

## FEDERAL REPUBLIC OF GERMANY

	<i>Page</i>
<b>CENTRAL BANK LAW</b>	
Law Concerning the Deutsche Bundesbank, 1957.....	251
By-Laws of the Deutsche Bundesbank.....	272
Basic Law for the Federal Republic: Articles 70-74.....	276
 <b>BANKING LAW, 1961</b>	
Summary .....	278
Articles 7, 10, 11, 23, and 24.....	288
Notice No. 1/62.....	291
 <b>MONETARY LAW</b>	
Monetary Unit: A Note.....	293
Subsidiary Coins Law, 1950.....	294
 <b>BRETTON WOODS AGREEMENTS LAW, 1952.....</b>	
BIBLIOGRAPHICAL NOTE .....	297

## Publication of Statutes and Regulations

Federal laws are published in the *Bundesgesetzblatt* (Federal Law Gazette), which is divided into three parts: Part I contains the texts of laws and ordinances; Part II contains the texts of treaties, international agreements, and related measures; Part III sets forth the consolidated texts of the laws in force, systematically arranged by subject matter. The *Bundesanzeiger* (Federal Journal or Advertiser) contains other measures (*Rechtsvorschriften*) of general interest. A consolidated index, *Fundstellen der Bundesgesetzgebung* (Sources of Federal Law) is published as a supplement (*Beilage*) to Part I of the *Bundesgesetzblatt*. This index covers the laws and ordinances published in the *Bundesgesetzblatt* and the measures published in the *Bundesanzeiger*.

For a listing of unofficial loose-leaf collections of laws relating to banking and negotiable instruments, see the Bibliographical Note, pp. 298 and 299, below.

## The Law Concerning the Deutsche Bundesbank, 1957<sup>1</sup>

NOTE:—The Deutsche Bundesbank (German Federal Bank) is governed by the Law Concerning the Deutsche Bundesbank of July 26, 1957. This Law supersedes the pre-existing central bank regime, which was based primarily on the Law for the Establishment of a Bank deutscher Länder (Bank of the German States) of February 18, 1948.<sup>2</sup>

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### SECTION I.—ESTABLISHMENT, LEGAL FORM AND FUNCTIONS

**Art. 1. Establishment of the Deutsche Bundesbank.**—The Land Central Banks and the Berlin Central Bank shall be merged with the Bank deutscher Länder. The Bank deutscher Länder shall become the Deutsche Bundesbank.<sup>3</sup>

**Art. 2. Legal form, original capital and seat.**—The Deutsche Bundesbank shall be an autonomous Federal institution and a legal person under public law. Its original capital of two hundred and ninety million deutsche mark shall be the property of the Federation. The Bank shall have its seat at the seat of the Federal Government; so long as this is not in Berlin, the seat of the Bank shall be in Frankfurt am Main.

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<sup>1</sup> Gesetz über die Deutsche Bundesbank of July 26, 1957 as amended through July 31, 1966. For the official German text, see *Bundesgesetzblatt*, 1957, Part I, pp. 745 ff. In the version published here, the word Section corresponds to the German word *Abschnitt* and the word Article (Art.) to the sign §.

<sup>2</sup> For an English version of the 1948 law, together with an explanatory note, see *Federal Reserve Bulletin* (Washington), March 1948, pp. 279-283. On the liquidation of the Deutsche Reichsbank, see Gesetz über die Liquidation der Deutschen Reichsbank und der Deutschen Gold- und Goerresbank of August 2, 1961 (*Bundesgesetzblatt*, 1961, Part I, p. 1165).

<sup>3</sup> By virtue of this Article, the Land Central Banks (*Landeszentralbanken*) were merged (*verschmolzen*) with the Berlin Central Bank and the Bank deutscher Länder and were thereby transformed into a unitary bank, the Deutsche Bundesbank. However, as evidenced by Art. 8(1) and other provisions of the Law, the Land Central Banks, although they are no longer legally independent entities, continue to function as Main Offices of the Bundesbank in each Land enumerated in Art. 8(1).

It is noteworthy that under the present central bank regime the Land Central Banks have a dual status: In matters in which they act as Main Offices of the Deutsche Bundesbank, they act as organs of that Bank. But in matters which are reserved to them under the Law Concerning the Deutsche Bundesbank, and in matters reserved to them under their respective organic laws, they act in their own name and on their own account.

**Art. 3. Functions.**—The Deutsche Bundesbank, making use of the powers in the field of monetary policy<sup>4</sup> conferred upon it under this Law, shall regulate the note and coin circulation and the supply of credit to the economy with the aim of safeguarding the currency and shall ensure appropriate payments through banks within the country as well as to and from foreign countries.

**Art. 4. Participations.**—The Deutsche Bundesbank shall be authorized to participate in the Bank for International Settlements and, subject to the approval of the Federal Government, in other institutions serving the purposes of a supranational currency policy<sup>4</sup> or facilitating international payments and credit transactions or otherwise useful to the Bundesbank in discharging its functions.

## SECTION II.—ORGANIZATION

**Art. 5. Organs of the Deutsche Bundesbank.**—The organs of the Deutsche Bundesbank shall be the Central Bank Council [*Zentralbankrat*] (Article 6), the Directorate [*Direktorium*] (Article 7), and the Boards of Management [*Vorstände*] of the Land Central Banks (Article 8).

**Art. 6. The Central Bank Council.**—(1) The Central Bank Council shall determine the monetary and credit policies of the Bank. It shall lay down general directives for the conduct of business and administration and shall delimit the responsibilities of the Directorate and of the Boards of Management of the Land Central Banks in accordance with the provisions of this Law. The Council may also, in individual cases, issue instructions to the Directorate and to the Boards of Management of the Land Central Banks.

(2) The Central Bank Council shall consist of the President and the Vice-President of the Deutsche Bundesbank, the other members of the Directorate, and the Presidents of the Land Central Banks.

(3) The Central Bank Council shall meet under the chairmanship of the President or the Vice-President of the Deutsche Bundesbank. It shall take its decisions by a simple majority of the votes cast. The By-Laws shall lay down any other conditions governing the taking of decisions. The By-Laws may provide that members of the Central Bank Council who are prevented from attending meetings for a prolonged period shall be represented by deputies.

<sup>4</sup>The German version refers in Art. 3 to "währungspolitische Befugnisse" rather than to "powers in the field of monetary policy," and in Art. 4 to "übernationaler Währungspolitik," an expression which is rendered here as "supranational currency policy." The term *Währung*, as such or in combination with other terms, is frequently used to cover both domestic and foreign aspects of currency. For this reason, *Währungspolitik* is broader in scope than "monetary policy" in the sense in which the latter term is frequently used by monetary technicians.

**Art. 7. Directorate.**—(1) The Directorate shall be responsible for the implementation of the decisions taken by the Central Bank Council. It shall manage and administer the Bank, except in matters coming within the competence of the Boards of Management of the Land Central Banks. More particularly, the following business shall be reserved for the Directorate:

1. transactions with the Federation and its Special Funds;
2. transactions with credit institutions which have central functions for the whole of the Federal territory;
3. foreign exchange transactions and transactions with foreign countries;
4. open market transactions.

(2) The Directorate shall consist of the President and the Vice-President of the Deutsche Bundesbank and of not more than eight further members. The members of the Directorate must possess special professional qualifications.

