demand buy and sell the shilling against sterling;

(b) may buy and sell the shilling against gold or other currencies eligible for inclusion in the reserve of external assets specified in paragraph (b) of subsection (1) of section 24 of this Act.

(2) For the purposes of paragraph (a) of the preceding subsection,

(a) the rates of exchange quoted by the Bank for spot transactions shall not differ by more than one *per centum* from the parity of the shilling with the parity of sterling declared to the International Monetary Fund;

(b) the Bank shall not be required to buy or sell the shilling for an amount being less than two hundred thousand shillings in respect of any one transaction.

PART III—OPERATIONS OF THE BANK.

Credit and other operations.

21. (1) The Bank may,

(a) open accounts for, and accept deposits from, the Government, funds and corporations and institutions controlled by the Government, banking and other credit institutions and act as

banker to any such funds, corporations, institutions banking or credit institutions;

(b) buy, sell, discount and rediscount,

(i) inland bills of exchange and promissory notes arising out of *bona fide* commercial transactions bearing at least two good signatures and maturing within ninety days, exclusive of days of grace, from the date of acquisition by the Bank;

(ii) inland bills of exchange and promissory notes bearing at least two good signatures drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within one hundred and eighty days, exclusive of days of grace, from the date of acquisition by the Bank; and

(iii) Treasury Bills which have been publicly issued and are to mature within ninety-three days;

(c) subject to the provisions of subsection (4) of this section, purchase and sell securities of the Government which have been publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition and are to mature within a period of twenty-five years, and hold and sell any other securities which may be received from the East African Currency Board;

(d) grant advances for fixed periods not exceeding three months against publicly issued Treasury Bills of the Government maturing within ninety-three days;

(e) grant to banking institutions advances, for fixed periods not exceeding three months, at a rate of interest not being less than one *per centum* above the Bank's minimum rediscount rate, against promissory notes secured by the pledge with the Bank of,

(i) securities of the Government which have been publicly offered for sale and are to mature within a period of twenty-five years, so however that any advance so secured shall not at any time exceed

seventy-five *per centum* of the market value of the security pledged and that the total amount of such securities held by the Bank, whether under the provisions of this sub-paragraph or otherwise, is within the limitations imposed under the provisions of subsection (4) of this section and that where in the opinion of the Bank there is no established market value for such securities the value shall be determined by the Bank;

(ii) bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the Bank, so however that any advance so secured shall not at any time exceed seventy-five *per centum* of the nominal value of the instrument so pledged;

(iii) warehouse warrants issued by lawfully formed general and bonded warehouses or their equivalent securing possession of goods, in respect of staple commodities or other goods duly insured with a letter of pledge from the owner, which advance shall not exceed sixty *per centum* of the Bank's estimate of the current market value of the commodities concerned.

(2) The Bank may,

(a) issue demand drafts and effect other kinds of remittances payable at its own offices or at the offices of its agents or correspondents;

(b) purchase and sell gold coin or gold bullion;

(c) invest in securities of the Government for any amount, and to mature at any time, on behalf of staff funds and superannuation funds and other internal funds of the Bank;

(d) with the approval of the Minister, subscribe to, hold and sell shares of any corporation established by or with the approval of the Government for the purposes of facilitating the financing of economic development, so however, that the total amount of any such holding of

shares shall not at any time exceed twenty-five *per centum* of the amount of the General Reserve Fund of the Bank;

- (e) maintain accounts with central and other banks and act as correspondent, banker or agent for any central or other bank or other monetary authority outside Uganda and for any international monetary authority established under governmental auspices;
- (f) accept from customers for custody securities and other articles of value;
- (g) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments within and without Uganda and the purchase and sale of gold.

(3) Subject to the provisions of this Act, the Bank shall not,

- (a) engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial or any other undertaking except such interest as the Bank may in any way acquire in the course of the satisfaction of debts due to it, which interest so acquired shall be disposed of as soon as may be reasonably practicable;
- (b) purchase the shares of any body corporate including the shares of any banking institution;
- (c) grant loans upon the security of any shares;
- (d) grant unsecured advances or advances secured otherwise than as provided for under the provisions of paragraphs (d) and (e) of subsection (1) of this section, save that the Bank,
 - (i) in the event of any debts due to the Bank becoming, in the opinion of the Bank endangered, may secure such debts on any real or other property of the debtor and may acquire such property which shall be resold as soon as may be reasonably practicable;
 - (ii) may grant an advance to any officer or employee of the Bank secured against a house which is owned and occupied by any such officer or employee;

