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**Chapter 22:15**  
**RESERVE BANK OF ZIMBABWE ACT**

*Acts 5/1999, 22/2001, 16/2004, 29/2004, 3/2009<sup>1</sup> and ??/2009<sup>2</sup>.*

**Note by Veritas**

In this document we set out the text of the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] as amended at 16th August 2009, annotated to show the amendments proposed by the Reserve Bank of Zimbabwe Amendment Bill, H.B. 7, 2009, which was gazetted on the 14th August 2009.

Deletions and repeals are indicated by the use of red strikethrough font, thus: ~~deletions and repeals~~

Insertions and substitutions are indicated by the use of blue underlined font, thus: insertions and substitutions

Clause 19 of the Bill and the Schedule to the Bill make transitional provisions; they are set out at the end of this document, in blue font.

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<sup>1</sup> Finance Act, 2009

<sup>2</sup> Finance (No. 2) Act, 2009 [not yet gazetted, although expected shortly, but its single amendment of this Act is included in this document for the sake of completeness – see section 44A. Legal tender of foreign currencies. Veritas, 18th August 2009.]

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## ACT

To confer and impose functions on the Reserve Bank of Zimbabwe and to provide for its management; to regulate the issue of banknotes and coins; to provide for matters connected with banking, currencies, monetary policy and coinage; to provide for the supervision of banking institutions; to authorise the provision of information to foreign regulatory authorities; to repeal the Reserve Bank of Zimbabwe Act [*Chapter 22:10*]; and to provide for matters connected with or incidental to the foregoing.

ENACTED by the President and the Parliament of Zimbabwe.

[Date of commencement : 13th August, 1999.]

### PART I

#### PRELIMINARY

#### 1 Short title

This Act may be cited as the Reserve Bank of Zimbabwe Act [*Chapter 22:15*].

#### 2 Interpretation

In this Act—

“Bank” means the Reserve Bank of Zimbabwe referred to in section *four*;

“banking business” means the business of accepting deposits of money withdrawable or repayable on demand or after a fixed period or after notice and the employment of those deposits, in whole or in part, by lending or by any other means for the account and at the risk of the person accepting such deposits;

“banking institution” means a commercial bank, accepting house, discount house or finance house registered or required to be registered in terms of the Banking Act [*Chapter 24:20*];

“Board” means the Board of the Reserve Bank constituted in terms of section *twenty-one*;

“demand liabilities” means liabilities which, when they are created, are made payable within thirty days or are made subject to less than thirty days’ notice before payment;

“Deputy Governor” means a Deputy Governor of the Bank appointed in terms of section fourteen;

“director” means a member of the Board other than the Governor or a Deputy Governor;

“foreign country” means any state or territory outside Zimbabwe;

“foreign regulatory authority” means an authority which, in a foreign country, exercises any function corresponding to any regulatory or supervisory function of the Bank in terms of this Act;

“Governor” means the Governor of the Bank appointed in terms of section *fourteen*;

“International Monetary Fund” means the International Monetary Fund established under an agreement which was drawn up at the United Nations Monetary and Financial Conference held at Bretton Woods in New Hampshire in the United States of America in July, 1944;

“liabilities to the public”, in relation to a banking institution, means all claims, including contingent claims, against that institution which are payable on demand or at a future date;

“Minister” means the Minister of Finance or any other Minister to whom the President may, from time to time, assign the administration of this Act;

“monetary policy” means the monetary policy formulated in terms of section *forty-three*;

“officer”, in relation to the Bank, includes the Governor, a Deputy Governor and any other employee of the Bank who may be so designated by the Board;

“Registrar” means the Registrar of Banking Institutions referred to in of section 4 of the Banking Act [*Chapter 24:20*];

“Reserve Bank Bearer cheque” means a cheque payable to bearer issued by the Reserve Bank and specifying a predetermined amount and expiry date thereon.

“repealed Act” means the Reserve Bank of Zimbabwe Act [*Chapter 22:10*];

“statutory body” means a body corporate established or re-established directly by or under any enactment for special purposes specified in that enactment;

“time liabilities” means liabilities which, when they are created, are made payable after thirty days or are made subject to not less than thirty days’ notice before payment.

### **3 Application of Act to certain institutions**

(1) The Minister may, by notice in the Gazette, direct that all or any of the provisions of this Act relating to banking institutions shall apply, with such modifications and subject to such terms and conditions as he may specify in the notice, to—

- (a) all building societies established in terms of the Building Societies Act [*Chapter 24:02*] or any particular such building society or class of such building societies;
- (b) the Post Office Savings Bank operating under the Post Office Savings Bank Act [*Chapter 24:10*];

and the provisions concerned shall apply accordingly, notwithstanding anything to the contrary in the Building Societies Act [*Chapter 24:02*] or the Post Office Savings Bank Act [*Chapter 24:10*].

(2) The Minister may at any time amend or revoke a direction in terms of subsection (1) or any term or condition thereof.

## PART II

### RESERVE BANK OF ZIMBABWE

#### 4 Continuation of former Reserve Bank

The Reserve Bank of Zimbabwe established by the repealed Act shall continue in existence as a body corporate capable of suing and being sued in its own name and, subject to this Act, of performing all acts that bodies corporate may by law perform.

#### 5 Head office of Bank

The head office of the Bank shall be in Harare.

#### 6 Functions of Bank [see clause 2 of Bill]

(1) The functions of the Bank shall be—

- (a) to regulate Zimbabwe's monetary system; and
- (b) to achieve and maintain the stability of the Zimbabwe dollar; and
- (c) to foster the liquidity, solvency, stability and proper functioning of Zimbabwe's financial system; and
- ~~(d) to advance the general economic policies of the Government; and~~
- (e) to supervise banking institutions and to promote the smooth operation of the payment system; and
- (f) subject to Part VII, to formulate and execute the monetary policy of Zimbabwe; and
- (g) to act as banker and financial adviser to, and fiscal agent of, the State; and
- (h) whenever appropriate, and subject to any written directions given to it by the Minister, to represent the interests of Zimbabwe in international or intergovernmental meetings, multilateral agencies and other organisations in matters concerning monetary policy; and
- (i) to provide banking services for the benefit of—
  - (i) foreign governments; and
  - (ii) foreign central banks or other monetary authorities; and
  - (iii) international organisations of which Zimbabwe is a party;and
- (j) to participate in international organisations whose objective is to pursue financial and economic stability through international monetary co-operation; and
- (k) subject to any written directions given to it by the Minister, to undertake responsibilities and perform transactions concerning the State's participation in or membership of international organisations; and
- (l) to exercise any functions conferred or imposed upon it by or in terms of any other enactment.

(2) Except as otherwise provided in this Act or any other enactment, in the exercise of its functions under this Act, the Bank shall not be subject to the direction or control of any other person or authority.

## **7 Powers of Bank [see clause 3 of Bill]**

(1) Subject to this Act, in the exercise of its functions the Bank may do all or any of the following—

- (a) make or cause to be made or issue banknotes and coins in accordance with this Act;
- (b) accept money on current account and collect money for customers;
- (c) grant loans ~~and advances~~ and advancements in accordance with section 11;
- (d) subject to section *thirteen*, buy, sell, discount or re-discount—
  - (i) bills of exchange or promissory notes drawn or issued for commercial, industrial or agricultural purposes;
  - (ii) bills, notes or other obligations of the State or statutory bodies;
  - (iii) bills, notes or other obligations issued by itself;
- (e) buy, take in exchange, hire or otherwise acquire movable and immovable property necessary or convenient for the exercise of its functions, and dispose of or deal in such property whenever necessary;
- (f) buy and sell securities;
- (g) invest its staff and pension funds in such manner as the Board may decide;
- (h) buy, sell or deal in precious metals, and hold in safe custody for other persons gold, securities or other articles of value:

**Provided that the Bank shall buy, sell or deal in precious metals only to the extent strictly necessary for fulfilling its international obligations in terms of this Act or any other enactment;**