(3) The President and the Vice-President as well as the other members of the Directorate shall be appointed by the President of the Federal Republic on the proposal of the Federal Government. The Federal Government shall consult the Central Bank Council before making its proposals. The members shall be appointed for eight years, or in exceptional cases for a shorter period, but not less than two years. All appointments and retirements shall be published in the *Bundesanzeiger*.

(4) The members of the Directorate shall hold office under public law. Their status in relation to the Bank, in particular regarding salaries, pensions, and surviving dependents' allowances, shall be regulated by contracts concluded with the Central Bank Council. Such contracts shall be subject to the approval of the Federal Government.

(5) The Directorate shall meet under the chairmanship of the President or the Vice-President of the Deutsche Bundesbank. It shall take its decisions by a simple majority of the votes cast. In the event of a tie, the chairman shall have the casting vote. The By-Laws shall lay down any other conditions governing the taking of decisions. The By-Laws may provide that specific decisions require a unanimous vote or some other majority of votes.

**Art. 8. Land Central Banks.**—(1) The Deutsche Bundesbank shall maintain a Main Office in each Land. The Main Offices shall be designated as the "Landeszentralbank in Baden-Württemberg, in Bayern, in Berlin, in Bremen, in der Freien und Hansestadt Hamburg, in Hessen, in Niedersachsen, in Nordrhein-Westfalen, in Rheinland-Pfalz, im Saarland, in Schleswig-Holstein," respectively.

(2) The Board of Management of each Land Central Bank shall conduct all transactions and administrative business within the area for

which the Main Office concerned is competent. More particularly, the following business shall be reserved to the Land Central Banks:

1. transactions with the Land and with public administrations in the Land;
2. transactions with credit institutions within their area of competence, except such transactions as are reserved to the Directorate under Article 7(1), item 2.

(3) The Board of Management of each Land Central Bank shall consist of the President and the Vice-President. The By-Laws may permit the appointment of one or two additional members of the Board of Management and may lay down regulations governing the taking of decisions by Boards of Management. The members of the Boards of Management must possess special professional qualifications.

(4) The Presidents of the Land Central Banks shall be appointed by the President of the Federal Republic on the proposal of the Bundesrat. The Bundesrat shall make its proposals on the basis of a recommendation of the authority competent under Land legislation, and after consulting the Central Bank Council. The Vice-Presidents and the other members of the Boards of Management shall be appointed by the President of the Deutsche Bundesbank on the proposal of the Central Bank Council. The members of the Boards of Management shall be appointed for eight years, or in exceptional cases for a shorter period, but not less than two years. All appointments to and terminations of office shall be published in the *Bundesanzeiger*.

(5) The members of the Board of Management shall hold office under public law. Their status in relation to the Bank, in particular regarding salaries, pensions and surviving dependents' allowances, shall be regulated by contracts concluded with the Central Bank Council. Such contracts shall be subject to the approval of the Federal Government.

**Art. 9. Advisory Boards at the Land Central Banks.**—(1) At each Land Central Bank there shall be an Advisory Board which shall consult with the President of the Land Central Bank on questions of monetary and credit policies, and with the Board of Management of the Land Central Bank on the execution of the tasks incumbent on the latter within its area.

(2) The Advisory Board shall consist of not more than ten members who should be specially familiar with credit matters. Not more than half of the members should be chosen from the various branches of the credit business, and the other members from industry, commerce and agriculture and from among wage earners and salaried employees.

(3) The members of the Advisory Board shall be appointed for a period of three years by the President of the Deutsche Bundesbank on the proposal of the respective Land Government and after consulting the Board of Management of the Land Central Bank concerned.

(4) The President of the Land Central Bank or his deputy shall act as chairman at meetings of the Advisory Board. The appropriate Land Ministers shall be afforded the opportunity of attending meetings of the Advisory Board. They may require a meeting of the Advisory Board to be convened. In all other respects the proceedings of the Advisory Board shall be regulated by the By-Laws.

**Art. 10. Branch establishments.**—The Deutsche Bundesbank shall be authorized to maintain branch establishments (Main Branches and Branches). Each Main Branch shall be directed by two managers who shall be responsible to the appropriate Land Central Bank. Each Branch shall be directed by one manager who shall be responsible to the appropriate Main Branch.

**Art. 11. Representation.**—(1) The Deutsche Bundesbank shall be represented in and out of court by the Directorate; in the area of competence of a Land Central Bank, it shall also be represented by the latter's Board of Management, and within the area of a Main Branch, also by the managers thereof. Article 31(2) and Article 41(4) shall not be affected by this provision.

(2) Declarations of intent shall commit the Deutsche Bundesbank if made by two members of the Directorate or of the Board of Management of a Land Central Bank or by two managers of a Main Branch. Such declarations may also be made by authorized representatives appointed by the Directorate or, in the area of competence of a Land Central Bank, by the latter's Board of Management. A declaration of intent to be made to the Bank shall be legally effective if made to any one person authorized to represent the Bank.

(3) Authority to represent the Bank may be proved by a certification signed by a notarial official of the Deutsche Bundesbank.

(4) Actions against the Deutsche Bundesbank which relate to the business of a Land Central Bank or of a Main Branch may also be brought at the Court having jurisdiction in respect of the seat of the Land Central Bank or the Main Branch concerned.

### SECTION III.—FEDERAL GOVERNMENT AND BUNDES BANK

**Art. 12. The Bank's relationship to the Federal Government.**—The Deutsche Bundesbank shall be obliged insofar as is consistent with its functions, to support the general economic policy of the Federal Government. In the exercise of the powers conferred on it under this Law it shall not be subject to instructions from the Federal Government.

**Art. 13. Cooperation.**—(1) The Deutsche Bundesbank shall advise the Federal Government on matters of primary importance in the field of

monetary policy and shall upon request furnish information to the Federal Government.

(2) The members of the Federal Government shall be entitled to take part in the deliberations of the Central Bank Council. They shall have no vote, but may make motions. At their request the taking of a decision shall be deferred, but for not more than two weeks.

(3) The Federal Government shall invite the President of the Deutsche Bundesbank to participate in its deliberations on matters of importance in the field of monetary policy.

#### SECTION IV.—POWERS IN THE FIELD OF MONETARY POLICY

**Art. 14. Note issue.**—(1) The Deutsche Bundesbank shall have the exclusive right to issue bank notes in the area to which this Law applies. Its notes shall be expressed in deutsche mark. They shall be the sole unlimited legal tender. Notes for amounts of less than ten deutsche mark may only be issued in agreement with the Federal Government. The Deutsche Bundesbank shall give public notice of the denominations and distinguishing characteristics of the notes which it issues.

(2) The Deutsche Bundesbank may call in notes for withdrawal. Notes called in shall cease to be legal tender upon expiry of the period for exchange fixed in the notice of call.

(3) The Deutsche Bundesbank shall not be under any obligation to replace notes destroyed, lost, forged or falsified, or having ceased to be legal tender. The Bank shall replace mutilated notes if the holder either presents fragments of a note which taken together are larger than half the note or submits proof that the remainder of the note of which he presents only one half or a smaller portion has been destroyed.

**Art. 15. Discount, credit, and open market policies.**—For the purpose of influencing the circulation of money and the supply of credit, the Deutsche Bundesbank shall from time to time fix the interest and discount rates to be applied to its transactions and shall determine the principles governing its credit and open market operations.