(iii) may grant any other advance to any of its officers or employees for the purchase of means of transport or for any other purpose approved by the Board;

- (e) purchase, acquire or lease property except in so far as the Bank may consider it necessary or expedient for the provision of premises for the conduct of its business, of housing and amenities for its employees or other similar requirements incidental to the performance of any of its functions under the provisions of this Act;
- (f) allow the renewal or substitution of maturing bills of exchange purchased, discounted or rediscounted by or pledged with the Bank except in exceptional circumstances when the Board may, by resolution, authorise one renewal or one substitution only, as the case may be, of not more than fifty *per centum* of the original amount of any such bill for a period not exceeding ninety days;
- (g) accept for discount or as security for an advance made by the Bank, bills or notes signed by members of the Board or by officers of the Bank or its other employees;
- (h) open accounts for and accept deposits otherwise than provided under the provisions of paragraph (a) of subsection (1) of this section and paragraph (e) of the immediately preceding subsection.

(4) At any particular date the total amount of the securities specified in paragraph (c) of subsection (1) of this section with a maturity exceeding two years in the ownership of the Bank, other than securities held by virtue of the provisions of paragraph (c) of subsection (2) of this section, or held by the Bank as collateral under the provisions of sub-paragraph (i) of paragraph (e) of subsection (1) of this section, shall not, together at any time, exceed thirty *per centum* of the total demand liabilities of the Bank.

(5) Without prejudice to anything contained in this section the Bank may do all such matters and things as may be incidental or subsidiary to the transacting of the various kinds of business specified in this Act.

Publication
of rediscount
rate.

22. The Bank shall fix and make public at all times its minimum rediscount rate.

Purchase
and sale of
external
currencies
and
securities.

23. (1) The Bank may purchase and sell external currencies and purchase, sell, discount and rediscount bills of exchange and Treasury Bills drawn in or on places outside Uganda and maturing within one hundred and eighty-four days, exclusive of days of grace, from the date of acquisition.

(2) The Bank may purchase and sell securities expressed in the currency of any country outside Uganda, whose currency is sterling or is freely convertible into gold or sterling and issued or guaranteed by the government of the country of issue, and securities issued by international financial institutions of which Uganda is a member and expressed in sterling or a currency which is freely convertible into gold or sterling.

External
reserve.

24. (1) The Bank shall at all times maintain a reserve of external assets consisting of any or all of the following, that is to say,

- (a) gold coin or gold bullion;
- (b) balances at any bank in a country outside Uganda where the currency is sterling or is freely convertible into gold or sterling and in such currency any notes, coin, money at call, and where they bear at least two good signatures and have a maturity not exceeding ninety days exclusive of days of grace, any bill of exchange;
- (c) Treasury Bills having a maturity not exceeding one hundred and eighty-four days issued by the government of any country outside Uganda, whose currency is sterling or is freely convertible into gold or sterling;
- (d) securities, not exceeding forty *per centum* of the reserve of external assets of the Bank and three-quarters of which at least shall mature in a period not exceeding five years, of or guaranteed by the government of a country outside Uganda whose currency is sterling or is freely convertible into gold or sterling.

(2) The value of the reserve of external assets specified in the preceding subsection shall not be less than an amount equivalent to forty *per centum* of the total demand liabilities of the Bank.

(3) The Bank shall do all such things as are incidental to, or conducive to the proper exercise of its functions under this section.

PART IV—RELATIONS WITH GOVERNMENT.

25. (1) The Bank shall be the banker to the Government, shall act as a financial adviser to the Government and may act as banker to any Government institution, the Government of a Kingdom or of the Territory of Busoga or the Administration of a District.

(2) The Bank shall not receive from the Government a remuneration for its service under this section save in cases determined by agreement with the Minister.

(3) No interest shall be paid by the Bank on amounts deposited in any Government account.

(4) The Bank may act generally as an agent for the Government,

- (a) where the Bank may do so in any manner not being inconsistent with the provisions of this Act; and
- (b) on such terms and conditions as may be agreed between the Government and the Bank.

26. (1) Notwithstanding the provisions of paragraph (d) of subsection (3) of section 21 of this Act, the Bank may make temporary advances to the Government in respect of temporary deficiencies of recurrent revenue.

(2) The total amount of the advances made under the provisions of the preceding subsection shall not at any time exceed fifteen *per centum* of the estimated recurrent revenue as laid before the National Assembly for the financial year in which the advances are made.