- (i) buy and sell foreign currencies, foreign bills of exchange and bills or other obligations of foreign governments;
- ~~—(j) open credits and issue guarantees;~~
- (k) establish branches and agencies within Zimbabwe, appoint agents and correspondents outside Zimbabwe and, with the approval of the Minister, establish branches or agencies outside Zimbabwe;
- (l) effect transfers of money and sell drafts on its branches, correspondents and agents;
- (m) open accounts in foreign countries and act as agent or correspondent for the International Monetary Fund or for any banking institution or other financial institution carrying on business in or outside Zimbabwe;
- (n) make arrangements or enter into agreements, subject to the consent of the Minister, with any banking institution or other financial institution in a foreign country, to borrow, in such manner, at such rates of interest and upon such other terms and conditions as it may see fit, any foreign currency which it may consider expedient to acquire

**Provided that —**

(i) the Bank shall only borrow foreign currency on behalf of the State and not on its own behalf;

(ii) if such borrowing affects the reserve requirements of section 49(2)(a), section 49(3)(a) shall apply to the suspension of the reserve requirements;

(o) underwrite any loan proposed to be raised by the State or any statutory body:

Provided that such loan shall be on terms and conditions that, in the opinion of the Bank, are conducive to its successful placement in the market;

(p) undertake, as agent, the issue and management of loans raised or to be raised within Zimbabwe by the State or a statutory body;

(q) organise and provide facilities for the collection and clearance of cheques and similar instruments;

(r) regulate the proceedings and conduct of its business, including the proceedings at meetings of the Board, and the recording of minutes;

(s) exercise any other powers that may be conferred upon it by or in terms of any other enactment.

~~(2) The Bank shall not —~~

~~— (a) lend or advance moneys to or directly buy, discount or re-discount bills, notes or other obligations from, the State or any fund established by the State so that the amount outstanding at any time exceeds the equivalent of twenty per centum of the previous year's ordinary revenues of the State; or~~

~~— (b) lend or advance money to the State or any fund established by the State unless —~~

~~— (i) the money is denominated in Zimbabwe currency; and~~

~~— (ii) the loan or advance is either —~~

~~— A. repayable within twelve months after the end of the financial year in which it was made; or~~

~~— B. convertible at the end of the financial year in which it was made into negotiable bearer securities issued by the State and delivered to the Bank;~~

~~— or~~

~~— (c) subject to paragraphs (a) and (b), lend or advance money to any statutory body unless the loan or advance —~~

~~— (i) has been approved by the Minister; and~~

~~— (ii) is repayable within twelve months from the date on which it was made; and~~

~~— (iii) if not repaid within the period referred to in subparagraph (ii), is convertible into negotiable bearer securities issued by the State and delivered to the Bank.~~

~~(3) Nothing in subsection (2) shall prevent the Bank from —~~

~~— (a) purchasing or selling in a secondary market securities issued by the State on its own account in excess of the maximum amount referred to in paragraph (a) of subsection (2) in pursuance of the monetary policy of Zimbabwe; or~~

~~— (b) investing moneys forming part of its staff and pension funds.~~



~~(4) Any amount payable by the State under any security referred to in subparagraph (iii) of paragraph (c) of subsection (2) shall be paid from the Consolidated Revenue Fund, which is hereby appropriated to the purpose.~~

~~(5) For the purposes of paragraph (a) of subsection (2)—~~

~~“ordinary revenues of the State” does not include amounts accruing to the State through loans, grants or any other form of financial assistance.~~

## **8 Bank's relations with State [see clause 4 of Bill]**

(1) The Bank shall act as banker to the State.

(2) Nothing in this section shall prevent the State from carrying on transactions in such manner as the State may require and, if so requested by the State through the Minister in writing, the Bank shall make the necessary arrangements to this end.

(3) When authorized by the Minister to do so, the Bank shall act as agent for the State in the payment of interest and principal and generally in respect of the issue and management of the public debt of Zimbabwe and additionally, or alternatively, the debts of any statutory body.

## **9 Publication of Bank's discount rates**

The Bank shall from time to time fix and publish the rates at which it will discount and re-discount bills, notes and other obligations.

## **10 Business with banking institutions**

The Bank may maintain accounts on its books for, and accept deposits from, banking institutions, on such terms and conditions as it may determine.

## **11 Lending powers of Bank and loans to Bank employees**

(1) The Bank shall not—

(a) lend or advance moneys to, or directly buy, discount or re-discount bills, notes or other obligations from, the State or any fund established by the State so that the amount outstanding at any time exceeds the equivalent of twenty per centum of the previous year's ordinary revenues of the State; or

(b) lend or advance money to the State or any fund established by the State unless—

(i) the money is denominated in Zimbabwe currency; and

(ii) the loan or advance is either—

A. repayable within twelve months after the end of the financial year in which it was made; or

B. convertible at the end of the financial year in which it was made into negotiable bearer securities issued by the State and delivered to the Bank;

or

(c) subject to paragraphs (a) and (b), lend or advance money to any statutory body unless the loan or advance—

(i) has been approved by the Minister; and

(ii) is repayable within twelve months from the date on which it was made; and

(iii) if not repaid within the period referred to in subparagraph (ii), is convertible into negotiable bearer securities issued by the State and delivered to the Bank.

(2) Nothing in subsection (1) shall prevent the Bank from—

(a) purchasing or selling in a secondary market securities issued by the State on its own account in excess of the maximum amount referred to in subsection (1)(a) in pursuance of the monetary policy of Zimbabwe; or

(b) investing moneys forming part of its staff and pension funds.

(3) Any amount payable by the State under any security referred to in subsection (1)(c)(iii) shall be paid from the Consolidated Revenue Fund, which is hereby appropriated to the purpose.

(4) For the purposes of subsection (2)(a), “ordinary revenues of the State” does not include amounts accruing to the State through loans, grants or any other form of financial assistance.

(5) The Bank may, on such terms and conditions as it may determine, act as lender of last resort for banking institutions, by granting to them or for their benefit, for periods not exceeding three months—

(a) loans other than those authorised by section 59 of the Banking Act [Chapter 24:20]; and

(b) contingent commitments.

(6) Every loan or contingent commitment referred to in subsection (5) shall be secured by any of the assets specified in section 59 of the Banking Act [Chapter 24:20], unless the Bank decides that an unsecured loan or contingent commitment is justifiable because of exceptional circumstances:

Provided that no such loan or contingent commitment shall be made by the Bank unless—

(a) in the opinion of the Bank, such loan or contingent commitment is necessitated by the liquidity requirements of the banking institutions concerned and by the public interest; and

(b) it is limited to intraday and overnight liquidity support for payment systems established under the National Payments Systems Act [Chapter 24:23]; and

(c) it is made from the Bank’s surplus funds; and

(d) the Minister has agreed thereto in writing.

(7) The Bank may extend the period referred to in subsection (5) on such terms and conditions as the Bank may determine, including terms and conditions specifying the measures to be taken by the banking institution concerned to meet its liquidity requirements.

(8) Subject to subsection (9), the bank shall not knowingly extend any loan or advance to or for the benefit of any insider or any relative of such insider.

(9) The Bank may extend any loan or advance to an officer of the Bank as part of the benefits or remuneration of the officer under the officer’s contract of employment:

Provided that—

(a) no such loans or advances may be given for purposes other than those for which loans or advances are generally or customarily extended to officers and employees of banking institutions in Zimbabwe; and

(b) the magnitude of such loans or advances shall be reasonably commensurate with similar loans or advances offered to officers and employees of banking institutions in Zimbabwe generally, and unless otherwise permitted by the Board such loans and advances shall not include any cash loans or advances.

(10) For the purposes of subsections (8)—

“insider”, in relation to the Bank, means any employee, officer, director or principal shareholder of the Bank, and includes any related interest of such insider;

“principal shareholder” means any person who owns or controls more than twenty *per centum* of the shares or voting stock of the Bank;

“related interest”, in relation to an individual, means any company, co-operative, private business corporation, syndicate or association of persons which the individual controls or in which the individual has the largest single interest.