**Art. 16. Minimum reserve policy.**—(1) For the purpose of influencing the circulation of money and the supply of credit, the Deutsche Bundesbank may require the credit institutions to maintain with it, on giro account, balances (minimum reserve) equal to a specified percentage of their liabilities arising from sight, time and savings deposits and from short- and medium-term borrowings, with the exception of liabilities to other credit institutions required to maintain minimum reserves. The rates fixed by the Bank shall not exceed thirty per cent for sight liabilities, twenty per cent for time liabilities, and ten per cent for savings deposits. Within these limits the Bank may fix the rates at various levels in accordance

with general principles, in particular for individual groups of institutions, and may exclude certain liabilities from the computation. In the case of a credit institution as defined in Article 53 of the Banking Law, a net liability on intercompany account shall likewise be deemed to be a liability in respect of sight deposits within the meaning of sentence 1.

(2) The average monthly balance of a credit institution with the Deutsche Bundesbank (actual reserve) must not be less than the percentages, fixed in accordance with paragraph (1), of the monthly average of that institution's liabilities subject to the reserve requirement (required reserve). The Bank shall issue detailed regulations concerning the computation and establishment of the actual reserve and of the required reserve.

(3) On the amount by which the actual reserve falls short of the required reserve the Deutsche Bundesbank may charge a special interest rate of up to three per cent above the current rate for advances against securities. The special interest rate will not be charged where the shortfall was due to unforeseeable circumstances and thus unavoidable, or where the credit institution concerned has gone into liquidation. The Deutsche Bundesbank shall report any substantial or repeated shortfall to the Bank Supervisory Authority.

(4) Agricultural credit cooperatives which are members of a regional central institution and maintain no giro account with the Deutsche Bundesbank may keep their minimum reserves with their central institution; the latter shall maintain balances in an equal amount at the Deutsche Bundesbank.

(5) The minimum reserves to be maintained under this Law shall be counted toward the liquidity reserves to be maintained under other laws.<sup>5</sup>

**Art. 17. Directive governing deposits.**—The Federation, the Equalization of Burdens Fund, the European Recovery Program Special Fund and the Länder shall deposit their liquid funds, including cash resources earmarked for special purposes in the budget, with the Deutsche Bundesbank on giro account. Deposit or investment in any other manner shall require the approval of the Bundesbank, which shall, however, give due consideration to the interest which the Länder have in maintaining their State and Land Banks.

**Art. 18. Statistical reporting.**—For the purpose of discharging its functions, the Deutsche Bundesbank shall be authorized to instruct all credit institutions to prepare statistics on banking and monetary matters for collection by the Bundesbank. Articles 7, 10 and 12(1) of the Law on Statistics for Federal Purposes shall be applicable as appropriate. The Deutsche Bundesbank may publish the results of the statistics for general purposes. Such publications must not contain any individual data. Persons entitled under Article 13(1) to receive information may be given individual data

<sup>5</sup> See Notice No. 1/62, below, pp. 291-293.

only if and insofar as this is provided for in the instructions regarding statistics.

#### SECTION V.—SPHERE OF OPERATIONS

**Art. 19. Transactions with credit institutions.**—(1) The Deutsche Bundesbank may engage in the following transactions with credit institutions in the area to which this Law applies:

1. Purchase and sell bills of exchange and checks backed by three parties known to be solvent; the third signature may be dispensed with if the security of the bill or check is guaranteed in some other way; the bills must be payable within three months from the date of purchase; they should be good commercial bills.
2. Purchase and sell Treasury bills issued by the Federation, by one of the Federal Special Funds specified in Article 20(1), item 1, or by a Land, and payable within three months from the date of purchase.
3. Grant interest-bearing loans against collateral (advances on securities) for a period not exceeding three months; such loans may be granted against:
  - (a) bills of exchange meeting the requirements stated in item 1, up to a maximum of nine tenths of their nominal value,
  - (b) Treasury bills meeting the requirements stated in item 2, up to a maximum of nine tenths of their nominal value,
  - (c) non-interest-bearing Treasury bonds maturing within one year from the date of the loans, up to a maximum of three fourths of their nominal value,
  - (d) fixed-interest-bearing bonds and claims on the Federal Debt Register [*Schuldbuchforderungen*] issued or payable by the Federation, by any of the Federal Special Funds or by a Land, up to a maximum of three fourths of their quoted value,
  - (e) other fixed-interest-bearing bonds and claims on the Federal Debt Register specified by the Bank, up to a maximum of three fourths of their quoted value,
  - (f) equalization claims [*Ausgleichsforderungen*] entered in the Federal Debt Register in accordance with Article 1 of the Law on the Redemption of Equalization Claims, up to a maximum of three fourths of their nominal value.

If there is no stock exchange quotation for any one of the securities referred to under (d) and (e), the Bank shall value that security according to the possibilities of realization. In the event of default of a debtor under an advance on securities, the Bank shall be authorized to put the pledge up to auction through one of its own officials or through an official authorized to hold auctions, or, if the object pledged has a stock exchange or market price, to sell it at the current price through one of these officials or through a broker and to reimburse itself out of the proceeds for costs, interest and

principal; the Bank shall retain this right even against other creditors and against the estate of a debtor in bankruptcy.

4. Accept non-interest-bearing giro deposits.
5. Accept objects of value, in particular securities, for safe custody and administration; the Bank may not exercise any voting rights attaching to the securities held in safe custody or administered by it.
6. Receive checks, bills of exchange, payment orders, securities and interest coupons for collection, and after collection effect payment of the proceeds, unless the Bank should rule otherwise regarding the crediting of the proceeds in the case of checks and payment orders.
7. Transact other banking operations in accordance with instructions received, subject to cover being provided.
8. Purchase and sell means of payment expressed in foreign currency, including bills of exchange and checks, claims and securities, as well as gold, silver and platinum.
9. Transact any banking business with foreign countries.

(2) As regards the transactions specified in paragraph (1), items 1 to 3, the Bundesbank shall apply its discount rates and its rates for advances on securities.

**Art. 20. Transactions with public entities.**—(1) The Deutsche Bundesbank may engage in the following transactions with public entities:

1. Grant short-term credits in the form of book and Treasury bill credits (cash advances) to the Federation, to the Federal Special Funds as listed below, and to the Länder. The maximum limit of the cash advances including such Treasury bills as the Deutsche Bundesbank has purchased for its own account or to the purchase of which it has committed itself shall amount:
  - (a) in the case of the Federation, to three thousand million deutsche mark,
  - (b) in the case of the Federal Railways, to four hundred million deutsche mark,
  - (c) in the case of the Federal Postal Administration, to two hundred million deutsche mark,
  - (d) in the case of the Equalization of Burdens Fund, to two hundred million deutsche mark,
  - (e) in the case of the European Recovery Program Special Fund, to fifty million deutsche mark,
  - (f) in the case of the Länder, to twenty deutsche mark per inhabitant according to the latest official census; for Land Berlin and for the Free and Hanseatic Cities of Bremen and Hamburg, an amount of forty deutsche mark per inhabitant shall be used as the basis of computation.

2. Grant credits to the Federation for the meeting of its commitments as a member of the following institutions:
  - (a) the International Monetary Fund, up to four thousand eight hundred and seventy million deutsche mark,
  - (b) the European Fund, up to two hundred and ten million deutsche mark,
  - (c) the International Bank for Reconstruction and Development, up to thirty-five million deutsche mark.
3. Effect the transactions described in Article 19(1), items 4 to 9, with the Federation, the Federal Special Funds, the Länder and other public entities; for these transactions the Bank may not charge the public entities listed in item 1, above, any expenses or fees.