(3) Any advance made under this section shall be repaid within three months of the end of the financial year to which it relates; and if any such advance remains unpaid after that date the power of the Bank to make further advances in any subsequent financial year shall not be exercisable unless the amounts due in respect of outstanding advances have been repaid.

(4) The Bank may charge interest on any such advance at a rate to be determined by the Board in consultation with the Minister.

Management of public debt.

27. The Bank shall be entrusted with the issue and management of,

- (a) Government loans,
- (b) loans of the Governments of the Kingdoms, and of the Territory of Busoga and of the Administrations of the Districts, and
- (c) loans of any bodies corporate, institutions or funds established by or under the control of the Government,

publicly issued upon such terms and conditions as may be agreed between the Government and the Bank.

PART V—RELATIONS WITH BANKING INSTITUTIONS.

Banker to banking institutions.

28. The Bank shall act as banker to all banking institutions.

Clearing houses.

29. It shall be the duty of the Bank to facilitate the clearing of cheques and other credit instruments for banking institutions.

Co-operation with banking institutions.

30. The Bank shall in the discharge of its functions under this Act, seek the co-operation of and co-operate with banking institutions in order,

- (a) to promote and maintain adequate and reasonable banking services for the public;
- (b) to ensure high standards of conduct and management throughout the banking system; and
- (c) to promote such policies not being inconsistent with any provisions of this Act as are in the national interest.

Minimum cash reserve balances.

31. (1) Subject to the provisions of this section the Bank may, by statutory instrument, prescribe the minimum cash reserve balances which each banking institution shall be required to maintain in the form of a deposit at the Bank.

(2) The Bank may prescribe different ratios for different kinds of liabilities and may prescribe the methods of computing the amount of cash reserve balances.

(3) The total amount of the cash reserve balances referred to in subsection (1) of this section required of any banking institution shall not exceed twenty *per centum* of the banking institution's deposits and other liabilities.

(4) The ratios and methods prescribed under the provisions of subsection (2) of this section shall apply uniformly to all banking institutions.

(5) Each banking institution shall be allowed such period of grace as the Bank may specify in which to comply with any prescription given under this section.

(6) The Bank may impose on a banking institution which fails to maintain the minimum cash reserve balances required under this section a penalty not exceeding one-tenth of one *per centum* per day on the amount of the deficiency for each day during which the deficiency continues and the amount of any such penalty may be recovered by deductions from any balance of, or moneys owing to, the banking institution concerned or as a civil debt.

(7) For the purposes of this section the liabilities of a banking institution means its liabilities in Uganda whether these are payable within or without Uganda.

32. (1) The Bank may, by statutory instrument, prescribe,

- (a) the maximum amounts of investments, loans, advances and bills and promissory notes discounted whether applied in total or to any specified class or classes of such investments, loans, advances and bills and promissory notes discounted which each banking institution may have outstanding during such period as may be specified by the Bank;
- (b) the purpose for which loans and advances may be granted and the class of business underlying investments and bills and promissory notes discounted;
- (c) the maximum period of loans and advances and the type and minimum amount of security which shall be required; and the maximum tenor of bills and promissory notes discounted;
- (d) the maximum or minimum rates of interest and other charges which in the transaction of their business banking institutions may pay on any type of deposit or other liability and impose on credit extended in any form.

Control of credit and interest rates, etc.

(2) Any prescription made under the provisions of the preceding subsection,

- (a) shall have regard to commitments which banking institutions may have entered into with their customers at the time of the coming into force of the statutory instrument and shall take effect after such period of grace as the Bank may specify in the instrument;
- (b) shall not be calculated to discriminate between one banking institution and another.

Banks to furnish information.

33. (1) Every banking institution shall furnish to the Bank at such time and in such manner as the Bank may, by statutory instrument, prescribe, such information as the Bank may require for the proper discharge of its functions under this Act.

(2) The Bank may publish in whole or in part at such time as the Board may determine any information furnished under the provisions of the preceding subsection.

(3) No information shall be published which might disclose the affairs of any banking institution or of a customer of a banking institution unless the consent of that banking institution or of that customer has been obtained.

Banking institutions as agents for the Bank.

34. (1) In any place where the Bank shall have no branch the Bank shall appoint the Uganda Commercial Bank to act as its agent for the issue, re-issue, exchange and withdrawal of notes and coin or for any other purpose on such terms and conditions as may be agreed between the Bank and the Uganda Commercial Bank.