## **11 Lending to banking institutions**

~~(1) The Bank may, on such terms and conditions as it may determine, act as lender of last resort for banking institutions, by granting to them or for their benefit, for periods not exceeding three months—~~

~~—(a) loans other than those authorised by section 59 of the Banking Act [Chapter 24:20]; and~~

~~—(b) contingent commitments.~~

~~(2) Every loan or contingent commitment referred to in subsection (1) shall be secured by any of the assets specified in section 59 of the Banking Act [Chapter 24:20], unless the Bank decides that an unsecured loan or contingent commitment is justifiable because of exceptional circumstances:~~

~~Provided that no such loan or contingent commitment shall be made by the Bank unless—~~

~~—(a) in the opinion of the Bank, such loan or contingent commitment is necessitated by the liquidity requirements of the banking institutions and by the public interest; and~~

~~—(b) the Minister has agreed that the loan be granted.~~

~~(3) The Bank may extend the period referred to in subsection (1) on such terms and conditions as the Bank may determine, including terms and conditions specifying the measures to be taken by the banking institution concerned to meet the Bank’s liquidity requirements.~~

## **12 Inter-bank clearing and payment arrangements**

The Bank may assist banking institutions in organising facilities for the clearing and settlement of inter-bank payments, including payments by cheque or other instruments, and may for that purpose, establish such procedures and issue such directions to banking institutions as it considers appropriate.

### 13 Discount operations of Bank

(1) The Bank may, in respect of a banking institution which holds an account with the Bank, discount the following instruments—

- (a) bills of exchange and promissory notes which are payable in Zimbabwe, whether they are denominated in Zimbabwean currency or a foreign currency:

Provided that the Bank shall not discount such a bill or note unless it bears the signatures of at least three solvent parties of which at least one shall be a banking institution, and matures within three months after its acquisition by the Bank; and

- (b) subject to subsection (2) of section seven, bills, notes and other debt securities which are issued or guaranteed by the State or by the Bank and which are payable in Zimbabwe, whether they are denominated in Zimbabwean currency or a foreign currency:

Provided that the Bank shall not discount such a security unless it matures within three months after its acquisition by the Bank; and

- (c) obligations of statutory bodies.

(2) The discount operations of the Bank shall be subject to such terms and conditions, including the discount rate, as the Bank may determine.

(3) The Bank may, without giving any reasons, refuse to discount any of the instruments referred to in subsection (1).

## PART III

### GOVERNOR AND DEPUTY GOVERNORS

#### 14 Governor and Deputy Governors [see clause 6]

(1) There shall be a Governor of the Bank and not more than ~~four~~ **two** Deputy Governors of the Bank, who shall be appointed, subject to subsection (2) and to section sixteen, by the President after consultation with the Minister.

(2) The Governor and Deputy Governors shall be appointed for their competence and experience in matters relating to banking, finance and economics.

(3) In the event of—

- (a) the absence or temporary incapacity of the Governor, his functions shall be performed by the Deputy Governor or, as the case may be, by a Deputy Governor nominated by the ~~Governor~~ **Board**;

- (b) a vacancy in the office of the Governor, his or her functions shall be performed on an acting or temporary basis, by the Deputy Governor or, as the case may be, a Deputy Governor appointed by the Board after consultation with the Minister

~~a vacancy in the office of the Governor, his functions shall be performed by the Deputy Governor or, as the case may be, by a Deputy Governor nominated by the President after consultation with the Board and the Minister.~~

#### 15 Term of office of Governor and Deputy Governors

(1) Subject to subsection (3), the Governor and every Deputy Governor shall hold office for such period, not exceeding five years, as the President may fix on his appointment.

(2) Subject to subsection (3), upon the expiry of the term of office of the Governor or a Deputy Governor, the President, after consultation with the Minister, may re-appoint him or extend his term of office.

(3) No person shall hold office as Governor or Deputy Governor—

- (a) for more than two terms of office; or
- (b) for a period or periods which, in the aggregate, exceed ten years:

Provided that a person who has served for such terms or period as Deputy Governor shall remain eligible for appointment as Governor.

## **16 Disqualifications for appointment as Governor or Deputy Governor**

A person shall not be appointed as Governor or Deputy Governor, and no person shall be qualified to hold office as Governor or Deputy Governor, if—

- (a) he is a director, shareholder, officer or employee, or a member of any board or committee, of any banking institution; or
- (b) he is a member of Parliament; or
- (c) he has been adjudged or otherwise declared insolvent or bankrupt in terms of a law in force in any country, and has not been rehabilitated or discharged; or
- (d) he has made an assignment to or arrangement or composition with his creditors in terms of a law in force in any country, and the assignment, arrangement or composition has not been rescinded or set aside; or
- (e) he has been convicted of any offence in any country and sentenced to a term of imprisonment imposed without the option of a fine, whether or not any portion of the sentence has been suspended, and he has not received a free pardon; or
- (f) he has been convicted of an offence involving dishonesty in any country and sentenced to a fine of any amount or to a term of imprisonment of any duration, whether or not any portion of the sentence has been suspended.

## **17 Vacation of office by Governor or Deputy Governor**

(1) The Governor or a Deputy Governor shall vacate his office and his office shall become vacant—

- (a) if he has given the Minister such period of notice in writing of his intention to resign as may be fixed in his terms and conditions of service or, if no such period has been fixed, one month after the date on which he gives such notice or after the expiry of such other period of notice as he and the Minister may agree; or
- (b) on the date he begins to serve a sentence of imprisonment, whether or not any portion has been suspended, imposed without the option of a fine in any country; or
- (c) if he becomes disqualified in terms of section sixteen to hold office; or
- (d) if he is required in terms of subsection (2) to vacate his office.

(2) The President, after consultation with the Minister, may require the Governor or a Deputy Governor to vacate his office if—

- (a) he has been guilty of conduct which renders him unsuitable to continue to hold office; or

(b) he has failed to comply with any term or condition of his office fixed in terms of section eighteen; or

(c) he becomes mentally or physically incapable of efficiently exercising his functions.

(3) On the death of, or vacation of office by, the Governor or a Deputy Governor, the President, in consultation with the Minister, shall appoint a person to fill the vacancy:

Provided that, if on the death of, or vacation of office by, a Deputy Governor another Deputy Governor remains in office, the President need not fill the vacancy.

## **18 Terms and conditions of office of Governor and Deputy Governors**

(1) The Governor and every Deputy Governor shall hold office on such terms and conditions, including terms and conditions relating to remuneration and the payment of allowances, as the Minister may determine.

(2) Except with the permission of the Minister, neither the Governor nor any Deputy Governor shall engage in any occupation of a commercial, industrial or financial nature apart from the functions exercisable by him in terms of this Act.

## **19 Functions of Governor**

(1) Subject to this Act and any general directions of policy that the Minister or the Board may give him, the Governor shall be responsible for the day-to-day management, control, administration, operation and direction of the Bank.

(2) Without limiting the generality of subsection (1), the Governor—

(a) shall have power to enter into contractual arrangements on behalf of the Bank; and

(b) shall represent the Bank in any legal proceedings; and

(c) shall report to the Board at least once in every three months on all matters relating to the administration and conduct of the Bank's operations.

## **20 Delegation of Governor's functions [see clause 7 of Bill]**

Subject to this Act and any directions that the Board may give him or her, the Governor may delegate to any Deputy Governor or to any other officer or employee of the Bank any function conferred or imposed upon him by or in terms of this Act, other than the power of further delegating the function so delegated.

## **PART IV**

### **BOARD OF THE RESERVE BANK**

## **21 Board of the Reserve Bank [see clause 8 of Bill]**

(1) There shall be a Board of the Reserve Bank which shall be responsible for formulating the policy of the Bank and supervising the Bank's administration and operations.

(2) The Board shall consist of the Governor and the Deputy Governor or both Deputy Governors, as the case may be, and the Permanent Secretary for Finance as a non-voting member and not fewer than five or more than nine directors ~~every Deputy Governor and not fewer than five nor more than seven directors.~~

## **22 Appointment and conditions of office of directors**

(1) Subject to this section and section twenty-three, directors shall be persons who are or have been actively engaged in financial, commercial, industrial or agricultural pursuits, appointed by the President after consultation with the Minister.

(2) Unless he vacates his office earlier, a director shall hold office for a period of four years from the date of his appointment.

(3) On the expiry of the period for which a director has been appointed, he shall continue to hold office until he has been reappointed or his successor has been appointed:

Provided that a director shall not hold office in terms of this subsection for more than six months.

(4) Subject to section twenty-three, a director who resigns or retires shall be eligible for reappointment to the Board:

Provided that—

- (i) a director shall not be reappointed more than once;
- (ii) the period for which a director is reappointed shall not exceed four years.

(5) A director shall hold office on such terms and conditions, including terms and conditions relating to remuneration and the payment of allowances, as the Board may fix with the approval of the Minister.