(2) The public entities listed in paragraph (1), item 1, should issue loans, Treasury bonds and Treasury bills preferably through the Deutsche Bundesbank; failing this, such issues shall be effected in consultation with the Deutsche Bundesbank.

**Art. 21. Open market operations.**—The Deutsche Bundesbank may, for the purpose of regulating the money market, purchase and sell on the open market at market prices:

1. bills of exchange meeting the requirements of Article 19(1), item 1;
2. Treasury bills and Treasury bonds issued by the Federation, by one of the Federal Special Funds as listed in Article 20(1), item 1, or by a Land;
3. bonds and claims on the Federal Debt Register [*Schuldbuchforderungen*], provided that the debtors are the institutions listed under item 2;
4. other bonds admitted to official stock exchange dealings.

**Art. 22. Dealings with the public.**—The Deutsche Bundesbank may effect the transactions specified in Article 19(1), items 4 to 9, with physical and legal persons within the country and abroad.

**Art. 23. Certification of checks.**—(1) The Deutsche Bundesbank may certify checks drawn on it only after cover has been provided. The Bank, through certification, assumes an obligation to the holder to pay the check; it also becomes liable to the drawer and the endorsers for payment.

(2) Payment of a certified check may not be refused even if in the meantime bankruptcy proceedings have been instituted against the drawer.

(3) The liability arising out of the certification shall lapse if the check is not presented for payment within eight days after issue. As regards proof of presentation, Article 40 of the Check Law shall apply.

(4) The claim arising out of the certification shall lapse two years after expiry of the period for presentation.

(5) The regulations regarding jurisdiction and procedure in the matter of bills of exchange shall apply *mutatis mutandis* to the legal enforcement of claims arising out of certification.

**Art. 24. Lending against and purchase of equalization claims.**—(1) Notwithstanding the limitations set out in Article 19(1), item 3, the Deutsche Bundesbank may grant loans to credit institutions, insurance companies and building and loan associations against the pledging of equalization claims within the meaning of Article 1 of the Law on the Redemption of Equalization Claims, insofar and so long as is necessary for maintaining the solvency of the pledger.

(2) The Deutsche Bundesbank may purchase equalization claims of the type specified in paragraph (1), subject to the provisions of Article 9(1) of the Law on the Redemption of Equalization Claims, insofar and so long as the resources of the Purchase Fund are not sufficient for this purpose.

**Art. 25. Other transactions.**—The Deutsche Bundesbank should effect transactions other than those authorized in Articles 19 to 24 only for the purpose of carrying out and winding up authorized transactions, or for internal operational purposes, or for its staff.

#### SECTION VI.—ANNUAL STATEMENT, DISTRIBUTION OF PROFITS AND RETURN

**Art. 26. Annual statement.**—(1) The business year of the Deutsche Bundesbank shall be the calendar year.

(2) The accounting system of the Deutsche Bundesbank shall conform to the principles of good bookkeeping. The provisions of company law shall be applicable *mutatis mutandis* to the valuations in the annual balance sheet.

(3) The Directorate shall prepare the annual statement as early as possible. This statement shall be audited by one or more certified auditors appointed by the Central Bank Council in agreement with the Federal Audit Office. The Central Bank Council shall approve the annual statement, which shall then be published by the Directorate.

(4) The auditor's report shall serve as a basis for the audit to be carried out by the Federal Audit Office. The auditor's report as well as the findings of the Federal Audit Office thereon shall be communicated to the Federal Minister of Economics and the Federal Minister of Finance.

**Art. 27. Distribution of profits.**—The net profit shall be applied in the following order:

1. Twenty per cent of the profit or twenty million deutsche mark, whichever is the higher, shall be transferred to a legal reserve until

- the latter amounts to five per cent of the note circulation; the legal reserve may only be used to offset depreciation and to cover other losses; the fact that other reserves may be available for such purposes shall not preclude the use of the legal reserve.
- Up to ten per cent of the then remaining part of the net profit may be used to constitute other reserves; the total of these reserves must not exceed the amount of the original capital.
- Forty million deutsche mark, or thirty million deutsche mark from the business year 1980 onward, shall be transferred to the fund constituted under the Law on the Redemption of Equalization Claims for the purpose of purchasing equalization claims until that fund is wound up.
- The remaining amount shall be transferred to the Federation.

**Art. 28. Return.**—The Deutsche Bundesbank shall publish a return showing the financial position on the seventh, fifteenth, twenty-third and last day of each month and containing the following particulars:

#### I. Assets

- Gold
- Balances at foreign banks and money-market investments abroad
- Foreign notes and coin, foreign bills and foreign checks
- Domestic bills of exchange
- Claims secured by collateral
- Cash advances to
  - (a) the Federation and the Federal Special Funds
  - (b) the Länder
- Treasury bills and non-interest-bearing Treasury bonds
  - (a) of the Federation and of the Federal Special Funds
  - (b) of the Länder
- Securities
- Subsidiary coin
- Postal check account balances
- Equalization claims
- Other assets

#### II. Liabilities

- Bank notes in circulation
- Deposits of
  1. Credit institutions
  2. Public depositors
    - (a) Federation and Federal Special Funds
    - (b) Länder
    - (c) other public depositors
  3. Other domestic depositors
  4. Foreign depositors

- Liabilities in respect of foreign business
- Reserves for specific purposes
- Original capital
- Reserves
- Other liabilities

#### SECTION VII.—GENERAL PROVISIONS

**Art. 29. Special status of the Deutsche Bundesbank.**—(1) The Central Bank Council and the Directorate of the Deutsche Bundesbank shall have the status of the highest Federal authorities. The Land Central Banks and Main Branches shall have the status of Federal authorities.

(2) The Deutsche Bundesbank and its employees shall enjoy the privileges accorded to the Federation and its employees in building, housing and rent matters.

(3) The provisions of the Commercial Code regarding entries in the Trade Register as well as the provisions relating to membership in the Chambers of Industry and Commerce shall not apply to the Deutsche Bundesbank.

**Art. 30. Notarial officials.**—The President of the Deutsche Bundesbank may appoint notarial officials for the purposes of Article 11(3). They must be qualified to hold the office of judge.

**Art. 31. Status of the officials, salaried employees and wage earners of the Deutsche Bundesbank.**—(1) The Deutsche Bundesbank shall employ officials, salaried employees and wage earners.

(2) The President of the Deutsche Bundesbank shall appoint the officials of the Bank, but those in the higher echelons on the proposal of the Central Bank Council. He may delegate this authority, as regards officials of the executive, clerical and sub-clerical classes, to the Presidents of the Land Central Banks. The President of the Deutsche Bundesbank shall be the supreme administrative organ and in that capacity shall represent the Bank both in and out of court. He may impose any disciplinary penalties, except where disciplinary courts are competent, and shall be the authority empowered to institute formal disciplinary proceedings (Article 29 of the Federal Disciplinary Code).

(3) The officials of the Deutsche Bundesbank shall be intermediate Federal civil servants [*mittelbare Bundesbeamte*]. Unless otherwise provided in this Law, the regulations generally applicable to Federal civil servants shall apply to the said officials. The entry into force of this Law shall, in respect of such officials, be substituted for the entry into force of the Federal Civil Service Law.