(2) In any place where there is no branch of the Uganda Commercial Bank the Bank may appoint as its agent one or more banking institutions to act as its agent for the issue, re-issue, exchange and withdrawal of notes and coins or for any other purpose on such terms and conditions as may be agreed between the Bank and any such banking institution.

PART VI—ACCOUNTS AND STATEMENTS.

Bank's financial year.

35. The financial year of the Bank shall be the same as the financial year of the Government.

Audit.

36. (1) The accounts of the Bank shall be audited by the Controller and Auditor-General or such other auditor as may be appointed by the Controller and Auditor-General with the prior approval of the Minister.

(2) Without prejudice to the provisions of subsection (1) of this section, the Minister may at any time request the Controller and Auditor-General to make an examination of, and submit a report on, the accounts of the Bank, and the Controller and Auditor-General shall do so accordingly, and the Bank shall provide all necessary and proper facilities therefor.

(3) The provisions of this section shall be in addition to any arrangements that may be made by the Bank for any other audit.

37. The Bank shall, as soon as may be practicable after the last working day of each month make up and publish a return of its assets and liabilities as at the close of business on that day; and a copy of the return shall be transmitted to the Minister and shall be published in the Gazette.

PART VII—MISCELLANEOUS PROVISIONS.

38. The Bank shall be exempted from the payment of Exemptions. income, profits or capital gains tax in respect of its functions under this Act.

39. (1) Save as is otherwise expressly provided in this Offences. Act, any person who,

- (a) contravenes any provision of this Act or any prescription or direction made or given under this Act and published in the Gazette, or
- (b) knowingly makes an incorrect statement in a document submitted by him or an incorrect reply to a question asked of him for the purposes of this Act,

commits an offence and shall be liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding four thousand shillings or to both such imprisonment and fine.

(2) Where an offence is committed by a body of persons, every person who at the time of its commission was a director, manager or partner of such body shall likewise be guilty thereof, unless he proves,

- (a) that the offence was committed without his knowledge, and
- (b) that he took all appropriate steps to ensure compliance with the provisions of this Act.

Bye-laws by
the Board.Companies
and Banking
Ordinance.
No. 1
of 1958.
No. 8
of 1955.

Liquidation.

Act binds
Govern-
ment.Prohibited
names.Minister's
powers of
direction.Annual
report.

40. The Board may, with the prior approval of the Minister, make bye-laws or other instruments, not inconsistent with the provisions of this Act for the purpose of regulating its constitution and other objects falling within the scope of its functions.

41. For the avoidance of doubts it is hereby declared that the provisions of the Companies Ordinance, 1958, and the Banking Ordinance, or of any statutory re-enactment or modification thereof shall not apply to the Bank.

42. The Bank shall not be placed in liquidation save in pursuance of an Act of Parliament passed in that behalf and then only in such manner as that Act may direct.

43. This Act shall bind the Government.

44. Save with the written consent of the Minister on the recommendation of the Bank, no banking institution shall register or be registered under the provisions of any written law by any name which includes any of the words, "Central", "National", "Uganda", "Ugandan", "Reserve" or "State" or other equivalent in any language.

45. The Minister may, after consultation with the Governor and subject to the provisions of this Act, give directions in writing of a general nature relating to the financial and economic policy of the Bank, and the Bank shall be bound to comply with any such direction.

46. The Bank shall, not later than three months after the end of the financial year, present to the Minister a report dealing generally with the activities and operations of the Bank during the preceding financial year and in particular,

(a) such information with regard to the procedures and policy of the Bank as the Bank considers may properly be given without detriment to the interests of any activities of the Bank; and

(b) a copy of the statement of account prepared for the purposes of an audit under section 36 of this Act;

and the report shall, not later than seven months after the end of the financial year, be laid by the Minister before the National Assembly, and the statement of account referred to in paragraph (b) shall be published in the Gazette.

Preliminary
expenses.

47. (1) Any act done and preliminary expenses sanctioned by the Minister in connection with the establishment of the Bank, shall have the same effect and validity as if such acts had been done and such expenses incurred by the Bank.

(2) The Bank may continue any action or thing commenced by the Minister remaining unfinished at the date of the coming into force of this Act as if such action or thing had been initiated by the Bank.

48. The transitional provisions in the Schedule to this Act shall have effect notwithstanding any other provision of this Act. Transitional provisions.