(6) A director may be paid, in addition to the remuneration and allowances referred to in subsection (5), such recompense for expenses he incurs in connection with his duties as the Board may determine.

## **23 Disqualifications for appointment as director**

(1) No person shall be appointed as a director and no person shall be qualified to hold office as a director, if—

- (a) he is a director, shareholder, officer or employee, or a member of any board or committee, of a banking institution; or
- (b) he is a member of Parliament; or
- (c) he is a member of two or more other statutory bodies; or
- (d) he has been adjudged or otherwise declared insolvent or bankrupt in terms of a law in force in any country, and has not been rehabilitated or discharged; or
- (e) he has made an assignment to or composition with his creditors in terms of a law in force in any country, and the assignment, arrangement or composition has not been rescinded or set aside; or
- (f) he has been convicted of any offence in any country and sentenced to a term of imprisonment imposed without the option of a fine, whether or not any portion of the sentence has been suspended, and he has not received a free pardon; or
- (g) he has been convicted of an offence involving dishonesty in any country and sentenced to a fine of any amount or to a term of imprisonment of any duration, whether or not any part of the sentence has been suspended.

(2) For the purposes of paragraph (c) of subsection (1), a person who is appointed to a council, board or other authority which is a statutory body or which is responsible for the

administration of the affairs of a statutory body shall be regarded as a member of that statutory body.

## **24 Vacation of office by director**

- (1) A director shall vacate his office and his office shall become vacant—
- (a) after giving the Minister such period of notice in writing of his intention to resign as may be fixed in his terms and conditions of service or, if no such period has been fixed, one month after the date on which he gives such notice or after the expiry of such other period of notice as he and the Minister may agree; or
  - (b) on the date he begins to serve a sentence of imprisonment, whether or not any portion has been suspended, imposed without the option of a fine in any country; or
  - (c) if he becomes disqualified in terms of section twenty-three to hold office; or
  - (d) if he is required in terms of subsection (2) to vacate his office.
- (2) The President, after consultation with the Minister and the Board, may require a director to vacate his office if—
- (a) he has been guilty of conduct which renders him unsuitable to continue to hold office; or
  - (b) he has failed to comply with any term or condition of his office fixed in terms of subsection (5) of section twenty-two; or
  - (c) if he contravenes section twenty-five; or
  - (d) he becomes mentally or physically incapable of efficiently exercising his functions; or
  - (e) he has been absent without the Board's permission from three consecutive regular meetings of the Board, of which he has been given not less than seven days' notice, and the President is satisfied that there was no just cause for the director's absence.

## **25 Disclosure of interests by members of Board**

- (1) Before the Governor or a Deputy Governor or director performs any function as such, he shall disclose in writing to the President the full extent of—
- (a) every occupation, service or employment in which he or his spouse engages for remuneration; and
  - (b) all assets held by him or his spouse, in excess of such value as the President may specify.
- (2) As soon as possible after he or his spouse—
- (a) commences any occupation, service or employment for remuneration; or
  - (b) acquires any asset in excess of such value as the President may have specified in terms of paragraph (b) of subsection (1);

the Governor and every Deputy Governor and director shall disclose that fact in writing to the President.

## **26 Functions of Board [see clause 9 of Bill]**

- (1) Subject to this Act and any general directions of policy that the Minister may give the Board, the functions of the Board shall be—



~~(a) to determine the monetary policy of Zimbabwe, including the setting of limits on open market operations by the Bank; and~~

~~(b) to determine interest rates for discounts and loans by the Bank; and~~

(c) to determine the reserves that banking institutions are required to maintain with the Bank in terms of section 30 of the Banking Act [*Chapter 24:20*]; and

(d) to advise the Minister on matters concerning the foreign exchange policy of Zimbabwe and to approve measures for determining the foreign exchange value of the Zimbabwean currency; and

(e) to monitor the financial system of Zimbabwe and to keep under review the effect of the Bank's monetary policy on that system and on the economy as a whole; and

(f) to approve all rules, guidelines and general instructions governing the conduct of the affairs of the Bank; and

(g) to approve all reports and recommendations made by the Bank to the Minister or to Parliament; and

(h) to approve all advances by the Bank to the State; and

(i) to approve the discounting of instruments having a maturity period of more than three months from the date of their acquisition by the Bank and, with the approval of at least four of the members present, to approve each of the Bank's loans to, or contingent commitments for the benefit of, a banking institution pursuant to section eleven; and

(j) to establish or close, in or outside Zimbabwe, subsidiaries, branch offices or agencies of the Bank; and

(k) with the approval of the Minister, to prepare the budget of the Bank; and

(l) to determine the general terms and conditions of service of the officers, employees, agents and correspondents of the Bank; and

(m) to make proposals to the Minister for the increase in the authorised capital of the Bank and, with the consent of the Minister, to establish special reserves on the books of the Bank and the level of such reserves; and

(n) to approve the annual reports and financial statements of the Bank; and

(o) to determine the debt securities suitable for the investment of the financial resources of the Bank, including the staff and pension funds of the Bank.

(2) Subject to this Act, the Board may delegate to the Governor, either absolutely or subject to conditions, any function conferred or imposed upon it by or in terms of this Act.

(3) A delegation of a function in terms of subsection (2) shall not preclude the Board from itself exercising the function concerned.

## **27 Chairperson, Deputy Chairperson of Board [see clause 10 of Bill0**

**(1) The Governor shall be chairperson of the Board.**

**(2) The deputy chairperson of the Board shall be chosen by the President, after consultation with the Minister, from among the non-executive Board members.**

**(3) If for any reason the chairperson is not present at any meeting of the Board, the deputy chairperson shall preside as chairperson at that meeting.**

(4) If for any reason the chairperson and the deputy chairperson are both not present at any meeting of the Board, the members present shall elect one of their number to preside as chairperson at the meeting.

## **27 Chairman of Board**

~~(1) The Governor shall be chairman of the Board.~~

~~(2) In the absence, temporary incapacity or vacation of office by the Governor, the Deputy Governor referred to in paragraph (a) or (b), as the case may be, of subsection (3) of section fourteen shall act as chairman of the Board.~~

~~(3) If neither the Governor nor the Deputy Governor referred to in subsection (2) are present at any meeting of the Board, the members present shall elect one of their number to preside as chairman at that meeting.~~

## **28 Procedure at meetings of Board [see clause 11 of Bill]**

(1) A majority of members of the Board shall form a quorum at any meeting of the Board.

(2) The decision of the majority of the members of the Board present at any meeting shall constitute the decision of the Board.

(3) At all meetings of the Board each member present shall have one vote on each question before the Board:

Provided that, in the event of an equality of votes, the person presiding at the meeting shall have a casting vote in addition to a deliberative vote.

(4) The board shall meet not less frequently than once in every calendar month.

(5) There shall be minutes taken of all proceedings at every meeting of the Board, which shall be submitted to the Minister as soon as practicable and in any case no later than fourteen days after each such meeting.

## **29 Committees of Board [see clause 12 of Bill]**

(1) Subject to sections 29A and 29C, the ~~The~~ Board may appoint committees of two or more of its members and may delegate to them such functions as it thinks fit.

(2) The delegation of functions to a committee in terms of subsection (1) shall not preclude the Board from itself exercising the functions concerned.

### **29A Audit Committee**

(1) There shall be a committee of the Board called the Audit Committee, consisting of the of the following members—

(a) the deputy chairperson of the Board who shall be the chairperson of the committee; and

(b) at least two other persons who shall not be members of the Board and appointed by the Minister.

(2) The functions of an audit committee shall be—

(a) to establish appropriate accounting procedures and accounting controls in respect of the conduct of the Bank; and

(b) to ensure compliance with the procedures established in terms of paragraph (a); and

(c) to assist the Board to evaluate the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day to day management of the Bank; and

(d) to introduce such measures as, in its opinion, may enhance the objectivity reports prepared with reference to the Bank; and

(e) to recommend to the Board the appointment of a suitably qualified person as the auditor of the Bank.

(3) The audit committee shall embody its deliberations, resolutions or recommendations in a report for consideration by the committee referred to in section 29C.

(4) The audit committee shall meet as often as may be necessary to carry out its functions.

(5) Decisions of the Audit Committee shall be decided by a majority vote of the members present:

Provided that no member shall abstain from any vote to be taken.