(4) Subject to the approval of the Federal Government the Central Bank Council shall be authorized to regulate the status of the officials and salaried employees of the Deutsche Bundesbank in Staff Regulations to the extent that is necessary for the orderly and efficient conduct of the Bank's business. The Staff Regulations may only provide that:

1. The following provisions of Federal civil service law be modified in respect of officials of the Bank:
  - (a) Articles 21, sentence 2, 24, sentence 3, 26(1), 30(2), 66(1), items 2 and 5, and 116(1), item 3, of the Federal Civil Service Law;
  - (b) Article 15 of the Salary Law of December 16, 1927 (*Reichsgesetzblatt*, Part I, page 349) in the text valid for the Federal Republic, to the extent that the Bundesbank grants revocable, nonpensionable allowances not exceeding thirty per cent of the basic salary, refunds expenditure incurred for official purposes, and pays bonuses for special services;
  - (c) the provisions relating to the granting of subsistence allowances for civil servants in preparatory service.
2. The officials and salaried employees of the Bank shall be required to notify the Bank of any business or professional activities carried on by their spouses.
3. The salaried employees of the Bank
  - (a) shall, in the same manner as the officials of the Bank, require prior approval before they can engage in one of the part-time activities specified in Article 66(1), items 2 and 5, of the Federal Civil Service Law;
  - (b) shall receive the emoluments specified in item 1(b) above.

(5) The bonuses for special services and the refunds of expenditure incurred for official purposes, referred to in paragraph (4), item 1(b), shall not exceed in the aggregate one twentieth of total expenditure on salaries of officials and salaried employees of the Deutsche Bundesbank.

(6) The Central Bank Council shall, with the approval of the Federal Government, issue regulations relating to the training and careers of the officials of the Deutsche Bundesbank. In so doing it may deviate from the provisions of Federal civil service law regarding the length of the preparatory service and probationary periods and regarding the length of the trial period for promotion within the executive class and for admission to the administrative class.

**Art. 32. Duty of secrecy.**—All persons in the service of the Deutsche Bundesbank shall be pledged to secrecy regarding the affairs, organization and transactions of the Bank. Even after they have left the service of the Bank they may not, without permission, make depositions or statements in or out of court regarding such of the matters mentioned above as have come to their knowledge during their service with the Bank. Such

permission shall, so far as the interests of the Bank are involved, be given to members of the Central Bank Council by that Council and to other employees of the Bank by the President; for purposes of a court hearing such permission shall only be withheld when the good of the Federation or the general interest so requires.

**Art. 33. Public announcements.**—The Deutsche Bundesbank shall publish in the *Bundesanzeiger* its announcements intended for the public, in particular those relating to the calling in of notes and the fixing of interest, discount and minimum reserve rates, as well as instructions regarding statistics.

**Art. 34. By-Laws.**—The By-Laws of the Deutsche Bundesbank shall be adopted by the Central Bank Council. They shall require the approval of the Federal Government and shall be published in the *Bundesanzeiger*. This shall also apply to amendments of the By-Laws.<sup>6</sup>

#### SECTION VIII.—PENAL AND OTHER PROVISIONS CONCERNING THE SEIZURE OF FALSE MONEY

**Art. 35. Unauthorized issue and use of monetary tokens.**—(1) Imprisonment or a fine of unlimited amount, or both, shall be imposed as a penalty on:

1. any person who without authority issues monetary tokens (stamps, coins, notes or other documents that are capable of being used as means of payment instead of the legally authorized coins or bank notes) or non-interest-bearing bearer bonds, even if the value of such tokens or bonds is not expressed in deutsche mark;
2. any person who tenders in payment objects of the kind mentioned in item 1 which have been issued without authority.

(2) The attempt shall be punishable.

(3) If the act described in paragraph (1), item 2, is committed through negligence, a fine shall be imposed.

**Art. 36. Seizure of false money and of monetary tokens or bonds issued without authority.**—(1) The Deutsche Bundesbank and all credit institutions shall seize any counterfeit or falsified bank notes or coins (false money), any bank notes or coins suspected of being false money, as well as any objects of the kind mentioned in Article 35 and issued without authority. A receipt shall be given to the party concerned.

(2) False money and objects of the kind mentioned in Article 35 shall, together with a report, be sent to the police. Credit institutions shall notify any such action to the Deutsche Bundesbank.

<sup>6</sup> The By-Laws are published below, pp. 272-276.

(3) Bank notes or coins suspected of being false money shall be submitted to the Deutsche Bundesbank for examination. If the Bundesbank establishes that the bank notes or coins are false, it shall send the false money, together with a report, to the police and shall notify the credit institution that seized it.

**Art. 37. Confiscation.**—(1) Objects of the kind mentioned in Article 35 and issued without authority may be confiscated. If it is impossible to prosecute or convict any definite person, confiscation may nevertheless be ordered, provided that all the other relevant conditions exist.

(2) Objects confiscated in accordance with paragraph (1), and false money confiscated by virtue of Article 152 of the Penal Code, shall be held by the Deutsche Bundesbank. They may be destroyed after a period of ten years from the date when the judgment ordering confiscation becomes final if the perpetrator has been discovered, or after a period of twenty years from such date if the perpetrator has not been discovered.

#### SECTION IX.—TRANSITIONAL AND FINAL PROVISIONS

**Art. 38. Reorganization of the central banking system.**—(1) The assets of the Land Central Banks and the Berlin Central Bank, together with their liabilities, shall be transferred in their entirety to the Bank deutscher Länder upon the entry into force of this Law. No charge shall be made for the amendment of the Land Register. The Land Central Banks and the Berlin Central Bank shall cease to exist without going into liquidation.

(2) With effect from January 1, 1957, the liabilities of the Länder in respect of equalization claims held by the Land Central Banks in accordance with the provisions concerning the Monetary Reform shall be transferred to the Federation, and the liability of Land Berlin in respect of the bonds held by the Federation in accordance with Article 23(2), sentence 2, of the First Law Concerning the Transfer of Budgetary Liabilities and Covering Funds to the Federation in the text of August 21, 1951 (*Bundesgesetzblatt*, Part I, page 779) shall lapse; in the event of the conversion account of a Land Central Bank being adjusted after the entry into force of this Law, the Federation shall take over all the obligations and rights resulting therefrom. The Bank shall pay fifteen million deutsche mark to Land North Rhine-Westphalia and five million deutsche mark to Land Berlin, together with six per cent interest thereon as from January 1, 1957, out of the balance of profit due to the Federation in accordance with Article 27, item 4. All claims of the Länder arising from the termination of their participation in the Land Central Banks and the Berlin Central Bank shall thereupon be regarded as settled.

(3) The Bank shall refund to the Länder the interest paid by them on equalization claims of the Land Central Banks for the period after January 1, 1957, out of such balance of profit due to the Federation in accordance

with Article 27, item 4, as is left after the payments provided for in paragraph (2) have been effected.

(4) The consequences ensuing from Article 2, sentence 2, in conjunction with Article 27 shall have effect as from January 1, 1957. The opening balance sheet of the Deutsche Bundesbank shall be drawn up as of that date, with due regard to the provisions of Article 26.