49. The Minister may, in consultation with the Board, by statutory instrument, make regulations generally for giving full effect to the provisions of this Act. Regulations.

50. In this Act unless the context otherwise requires, "Bank" means the Bank of Uganda established by section 1 of this Act; Interpretation.

"banking institution" includes the Uganda Commercial Bank and a bank licensed under the Banking Ordinance, 1955;

"Board" means the Board established by section 5 of this Act;

"Governor" means the Governor of the Bank;

"enactment" means an Act or statutory instrument or any provision of an Act or statutory instrument;

"functions" includes powers and duties;

"Fund" means the General Reserve Fund of the Bank established under the provisions of section 4 of this Act;

"Minister" means the Minister responsible for finance.

Commencement.

51. This Act shall come into force on such date as the Minister may by statutory instrument appoint, and different dates may be appointed for different sections or groups of sections of this Act.

Application.

52. The provisions of this Act shall apply notwithstanding anything contained in any Act of the Common Services Organization.

SCHEDULE.

TRANSITIONAL PROVISIONS.

Local assets.

1. (1) Until the coming into force of the provisions of section 21 of this Act, the Bank shall at all times hold assets payable in Uganda of a total value not being less than the difference between the amount of its total currency liabilities and the holding of external assets specified in section 24 of this Act.

(2) The assets which the Bank shall hold at all times under the provisions of the preceding paragraph shall consist of any or all of the following, that is to say,

(a) inland bills of exchange and promissory notes bearing two or more good signatures of which one shall be of a banking institution, arising out of *bona fide* commercial transactions, drawn or issued for the purposes of financing the movement, marketing, or processing of agricultural produce or minerals, and maturing within ninety days exclusive of the days of grace from the date of acquisition;

(b) securities of, or guaranteed by, the Government which have been publicly issued or form part of an issue which is being made to the public at the time of acquisition or securities of the Government which have been issued in respect of the expenses specified in paragraph 3 of this Schedule;

(c) such movable and immovable property as is necessary for the proper performance of the functions of the Bank under this Act.

(3) The total amount of the securities held under sub-paragraph (b) of the immediately preceding paragraph shall not exceed sixty-five *per centum* of the value of the Bank's notes and coins in circulation; and not more than sixty million shillings thereof shall consist of securities maturing more than five years from the date of their acquisition.

(4) The Bank shall do all such things as are incidental to, or conducive to the proper exercise of its functions under this paragraph.

Currency issued by the East African Currency Board.

2. (1) Subject to the provisions of this paragraph any currency issued by the East African Currency Board which is legal tender in Uganda on the coming into force of section 14 of this Act shall remain legal tender until such day as the Bank, giving at least three months notice may, by statutory instrument, specify, and such currency shall then cease to be legal tender in Uganda.

(2) The Bank may specify different days in respect of different denominations of such currency.

3. At any time after the coming into force of this Act and notwithstanding that subsection (2) of section 14 of this Act may not have been brought into force, the Bank may take up securities of the Government issued in respect of any expenses incurred under the provisions of section 47 of this Act.

4. For the purposes of the discharge of its functions under this Act before the coming into force of paragraph (a) of subsection (1) of section 21 of this Act, the Bank may,

- (a) maintain accounts with banking institutions in Uganda;
- (b) open accounts with central and other banks outside Uganda.

5. (1) The assets of the East African Currency Board to which Uganda is entitled on distribution, shall, without further authority than this paragraph, vest in the Bank as a subscription by the Government to the capital of the Bank authorised under the provisions of subsection (1) of section 3 of this Act.

(2) Where on the coming into force of section 3 of this Act no moneys have vested in the Bank under the provisions of the preceding sub-paragraph the Government shall pay up the amount specified in subsection (2) of section 3 of this Act.

(3) Where the moneys which vest in the Bank under the provisions of sub-paragraph (1) of this paragraph are in excess of the amount of the paid up capital paid by the Government under the provisions of subsection (2) of section 3 of this Act, the Bank shall refund to the Government the amount of moneys paid by the Government under subsection (2) of section 3 of this Act.

6. For so long as notes issued by the East African Currency Board remain legal tender in Uganda, the value of the reserve of external assets which the Bank is required to hold in accordance with the provisions of subsection (2) of section 24 of this Act may be such lower proportion of demand liabilities as the value of external assets specified in subsection (1) of section 24 of this Act received by the Bank from the East African Currency Board bears to the value of the currency surrendered by the Bank to the East African Currency Board.