(6) Subject to this section, the procedure to be adopted by the Audit Committee shall be fixed by the Board.

#### **29B Monetary Policy Committee**

(1) There shall be a Monetary Policy Committee independent of the Board consisting of the Governor as chairperson, the Deputy Governor or Deputy Governors, as the case may be, the deputy chairperson of the Board, and not less than five or more than seven other persons appointed by the President after consultation with the Minister.

(2) The members of the Monetary Policy Committee appointed under subsection (1) must have knowledge, experience or expertise in matters relating to finance, banking and fiscal or monetary policy.

(3) The Monetary Policy Committee's functions are—

(a) to determine the monetary policy of Zimbabwe, including the setting of limits on open market operations by the Bank; and

(b) to ensure price stability as defined by the Government's inflation target set out in the National Budget; and

(c) to determine interest rates for the economy in line with the Government's economic policies and targets for growth and employment; and

(d) to perform such other functions related to monetary policy as the Minister may prescribe by regulations.

(4) The Committee shall submit its findings to the Board for information purposes only.

#### **29C Oversight of Bank's operations**

There shall be a committee of the Board chaired by the Permanent Secretary for Finance and consisting of all the members of the Board, which shall meet twice in each financial year and which shall—

(a) consider the audit committee's report in terms of section 29A(3), if any; and

- (b) review the operations of the Bank to ensure that they are conducted in compliance with the Act and in accordance with best corporate practice.

### **30 Validity of Board's decisions and acts**

No decision or act of the Board or act done under the authority of the Board shall be invalid solely because—

- (a) the Board did not consist of the full number of members for which provision is made in section twenty-one; or
- (b) a disqualified person sat or acted as a member at the time the decision was taken or the act was done or authorized, unless at that time the Board knew of his disqualification.

## **PART V**

### **FINANCIAL PROVISIONS**

### **31 Capital of Bank[see clause 14 of Bill]**

The Bank's capital stock shall be in the amount of two million United States dollars or its equivalent in other currencies ~~two million dollars~~, all of which shall be issued to the State.

### **32 Allocation of profits**

(1) The Bank shall establish a general reserve fund to which shall be allocated the amount of two million dollars together with the further amounts set out in subsection (2).

(2) The ascertained surplus available from the operations of the Bank during each of its financial years, after meeting all current expenditures and losses and after making provision for bad and doubtful debts, depreciation of assets, pensions, gratuities or other benefits payable to its officers and employees, together with such other items as are usually provided for by bankers, shall be applied by the Board as follows—

- (a) while moneys in the general reserve fund established in terms of subsection (1) are less than three times the capital of the Bank, ten per centum of the surplus shall be allocated to that fund and the residue of the surplus shall be paid into the Consolidated Revenue Fund:

Provided that no payment into the Consolidated Revenue Fund shall be made if it would result in the assets of the Bank, as reflected on the Bank's balance sheet, being less than the sum of the Banks assets and unencumbered capital and reserves;

- (b) when moneys in the general reserve fund established in terms of subsection (1) are equal to or more than three times the capital of the Bank, the whole of the surplus shall, subject to section thirty-three, be paid into the Consolidated Revenue Fund.

### ~~**33 Reserve provisions [see clause 15 of Bill]**~~

~~(1) The Bank shall maintain a reserve consisting of gold or foreign assets convertible into gold.~~

~~(2) The value of the reserve shall be at least forty per centum of the Bank's foreign liabilities.~~

~~(3) The Bank may, with the approval of the Board, establish additional special reserves consisting of gold or foreign assets convertible into gold for specific purposes after making the allocation referred to in subsection (2).~~

### **34 Allocation of losses or gains due to exchange rate fluctuations and pursuit of monetary policies**

(1) Any loss suffered by the bank as a result of depreciation in any gold or foreign assets held by the Bank which is caused by any change in the value of the Zimbabwe dollar or in the values of foreign currencies or the value of gold in relation to the Zimbabwe dollar shall be charged to the Consolidated Revenue Fund, and any profit earned by the Bank as a result of the appreciation in any gold or foreign assets held by the Bank which is caused by such change shall be paid into the Consolidated Revenue Fund.

(2) Any payment from the Consolidated Revenue Fund to the Bank under subsection (1) shall be made upon request by the Bank and any payment by the Bank to the Consolidated Revenue Fund shall be made in accordance with arrangements approved by the Minister.

(3) If at any time the Bank suffers loss determined in Zimbabwe dollars as a direct result of pursuing policies designed to achieve its objectives under this Act, particularly the maintenance of price stability and the proper functioning of a stable financial system, such loss shall be borne by the Bank.

(4) For the purposes of subsection (1), a certificate by the Comptroller and Auditor-General as to the amount of the profit earned or loss suffered by the Bank shall be evidence of the amount of the profit or loss.

### **35 Financial statements**

For each financial year, the accounts of the Bank shall be prepared in accordance with generally accepted accounting practices and shall include—

- (a) a statement of the Bank's assets and liabilities for that financial year; and
- (b) an operating statement showing the revenue and expenditures of the Bank for that financial year by reference to the functions carried out by the Bank; and
- (c) a statement showing the Bank's cash flows for that financial year; and
- (d) a statement of the Bank's commitments as at the close of that financial year; and
- (e) a statement of the Bank's contingent liabilities at the close of that financial year; and
- (f) a statement of the Bank's accounting policies; and
- (g) such other information as the Minister may direct in order to give a fair reflection of the Bank's financial operations and position for that financial year.

### **36 Audit of Bank's accounts**

(1) The accounts of the Bank shall be audited by one or more persons who are registered as public auditors in terms of the Public Accountants and Auditors Act [*Chapter 27:12*] and are appointed for the purpose by the Minister.

(2) The auditors appointed in terms of subsection (1) shall make a report to the Board and to the Minister on the Bank's accounts, and in their report shall state whether or not in their opinion the statements referred to in paragraphs (a) to (f) of section thirty-five give a true and fair view of the Bank's affairs.

(3) In addition to the report referred to in subsection (2), the Minister or the Board may require the auditors appointed in terms of subsection (1) to provide such other reports, statements or explanations in connection with the Bank's activities, funds or property as the Minister or the Board, as the case may be, considers expedient, and the auditors shall forthwith comply with any such requirement.

(4) If, in the opinion of the auditors appointed in terms of subsection (1)–

- (a) they have not obtained any information or explanation they require; or
- (b) any accounts or records relating to any accounts have not been kept properly by the Bank; or
- (c) the Bank has not complied with any provision of this Act;

the auditors shall include in their report made in terms of subsection (2) or (3), as the case may be, a statement to that effect.

(5) The cost of anything done by auditors in terms of this section shall be borne by the Bank.

### **37 Powers of auditors**

(1) An auditor referred to in section thirty-six shall be entitled at all reasonable times to require to be produced to him all accounts and records relating to any accounts which are kept by the Bank or its agents and to require from any member of the Board or any officer, employee or agent of the Bank such information and explanations as, in the auditor's opinion, are necessary for the purposes of that section.

(2) Any member of the Board or any officer, employee or agent of the Bank who–

- (a) fails or refuse to provide an auditor with any information or explanation required by him in terms of subsection (1); or
- (b) hinders or obstructs an auditor in the exercise of his functions in terms of section thirty-six;

shall be guilty of an offence and liable to a fine not exceeding level four or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment.

### **38 Investigation into Bank's affairs**

The Minister may at any time cause an investigation to be made into the affairs of the Bank by one or more persons authorised by him in writing to do so, and section thirty-seven shall apply, *mutatis mutandis*, in relation to any such investigation.

### **39 Returns by Bank**

(1) In this section–

“Treasury” means the Secretary of the Ministry for which the Minister is responsible or such other officer in that Ministry as may be deputed by the Secretary to perform his functions in terms of this section.

(2) The Bank shall—

- (a) as soon as practicable after the close of business every Friday or, where any Friday is a public holiday, on the nearest preceding business day, submit to the Treasury a return in a form approved by the Minister and containing a statement of the Bank's liabilities and assets; and

- (b) within three months after the close of its financial year, transmit to the Treasury two copies of its annual accounts signed by the Governor, every Deputy Governor and the Secretary of the Bank and certified by the Comptroller and Auditor-General:

Provided that a director authorized to do so by the Board may sign the accounts, instead of the Governor or any Deputy Governor; and

- (c) when called upon to do so by the Minister by notice in writing, make to the Minister, within the period specified in the notice, such further returns as may be so specified.