(5) The notes of the Bank deutscher Länder that are valid at the entry into force of this Law shall remain valid as notes of the Deutsche Bundesbank until they are called in by the Directorate. Unissued notes held in stock may be issued as heretofore.

#### *Art. 39. Transitional regulations for the organs of the Bundesbank.*

(1) Pending the appointment of the first President of the Deutsche Bundesbank, his duties shall, insofar as they are determined by Articles 6, 8, 9 and 13, be performed by the President of the former Board of Directors of the Bank deutscher Länder, and in all other respects by the President of the former Board of Managers of the Bank deutscher Länder. The President of the Board of Directors of the Bank deutscher Länder and the President of the Board of Managers of the Bank deutscher Länder shall relinquish their offices upon the appointment of the President of the Deutsche Bundesbank without prejudice to their contractual claims.

(2) Pending the appointment of the first Vice-President of the Deutsche Bundesbank, his duties shall be performed by the Vice-President of the Board of Managers of the Bank deutscher Länder. The Vice-President of the Board of Managers of the Bank deutscher Länder shall relinquish his office upon the appointment of the Vice-President of the Deutsche Bundesbank without prejudice to his contractual claims.

(3) The other members of the former Board of Managers of the Bank deutscher Länder shall remain in office as members of the Directorate of the Deutsche Bundesbank until their contracts expire.

(4) The members of the Boards of Managers of the former Land Central Banks shall remain in office as members of the Boards of Management of the Main Offices of the Deutsche Bundesbank until their contracts expire.

**Art. 40. Change in the terms of service.**—(1) Upon the entry into force of this Law, the officials, salaried employees and wage earners of the Bank deutscher Länder, of the former Land Central Banks and of the Berlin Central Bank shall become officials, salaried employees and wage earners of the Deutsche Bundesbank. Officials for life or on probation shall be given the status of civil servants for life or on probation in accordance with the Federal Civil Service Law; officials on revocable appointment shall be given the status of civil servants on revocable appointment in accordance with the Federal Civil Service Law, except where, on satisfying the requirement laid down in Article 5(1), item 2, of the Federal Civil Service Law, they are appointed officials on probation; any difference be-

tween a higher previous salary and the salary due after the entry into force of this Law shall be compensated by a nonpensionable adjustment allowance payable until compensation has been achieved by salary increases; increases as a result of a change in personal status or of a change in the place of work, as well as general increases in salaries as a result of a change in economic conditions, shall not be taken into account.

(2) In all other respects the provisions of Chapter II, Section III, of the Skeleton Law Concerning the Civil Service shall apply. The pension, however, of a temporarily retired official of the Deutsche Bundesbank may not, for a period of five years, be less than fifty per cent of his pensionable salary, calculated on the basis of the final grade in his salary group. This shall not apply to the calculation of surviving dependents' allowances.

(3) Upon the entry into force of this Law, officials retired on pension, widows, orphans and other recipients of maintenance from the Bank deutscher Länder, the former Land Central Banks and the Berlin Central Bank shall become recipients of maintenance from the Deutsche Bundesbank. Article 180 of the Federal Civil Service Law shall be applied as appropriate, provided that the entry into force of the present Law shall be substituted for the entry into force of the Federal Civil Service Law. Article 180(4) of the Federal Civil Service Law shall apply to former officials of the Bank deutscher Länder, of the former Land Central Banks and of the Berlin Central Bank, and to their surviving dependents.

(4) Paragraph (3) shall apply *mutatis mutandis* to officials of the Deutsche Reichsbank who after May 8, 1945 were re-employed at an office of the Deutsche Reichsbank in the territory of the Federal Republic in accordance with their former status and have retired without having first been taken into the service of the Bank deutscher Länder, a former Land Central Bank or the Berlin Central Bank, as well as to their surviving dependents.

(5) Claims under the terms of the Federal Laws Concerning Indemnification of Public Servants for National Socialist Wrong and Concerning Indemnification of Public Servants Living Abroad for National Socialist Wrong, if asserted by persons

1. who have suffered damage within the sphere of the Deutsche Reichsbank, or
2. who, being members or former members of the Bank deutscher Länder, of the former Land Central Banks or of the Berlin Central Bank, satisfy the conditions laid down in Article 22(3) of the Law Concerning Indemnification of Public Servants for National Socialist Wrong,

shall be claims against the Deutsche Bundesbank. This shall not apply in cases under item 1 above if another employer is liable for indemnification in accordance with Article 22(3) of the aforementioned Law.

(6) As regards persons who have, or could have, received maintenance under the Law to Regulate the Status of Persons Coming Within the Provisions of Article 131 of the Basic Law,<sup>7</sup> Article 41 of the present Law shall be applicable.

(7) Until the entry into force of the provisions of Article 31(4) and (6), or until the expiry of three years after the entry into force of this Law, whichever period is shorter, the regulations issued by the Board of Directors of the Bank deutscher Länder regarding qualifying training and careers of officials, including the rules relating to examinations, as well as Article 1(3), sentence 1, Articles 3, 4, 5, 8, 9 and Article 10(2) of the Staff Regulations of the Bank deutscher Länder dated November 19, 1954 (*Bundesanzeiger*, No. 231, December 1, 1954), shall continue to apply; Article 1(3), sentence 1, however, shall apply with the proviso that the President of the Deutsche Bundesbank shall have power of decision only in the cases specified in Article 21, sentence 2, and in Article 24, sentence 3, of the Federal Civil Service Law.

*Art. 41. Status of persons coming within the provisions of Article 131 of the Basic Law.*—(1) The Deutsche Bundesbank shall be the "appropriate institution," within the meaning of Article 61 of the Law to Regulate the Status of Persons Coming Within the Provisions of Article 131 of the Basic Law,<sup>7</sup> in relation to the Deutsche Reichsbank, the Nationalbank für Böhmen und Mähren and foreign banks of issue (Item 19 of Annex A to Article 2(1) of the aforementioned Law).

(2) Article 62 of the Law referred to in paragraph (1) shall apply *mutatis mutandis* to officials, salaried employees and wage earners of the Deutsche Reichsbank who were employed in offices of the Deutsche Reichsbank within the territory of the Federal Republic or of Land Berlin on May 8, 1945, and

1. who lost their office or employment for reasons not covered by civil service law or by legislation regarding collective agreements and have not yet been given employment again in accordance with their former status, or
2. who before the entry into force of the Law referred to in paragraph (1) have completed their sixty-fifth year of life or have become incapable of work and who, for reasons not covered by civil service law or by legislation regarding collective agreements, receive no pension, or no appropriate pension.

(3) The assessment basis for retired officials of the Deutsche Reichsbank who retired before September 1, 1953 (Article 5(1), item 1, Article 6(2), Article 35(1) and Article 48 of the Law referred to in paragraph (1)) shall continue to be the same as laid down in the German Civil Service Law valid in the Federal Republic (pensionable salaries, pension rates), subject to the

<sup>7</sup> The term Basic Law refers to the Basic Law for the Federal Republic of Germany, or the so-called Bonn Constitution of May 23, 1949.

modifications resulting from Articles 7 and 8, Article 29(2) and (3) and Article 31 and Article 35(3) of the Law referred to in paragraph (1), as well as from Article 112, Article 156(1), Article 181(a), and Article 181(b) of the Federal Civil Service Law. The pension shall not exceed seventy-five per cent of the pensionable salary. The same shall apply *mutatis mutandis* to surviving dependents. Article 64(1), sentence 5, half-sentence 2, of the Law referred to in paragraph (1) shall apply.