(3) The Treasury shall cause every return received in terms of paragraph (a) of subsection (1) to be published in the Gazette as soon as practicable after it has been received.

(4) The Minister shall lay a copy of every account received in terms of paragraph (b) of subsection (1) before Parliament on one of the fourteen days on which Parliament next sits after the account is received by him.

(5) The Minister may at any time direct that subsections (2) and (3) shall be suspended for such period as he may determine if, in his opinion, it is in the public interest that they be suspended.

## PART VI

### BANKNOTES AND COINAGE

#### **40 Issue of banknotes**

(1) Subject to subsection (3), the Bank shall have the sole right to make or cause to be made and to issue banknotes in Zimbabwe.

(2) The President shall determine the denominations, designs, form or material which shall be used in the making of banknotes.

(3) The Bank shall not issue any banknotes unless the Minister, by statutory instrument, has specified the matters determined by the President in respect of these banknotes in terms of subsection (2).

#### **41 Legal tender of banknotes**

(1) A tender of a banknote which has been issued by the Bank and which has not been demonetised in terms of subsection (2) shall be legal tender in payment within Zimbabwe of the amount expressed in the note.

(2) The President may, by statutory instrument, call in and demonetise any banknotes issued by the Bank, and shall likewise determine the manner in which and the period within which payment for such banknotes shall be made to the holders thereof.

#### **42 Offences relating to banknotes**

(1) In this section—

“banknote” includes any banknote which has at any time been legal tender in Zimbabwe.

(2) Any person who—

- (a) without the authority of the Bank, engraves or makes upon any material whatsoever any words, figures, letters, marks, lines or devices, the print of which resembles in whole or in part any words, figures, letters, marks, lines or devices peculiar to and used in or upon any banknote; or

- (b) wilfully defaces, soils or damages any banknote or writes or places any drawing thereon or attaches thereto anything in the nature of an advertisement; or
- (c) knowing that it is to be used for an unlawful purpose, has in his possession any material whatsoever upon which has been engraved or made any such words, figures, letters, marks, lines or devices as are mentioned in paragraph (a);

shall be guilty of an offence and liable—

- (i) in the case of an offence referred to in paragraph (a) or (b), to imprisonment for a period not exceeding seven years;
- (ii) in the case of an offence referred to in paragraph (c), to a fine not exceeding level four or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment.

#### **42A Issue of Reserve Bank bearer cheques [see clause 16 of Bill]**

~~(1) If the Bank is of the opinion that a shortage of banknotes is imminent or is in existence which needs to be dealt with urgently in the interests of public order or the economic interests of the State, it may, with the consent of the Minister, issue Reserve Bank bearer cheques specifying thereon a predetermined amount and a expiry date not exceeding twelve months from the date of issue:~~

~~Provided that the Minister may, by notice in a statutory instrument or in the Gazette, postpone the expiry date of any particular issue of Reserve Bank bearer cheques by a period not exceeding twelve months.~~

~~(2) A tender of a Reserve Bank bearer cheque which has not expired shall be legal tender in payment within Zimbabwe of the amount expressed in the cheque.~~

~~(3) Section forty two shall apply to Reserve Bank bearer cheques as it applies to banknotes.~~

#### **42B Issue of Reserve Bank vouchers<sup>3</sup>**

(1) If the Bank is of the opinion that a shortage of currency of any denomination to pay the remuneration of members of the Public Service or other employees of the State is imminent or is in existence which needs to be dealt with urgently in the interests of public order or the economic interests of the State, it may, with the consent of the Minister, authorise the issue of Reserve Bank vouchers specifying thereon a predetermined amount in any currency that is redeemable at the Bank subject to any one or more of the following conditions, namely conditions as to—

- (a) the redemption or negotiability of the voucher by persons other than the Bank, if any;
- (b) the goods or services or classes of goods or services which the voucher may be used to purchase;
- (c) the retail or other outlets or classes of retail or other outlets at which the voucher may be used to purchase goods and services;
- (d) the expiry date of the voucher, if any.

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<sup>3</sup> Inserted by section 45(1) of the Finance Act, 2009 (No. 3 of 2009). Section 45(2) provides as follows: "(2) Any vouchers issued by the Reserve Bank before the date of commencement of this Act, in payment or part payment of the remuneration of members of the Public Service or other employees of the State, shall be deemed to have been issued in terms of section 42B of the Reserve Bank of Zimbabwe Act [Chapter 22:15] as inserted by this Act."



(2) A Reserve Bank voucher which is tendered in accordance with any conditions subject to which it is issued and which has not expired shall be legal tender in payment within Zimbabwe of the amount expressed in the voucher.

(3) Section 42 applies to Reserve Bank vouchers as it applies to bank notes.

#### **43 Issue of coins**

(1) Subject to subsection (6), the Bank shall have the sole right to make or cause to be made and to issue coin in Zimbabwe.

(2) No piece of gold, silver, copper, bronze or nickel, or of any metal or mixed metal of any value whatsoever, shall be made in the likeness of or used as a coin or token for money except to the order of the Bank.

(3) All the coins to be made and issued under this Act shall be minted at a mint approved for the purpose by the Minister.

(4) Subject to subsections (5) and (6), the Bank may cause to be made and may issue coins of gold and of silver, bronze, cupro-nickel or other metal or mixed metal.

(5) The President shall determine the denominations and designs of any coins to be made and issued in terms of this section, the standard composition and the standard mass of such coins and the remedy or variation from the standard composition or standard mass which shall be allowed in the making of the coins.

(6) The Bank shall not issue any coins unless the Minister, by statutory instrument, has specified the matters determined by the President in respect of those coins in terms of subsection (5).

#### **44 Legal tender of coins**

(1) In this section—

“coins of current mass” means coins which have not been—

- (a) impaired, diminished or lightened otherwise than by fair wear and tear; or
- (b) defaced by having any name, word, number or device stamped thereon.

(2) A tender of payment of money within Zimbabwe if made in coins of current mass which have not been demonetised in terms of subsection (3), shall be legal tender—

- (a) in the case of coins in denominations higher than five cents, for the payment of an amount not exceeding two thousand cents;
- (b) in the case of coins in the denominations of five cents and under, for the payment of an amount not exceeding two hundred cents.

(3) The President may, by statutory instrument, demonetise any coins issued by the Bank and shall likewise determine the manner in which and the period within which payment for such coins shall be made to the holders thereof.

#### **44A Legal tender of foreign currencies<sup>4</sup>**

(1) The Minister may, in regulations made under section 64, prescribe that, subject to such conditions as may be specified in the regulations, a tender of payment in any currency other than the Zimbabwean currency shall be legal tender in all transactions or in such transactions as may be specified in the regulations.

(2) The tender in Zimbabwe of the British pound, euro, United States dollar, South African rand and Botswana pula in any transaction shall be deemed to be legal tender as if—

- (a) section 44A of the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] (No. 5 of 1999) as inserted by this Act had come into force on the 1st February, 2009; and
- (b) the Minister of Finance had, on the 1st February, 2009, prescribed in regulations made for the purposes of the aforementioned section 44A, that the aforementioned currencies are legal tender in any transaction.

### **PART VII**

#### **MONETARY POLICY**

#### **45 Bank's responsibility for monetary policy**

The Bank, in consultation with the Minister, shall be responsible for the formulation and implementation of the monetary policy of Zimbabwe.

#### **46 Statements of monetary policy**

In June and December of each year, the Governor shall submit to the Minister a policy statement containing—

- (a) a description of the monetary policy to be followed by the Bank during the next succeeding six months, and a statement of the reasons for those policies; and
- (b) a statement of the principles that the Bank proposes to follow in the implementation of the monetary policy; and
- (c) an evaluation of the monetary policy and its implementation for the last preceding six months.

### **PART VIII**

#### **EXCHANGE RATE POLICY, INTERNATIONAL RESERVES AND EXCHANGE CONTROL**

#### **47 Exchange rate policy**

(1) The exchange rate policy of Zimbabwe shall be formulated by the Minister in consultation with the Board, and in doing so the Minister shall ensure that the exchange rate policy is consistent with the objectives of the monetary policy of Zimbabwe.

(2) The Bank shall be responsible for implementing the exchange rate policy formulated in terms of subsection (1).

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<sup>4</sup> Inserted by section 16 of Finance (No. 2) Act, 2009 (No. ?? of 2009) [this Act has not yet been gazetted, but this amendment is included here for the sake of completeness. Veritas, 18th August 2009]

(3) The Bank may, for the purpose of maintaining the value of the Zimbabwe dollar and for such other purposes as it considers necessary or expedient, buy, sell, and hold gold and foreign exchange assets.

#### **48 Clearing and payment agreements**

The Bank may, either for its own account or for the account of or by order of the State, enter into clearing and payment agreements or any other similar agreement with public or private central clearing institutions outside Zimbabwe.

#### **49 Reserves against domestic and international obligations [see clause 17 of Bill]**

(1) The Bank shall establish and maintain reserves which shall consist of all or any of the following assets—

(a) gold or foreign assets convertible into gold; or

(b) foreign exchange in the form of notes and coins or account balances held by the Bank abroad in foreign currencies; or

(c) any other internationally recognised reserve assets; or

(d) bills of exchange and promissory notes, payable in foreign currencies; or

(e) securities that have been issued or guaranteed, and net entitlements of the Bank under loan agreements, forward purchase and repurchase agreements, swap agreements, options and other agreements that have been concluded with or guaranteed by foreign states, foreign central banks or international financial organisations, and that are denominated and provide for payment in foreign currencies.

(2) The Bank shall, maintain sufficient reserves—

(a) to cover one hundred *per centum* of its liabilities to the public, held in foreign currency accounts in any banking institution; and

(b) that in its opinion will be adequate for the execution of the monetary and exchange rate policies of Zimbabwe and the prompt settlements of the country's international obligations.

(3) In relation to the reserves kept for the purpose of—

(a) subsection (2)(a), the Minister may suspend, for a period not exceeding sixty days, the reserve requirements there mentioned, and may extend such period for further periods not exceeding sixty days each, but no such suspension shall continue for a period longer than six months unless Parliament by resolution approves of such continuation; and

(b) subsection (2)(b), if the reserves there mentioned have declined or, in the opinion of the Bank, are in danger of declining to such an extent as to jeopardise the execution of the monetary or exchange rate policies of Zimbabwe or the prompt settlement of the country's international obligations, the Bank shall submit to the Minister—

(i) a report on the reserve position specifying the causes which have led or may lead to such a decline, together with such recommendations as it considers necessary to remedy the situation; and

(ii) such further reports and recommendations as the Bank considers advisable until such time as, in its opinion, the situation has been remedied.

(4) The Bank shall, not later than seven days after the end of each quarter, submit a quarterly statement of the state of the Bank's reserves kept for the purpose of subsection (2)(b) to the Minister, and the Minister shall table such statement before the House of Assembly on any one of fourteen sitting days that the House of Assembly sits after the Minister receives such statement.

(5) The Bank shall establish such reserves, in addition to those specified in subsections (1) and (2), as the Minister may from time to time direct in writing.

#### **49 International reserve**

~~(1) The Bank shall establish and maintain an international reserve which shall consist of all or any of the following assets —~~

- ~~— (a) gold;~~
- ~~— (b) foreign exchange in the form of notes and coins or account balances held by the Bank abroad in foreign currencies;~~
- ~~— (c) any other internationally recognised reserve assets, including —~~
  - ~~— (i) the entitlement to make reserve tranche purchases from the International Monetary Fund; and~~
  - ~~— (ii) the holdings of Zimbabwe of special drawing rights of the International Monetary Fund;~~
- ~~— (d) bills of exchange and promissory notes, payable in foreign currencies;~~
- ~~— (e) securities that have been issued or guaranteed, and net entitlements of the bank under loan agreements, forward purchase and repurchase agreements, swap agreements, options and other agreements that have been concluded with or guaranteed by, foreign states, foreign central banks or international financial organisations, and that are denominated and provide for payment in foreign currencies.~~

~~(2) The Bank shall, to the best of its ability, maintain the international reserve at a level which, in the Bank's opinion, will be adequate for the execution of the monetary and exchange rate policies of Zimbabwe and for the prompt settlement of the country's international obligations.~~

~~(3) If the international reserve has declined or, in the opinion of the Bank, is in danger of declining to such an extent as to jeopardise the execution of the monetary or exchange rate policies of Zimbabwe or the prompt settlement of the country's international obligations, the Bank shall submit to the Minister —~~

- ~~— (a) a report on the international reserve position specifying the causes which have led or may lead to such a decline, together with such recommendations as it considers necessary to remedy the situation; and~~
- ~~— (b) such further reports and recommendations as the Bank considers advisable until such time as, in its opinion, the situation has been remedied.~~

## **50 Reports by dealers in foreign exchange**

Persons dealing in foreign currency shall provide the Bank with such information as the Bank may require in regard to their foreign currency dealings, and shall provide the information at such times and in such form as may be prescribed.

### **PART IX**

#### **ASSISTANCE TO FOREIGN REGULATORY AUTHORITIES**

## **51 Request for information by foreign regulatory authority**

(1) Subject to this Part, if a foreign regulatory authority requests the Governor for assistance in connection with inquiries being carried out for the purpose of its regulatory functions, the Governor shall grant the assistance sought if he is satisfied that it is in the public interest to do so.

(2) In deciding whether it is in the public interest to grant assistance in terms of subsection (1), the Governor may take into account all or any of the following factors—

- (a) whether corresponding assistance would be given by the foreign country to the Governor or an authority exercising regulatory functions in Zimbabwe;
- (b) whether the inquiries relate to the possible breach of a law or other requirement which has no close parallel in Zimbabwe or involves the assertion of a jurisdiction not recognised by Zimbabwe;
- (c) the seriousness of the matter to which the inquiries relate and the importance to the inquiries of the information sought in Zimbabwe;
- (d) whether the assistance could be sought and granted under any enactment relating to mutual assistance in civil or criminal matters.

(3) The Governor may refuse to grant assistance in terms of subsection (1) unless the foreign regulatory authority undertakes to make such contribution towards the costs of exercising his functions under this Part as the Governor considers appropriate.

## **52 Contents of request**

A request for assistance in terms of section fifty-one shall contain such information and particulars as may be prescribed:

Provided that failure to comply with prescribed conditions shall not be a ground for refusing to grant the request.

## **53 Power to require information, documents or other assistance**

(1) In this section—

“documents” includes information recorded in any form and, where information is recorded otherwise than in legible form, the power to require its production includes the power to require the production of a copy of it in legible form.

(2) For the purpose of providing assistance requested by a foreign regulatory authority in terms of section fifty-one, the Governor may order any person—

- (a) to appear before him at a specified time and place and answer questions or otherwise furnish information with respect to any matter relevant to the inquiries; and

- (b) to produce at a specified time and place any documents which appear to the Governor to relate to any matter relevant to the inquiries; and
- (c) otherwise to give him such assistance in connection with the inquiries as he is reasonably able to give.

(3) For the purposes of subsection (2), the Governor shall have the same powers as a commissioner under the Commissions of Inquiry Act [*Chapter 10:07*], other than the power to order a person to be detained in custody, and sections 9 to 13 and 15 to 18 of that Act shall apply, *mutatis mutandis*, in relation to the exercise of the functions of the Governor under subsection (1).

(4) A person shall not under this section be required to disclose information or produce a document which he would be entitled to refuse to disclose or produce in a court of law on grounds of confidentiality as between client and legal practitioner, but a legal practitioner may be ordered to furnish the name and address of his client.

(5) Where a person claims a lien on a document, its production in terms of this section shall be without prejudice to his lien.

#### **54 Exercise of powers by officers**

(1) The Governor may delegate to any officer of the Bank or any other competent person any of the powers conferred on him by section fifty-three.

(2) A delegation in terms of subsection (1) shall not be made except for the purpose of investigating—

- (a) the affairs, or any aspects of the affairs, of a person specified in the delegation; or
- (b) a specified subject-matter;

by a person who, or a subject-matter which, is the subject of the inquiries being carried out at the request of a foreign regulatory authority.

(3) No person shall be compelled to comply with a requirement imposed by a person exercising powers by virtue of a delegation in terms of subsection (1) unless he has produced evidence of his authority.