(4) The President of the Deutsche Bundesbank shall be the supreme administrative organ for persons to whom the provisions of paragraphs (1) and (2) are applicable. In this respect he shall represent the Bank both in and out of court. Where in cases under paragraph (1) the concurrence of the Federal Minister of Finance is specified in the Law therein referred to and in the civil service legislation to be applied in accordance therewith, he shall act in lieu of the Minister.

**Art. 42. Mobilization of the equalization claim for open market operations.**—(1) The Federation, as the debtor in respect of the equalization claim which the Deutsche Bundesbank holds in accordance with the provisions concerning the Monetary Reform, shall hand over to the Bank, upon the latter's request, Treasury bills or non-interest-bearing Treasury bonds in denominations and on terms of the Bank's choice ("mobilization paper") up to a maximum of four thousand million deutsche mark. On the request of the Bank, the Federal Government may increase the maximum to the nominal amount of the total equalization claim.

(2) Such mobilization paper shall be payable at the Deutsche Bundesbank. The Bank shall be under an obligation to the Federation to meet all liabilities arising from such mobilization paper. The Federation shall continue to pay the interest on the entire equalization claim.

(3) The Federal Minister of Finance shall be empowered to issue such mobilization paper up to the maximum amount permissible under paragraph (1). Mobilization paper shall not be counted toward the credit ceiling referred to in Article 20(1), item (a).

**Art. 43. Repeal and amendment of legal provisions.**—(1) The following legal provisions shall be repealed:

1. the Law on the Establishment of a Bank deutscher Länder, with the exception of paragraph 15(c) thereof;<sup>8</sup>
2. the Law Concerning the Land Central Banks,
3. the Issue Law,
4. Article 11(3) and Article 24(4) of the Conversion Law.

<sup>8</sup> That paragraph reads as follows: "Foreign exchange as used in this paragraph covers means of payment and bills of exchange expressed in foreign currencies and balances with foreign banks."

(2) The following legal provisions shall be amended:

1. Article 11(3) of Regulation No. 2 under the Conversion Law and Article 11(4) of Regulation No. 23 under the Conversion Law shall read as follows:  
"The sale of an equalization claim before its entry in the Debt Register shall not be permissible."
2. Article 3(4) of Regulation No. 33 under the Conversion Law shall read as follows:  
"(4) Article 11(4) of the Conversion Law and Article 11 of Regulation No. 2 Implementing Ordinance under the Conversion Law shall be applicable *mutatis mutandis* to equalization claims; financial institutions, insurance companies and building and loan associations may, under the same conditions, purchase equalization claims or accept them as security for loans."
3. Article 35(3) of the Supplementary Conversion Law of September 21, 1953 (*Bundesgesetzblatt*, Part I, page 1439) shall read as follows:  
"(3) Article 11(4) of the Conversion Law and Article 11(3) of Regulation No. 2 under the Conversion Law shall be applicable to equalization claims."
4. In Article 7(1), item 5, of the Law on the Reconstruction Loan Corporation in the text of January 22, 1952 (*Bundesgesetzblatt*, Part I, page 65) the words "by the Board of Directors of the Bank deutscher Länder" shall be replaced by the words "by the Federal Government."

**Art. 44. Liquidation.**—The Deutsche Bundesbank can only be liquidated by law. The liquidation law shall make provision for the disposal of the assets.

**Art. 45. Berlin clause.**—In accordance with the provisions of Article 13 (1) of the Third Law on the Transfer of Financial Powers of January 4, 1952 (*Bundesgesetzblatt*, Part I, page 1), the present Law shall also apply to Land Berlin. In applying this Law the Deutsche Bundesbank shall take into consideration the economic situation of Berlin, if necessary by means of special regulations.

**Art. 46. [Repealed]**

**Art. 47. Entry into force.**—(1) This Law shall enter into force on the first day of the month following its promulgation; Article 40(5) and Article 41(1) and (2) shall, however, be effective as from April 1, 1951.

(2) In Land Berlin, Article 41(1) and (2) shall enter into force with effect from October 1, 1951, and Articles 35 and 37 not until the day following the publication, in the *Gesetz- und Verordnungsblatt für Berlin*, of the Law extending the validity of this Law to Berlin.<sup>9</sup>

<sup>9</sup> The Law entered into force on August 1, 1957, with the exception of the provisions which, under Art. 47, took effect on April 1, 1951 and October 1, 1951.

## The By-Laws of the Deutsche Bundesbank<sup>1</sup>

By virtue of Article 34 of the Law Concerning the Deutsche Bundesbank, the Central Bank Council, with the approval of the Federal Government, issues the following By-Laws of the Deutsche Bundesbank:

### I. CENTRAL BANK COUNCIL

**Art. 1.**—(1) The Central Bank Council shall meet at the invitation of the President of the Deutsche Bundesbank. Normally the Central Bank Council shall meet every two weeks. The President may also call additional meetings on special occasions. Meetings shall also be convened upon the request of at least three members.

(2) The meetings shall be held at the seat of the Deutsche Bundesbank. In special cases the Central Bank Council may decide to hold the meeting at some other place.

**Art. 2.**—(1) Invitations to meetings shall be issued in writing, with the agenda attached; in urgent cases meetings may be convened by telephone or telegraph.

(2) The agenda for the meeting of the Central Bank Council, together with the requisite documentation, shall be dispatched early enough that under ordinary mailing conditions they reach the members not later than the fourth working day before the meeting.

(3) Such subjects as have been placed on the agenda without regard for the period specified in paragraph (2) of this Article, or for which the requisite documentation has not been received within that period, shall be struck from the agenda if at least five of the members present object to their being considered and decided on.

(4) The Central Bank Council may decide that certain items be struck from the agenda or transferred to the agenda of a later meeting.

**Art. 3.**—(1) The Federal Minister of Economics and the Federal Minister of Finance shall be invited to attend each meeting of the Central Bank Council by transmittal of the agenda. The other members of the Federal Government shall be invited if an item on the agenda appears to call for their attendance. Article 2(1) shall apply correspondingly.

(2) Such members of the Federal Government as are invited to attend the meetings shall be furnished with material on matters of primary

<sup>1</sup> Satzung der Deutschen Bundesbank, adopted by the Central Bank Council of the Deutsche Bundesbank on November 27, 1958 and approved by the Federal Government on December 19, 1958. For the original text in German, see *Bundesanzeiger*, No. 7, January 13, 1959. In the version published here (which is amended through July 31, 1966), the word Article (Art.) corresponds to the sign §.

importance for monetary policy on which the Central Bank Council in the exercise of its powers in that field has to take a decision. Article 2(2) shall apply correspondingly.

**Art. 4.**—(1) Should both the President and the Vice-President simultaneously be prevented from attending, the Central Bank Council shall hold its meetings under the chairmanship of a member to be selected by it for this purpose.

(2) In the event of the President of a Land Central Bank being prevented from attending, the Vice-President of such Land Central Bank or, if he should likewise be prevented, another member of the Board of Management shall attend the meetings of the Central Bank Council in an advisory capacity. The Central Bank Council may exclude their attendance at the meeting for specific items under discussion, especially when deliberating on personnel matters affecting members of the Directorate or of the Boards of Management of the Land Central Banks.