(4) A person shall not by virtue of a delegation in terms of subsection (1) be required to disclose any information or produce any documents in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless—

- (a) the imposing on him of a requirement with respect to such information or documents has been specifically authorized by the Governor; or
- (b) the person to whom the obligation of confidence is owed consents to the disclosure or production.

(5) Where in terms of subsection (1) the Governor delegates powers to a person other than an officer of the Bank, that person shall report to the Governor in such manner as the Governor may require on the exercise of the powers and the results of exercising them.

#### **55 Penalty for failure to comply with requirement to answer questions, etc.**

(1) Any person who without reasonable excuse fails to comply with a requirement under section fifty-three, whether by the Governor or his delegate shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

(2) Any person who, in response to a requirement under section fifty-three, whether by the Governor or his delegate furnishes information which he knows to be false or misleading in a material particular, or recklessly furnishes information which is false or misleading in a material particular, shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

## **56 Restrictions on disclosure of information**

(1) Subject to section fifty-seven, any information relating to the business affairs of a person which is—

- (a) supplied by a foreign regulatory authority in connection with a request for assistance; or
- (b) obtained in terms of section fifty-three;

shall not be disclosed for any purpose by the Governor or his delegate or by any person obtaining the information directly or indirectly from him, without the consent of the person from whom the Governor obtained the information or the person to whom it relates.

(2) Information shall not be treated as information to which this section applies if it has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not prohibited by this section.

(3) Any person who contravenes this section shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

## **57 Exceptions to restrictions on disclosure**

Information to which section *fifty-six* applies may be disclosed—

- (a) to any person with a view to the institution of, or otherwise for the purposes of any criminal, civil or disciplinary proceedings against the concerned person; or
- (b) for the purpose of enabling or assisting a public authority with an interest in the matter to discharge any relevant function; or
- (c) to the Minister, if the disclosure is made in the interests of investors or in the public interest; or
- (d) if the information is or has been available to the public from other sources; or
- (e) in a summary or collection of information framed in such a way as not to enable the identity of any person to whom the information relates to be ascertained; or
- (f) in pursuance of any obligation to the public.

## **PART X**

## **GENERAL**

## **58 Information to banking institutions**

The Bank may establish and maintain an information network for the supply of information to banking institutions in such form as it considers appropriate for the better carrying out of its functions under this Act.

## **59 Officers and other employees of Bank**

(1) The Bank may appoint such officers, other than a Governor or Deputy Governor, and other employees as it considers to be necessary for the efficient conduct of the business of the Bank.

(2) Officers and other employees of the Bank referred to in subsection (1) shall hold office for such period or periods, receive such salaries and allowances and be subject to such other terms and conditions of service as may be determined in terms of this Act.

(3) The Board may, out of the funds of the Bank, establish and maintain, or contribute to, a pension fund for the Governor, every Deputy Governor and other officers and employees of the Bank and their dependants.

## **60 Preservation of secrecy**

(1) Except for the purpose of the performance of his functions or when lawfully required to do so by any court or under any enactment, no director, officer, employee or agent of the Bank shall disclose to any person any information relating to the affairs of the Bank or of a customer of the Bank which he has acquired in the course of the performance of his functions.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

## **61 Impersonation of member of Board or officer or employee of Bank**

Any person who—

- (a) not having been appointed as a member of the Board, or as an officer or employee of the Bank, purports to act, whether inside or outside Zimbabwe, as a member, officer or employee; or
- (b) whether inside or outside Zimbabwe, does any act or omission in obedience to the direction of a person referred to in paragraph (a), knowing that the person was not a member of the Board or an officer or employee of the Bank, as the case may be;

shall be guilty of an offence and liable to a fine not exceeding level ten or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment.

## **62 Powers of Minister [see clause 18 of Bill]**

(1) If at any time it appears to the Minister that the Bank has failed to comply with any provision of this Act, he may, by notice in writing, require the Board to make good or remedy the default within a specified time, and the Board shall forthwith take all such steps as are necessary to ensure due compliance with any such provision.

(2) Subject to subsection (3), the Minister may give the Board such directions of a general character as to the policy it is to observe in the exercise of its functions, as appear to the Minister to be requisite in the national interest.

(3) Where the Minister considers that it may be desirable to give any direction in terms of subsection (2), he or she shall inform the Board, in writing, of his or her proposal and the Board shall, within thirty days or such further period as the Minister may allow, submit to the Minister, in writing, its views on the proposal especially with respect to—

- (a) whether the direction is consistent with any of the provisions of this Act;



(b) the possible implications, if any, on the finances and other resources of the Bank.

(4) The Board shall, with all due expedition, comply with any direction given to it in terms of subsection (2).

## **~~62 Powers of Minister upon non-compliance by Bank with Act~~**

~~If at any time it appears to the Minister that the Bank has failed to comply with any provision of this Act, he may, by notice in writing, require the Board to make good or remedy the default within a specified time, and the Board shall forthwith take all such steps as are necessary to ensure due compliance with any such provision.~~

## **63 Restriction on names of companies**

(1) Except with the consent of the Registrar, no company shall be registered under the Companies Act [*Chapter 24:03*] by a name, and no person shall, for the purposes of business, use any name, which includes, in conjunction with the word “bank”, “bankers”, “banking” or “saving”, any of the words “central”, “national”, “reserve”, “State”, “Zimbabwe” or “Zimbabwean”.

(2) If a company, through inadvertence or otherwise, is registered, whether originally or by reason of a change of name, by a name which is in conflict with subsection (1), the Registrar, by order in writing, may order the company to change its name and the company shall do so within a period of six weeks from the date of the written order or within such longer period as the Registrar may allow.

## **64 Regulations**

The Minister, in consultation with the Board, may make regulations prescribing anything which in terms of this Act is required to be prescribed or which, in his opinion, is necessary or convenient to be prescribed for carrying out or giving effect to the provisions of this Act.

## **65 Repeal of Cap. 22:10 and savings**

(1) The Reserve Bank of Zimbabwe Act [*Chapter 22:10*] is repealed.

(2) Notwithstanding subsection (1)—

- (a) any person appointed as a Governor, Deputy Governor or director under the repealed Act shall continue in office for the unexpired term of his office;
- (b) any person appointed as an officer, other than a Governor or Deputy Governor, or as an employee, agent or correspondent of the Bank under the repealed Act shall continue in office as if he had been appointed in terms of this Act;
- (c) any statutory instrument, notice or instruction which, immediately before the date of commencement of this Act, was in force under the repealed Act shall continue in force *mutatis mutandis*, as if it had been made under the appropriate provision of this Act and may be amended or repealed accordingly;
- (d) any direction given or decision, order or other thing whatsoever made, done or commenced which, immediately before the date of commencement of this Act, had or was capable of acquiring force and effect in terms of the repealed Act shall continue to have or, as the case may be, to be capable of acquiring force and effect as if it had been given, made, done or commenced, as the case may be, in terms of this Act;

- (e) the Governor, Deputy Governors and directors referred to in paragraph (a) shall, as soon as practicable after the date of commencement of this Act, make the disclosure required by section twenty-five.
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**EXTRACT FROM RESERVE BANK OF ZIMBABWE AMENDMENT BILL**  
**[H.B. 7, 2007]**

**19 Transitional provisions**

(1) Subject to subsection (2), all the shares held by the Reserve Bank of Zimbabwe in any company incorporated in Zimbabwe in which it has a majority shareholding are hereby transferred to and vested in the State, and the shares shall be held on behalf of the State, notwithstanding anything contained in the memorandum and articles of association of the company in question, by the head of the Ministry to whom the company in question is assigned.

(2) Subsection (1) does not apply to the companies specified in the Schedule.

(3) Not later than one month after the date of commencement of this Act, every member of the Board shall make a full disclosure in writing of the matters referred to in section 25(1) of the principal Act to the Board, Minister and President.

(4) Any word or expression to which a meaning has been assigned in the principal Act shall bear the same meaning when used in this section.

**SCHEDULE (Section 19(2))**

**COMPANIES WHOSE SHARES ARE TO BE RETAINED BY  
THE RESERVE BANK OF ZIMBABWE**

1. Fidelity Printers and Refiners (Private) Limited,
2. Aurex (Private) Limited.

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