(3) In the event of the President of a Land Central Bank being prevented from attending meetings for a prolonged period, he shall be represented by the Vice-President, who shall then have a vote. The Central Bank Council shall determine whether or not a prolonged absence has occurred.

**Art. 5.**—(1) If at least two thirds of the members of the Central Bank Council are present, they shall constitute a quorum.

(2) Votes on decisions may be taken in writing, by telegraph or by telephone only if the Central Bank Council has in one of its meetings taken a decision to this effect on the question concerned, or if not more than three members object.

**Art. 6.**—(1) Voting on decisions of the Central Bank Council on matters personally affecting members of the Directorate or the Boards of Management of the Land Central Bank shall be secret. The Central Bank Council may decide that voting on other matters shall likewise be secret.

(2) In cases where matters personally affecting a member of the Central Bank Council are under deliberation, such member shall not take part in the deliberation and the taking of a decision.

**Art. 7.**—(1) Minutes of the deliberations and decisions of the Central Bank Council shall be prepared and shall be signed by the chairman and the secretary of the meeting.

(2) The minutes shall be deemed to have been approved if no member raises any objection within three working days after they have been delivered. The minutes shall be deemed to have been delivered on the working day following the day on which they were mailed. Objections shall be resolved by the Central Bank Council.

**Art. 8.** The contracts made with the members of the Directorate and the Boards of Management of the Land Central Banks by decisions of the Central Bank Council shall be signed for the Central Bank Council by the President of the Deutsche Bundesbank and three further members to be nominated by the Central Bank Council.

## II. DIRECTORATE

**Art. 9.**—(1) Meetings of the Directorate shall be held as required, normally twice every week. They shall be convened by the President of the Deutsche Bundesbank.

(2) If at least half the members of the Directorate are present, they shall constitute a quorum.

(3) The decision of the Directorate on the drawing up of the annual statement requires the concurrence of at least two thirds of the members of the Directorate.

**Art. 10.**—(1) The Directorate shall decide on the division of responsibilities among its members; such a decision shall not be taken unless all members are present and cannot be taken against the vote of the President.

(2) Decisions on matters which owing to their fundamental importance or the magnitude of the transaction involved exceed the limits of current business shall be taken by the Directorate.

(3) Any member may demand that a specific matter, even if it be outside his sphere of responsibility, be dealt with at a meeting of the Directorate.

**Art. 11.** If both the President and the Vice-President are prevented from attending, the chair shall be taken by a member to be selected by the Directorate.

## III. BOARDS OF MANAGEMENT OF THE LAND CENTRAL BANKS

**Art. 12.**—(1) Besides the President and the Vice-President, one further member of the Board of Management may be appointed for the Land Central Banks in

Baden-Württemberg,  
Bayern, and  
Nordrhein-Westfalen.

(2) For the Land Central Bank in Niedersachsen, a further member of the Board of Management may be appointed for the period up to October 31, 1960.

**Art. 13.** Meetings of the Board of Management shall be held as required, normally twice every week.

**Art. 14.** The Board of Management of a Land Central Bank shall take its decisions by a simple majority of the votes cast; in the event of a tie, the President shall have the deciding vote.

**Art. 15.**—(1) The Board of Management shall decide on the division of responsibilities among its members; such a decision shall not be taken unless all members are present and cannot be taken against the vote of the President.

(2) Decisions on matters which owing to their fundamental importance or the magnitude of the transaction involved exceed the limits of current business shall be taken by the Board of Management.

(3) Any member may demand that a matter, even if it be outside his sphere of responsibility, be dealt with at a meeting of the Board of Management.

## IV. ADVISORY BOARDS AT THE LAND CENTRAL BANKS

**Art. 16.**—(1) Meetings of the Advisory Board to a Land Central Bank shall be convened by the Chairman. Normally the Advisory Board shall hold a meeting once every three months. The Chairman may call additional meetings as required; he must do so at the request of at least three members.

(2) The Chairman shall invite the Minister (or Senator) of Economics and the Minister (or Senator) of Finance to attend the meetings of the Advisory Board.<sup>2</sup>

**Art. 17.** The President of the Deutsche Bundesbank may, if the competent Land Government so requests, appoint a deputy for each member of the Advisory Board on the proposal of the Land Government and after consulting the Board of Management of the Land Central Bank. The deputy may attend meetings of the Advisory Board only when the ordinary member is prevented from attending.

**Art. 18.** The Chairman may invite experts to attend the meetings of the Advisory Board.

**Art. 19.** Members of the Advisory Board and the Land Ministers (Senators) or their deputies attending a meeting shall receive travel allowances and fees to be fixed in detail by the Central Bank Council.

**Art. 20.** In regard to subjects of discussion which are *per se* of a confidential nature or which the Chairman explicitly designates as confidential,

<sup>2</sup> In the case of Berlin, Bremen, and Hamburg, where there is no Minister of Economics or Finance, the corresponding officers, that is, the Senator for Economics (*Wirtschaftssenator*) and the Senator for Finance (*Finanzsenator*), shall be invited.

the persons attending meetings of the Advisory Board shall be pledged to secrecy.

#### V. BRANCH ESTABLISHMENTS

**Art. 21.** The Central Bank Council shall decide on the establishment and closing of Branches.

#### VI. MISCELLANEOUS

**Art. 22.** In the Annual Report of the Deutsche Bundesbank the total emoluments of currently active and retired members of the Directorate of the Deutsche Bundesbank and/or the Central Bank Council and of the Directorate of the Bank deutscher Länder and the Boards of Management of the Land Central Banks, including those of their surviving next of kin, shall be announced in one sum.

**Art. 23.** Loans to members of the Directorate and of the Boards of Management of the Land Central Banks which in the aggregate exceed their emoluments for one month may be granted only by virtue of a decision of the Central Bank Council.

**Art. 24.** These By-Laws shall enter into force one day after publication in the *Bundesanzeiger*.

### The Basic Law for the Federal Republic<sup>1</sup>

#### ARTICLE 70

(1) The Länder shall have the right of legislation insofar as this Basic Law does not accord legislative powers to the Federation.

(2) The division of competence between the Federation and the Länder shall be determined in accordance with the provisions of this Basic Law concerning exclusive and concurrent legislation.

#### ARTICLE 71

In the field of exclusive legislation of the Federation, the Länder shall have powers of legislation only if, and so far as, they are expressly so empowered in a Federal law.

<sup>1</sup> Grundgesetz für die Bundesrepublik Deutschland. Promulgated on May 23, 1949 and effective March 15, 1955.

#### ARTICLE 72

(1) In the field of concurrent legislation, the Länder shall have powers of legislation so long and so far as the Federation makes no use of its legislative right.

(2) The Federation shall have legislative rights in this field insofar as a necessity for regulation by Federal law exists because:

1. a matter cannot be effectively regulated by the legislation of individual Länder, or
2. the regulation of a matter by a Land law could prejudice the interests of other Länder or of the Länder as a whole, or
3. the preservation of legal or economic unity demands it, in particular the preservation of uniformity of living conditions extending beyond the territory of an individual Land.

#### ARTICLE 73

The Federation shall have exclusive legislative power in matters relating to:

4. currency, money and coinage, weights and measures, as well as on matters pertaining to time and calendar [*Zeitbestimmung*];
5. the unity of customs and commercial territory, trade and navigation (shipping) agreements, the freedom of traffic in goods and payments with foreign countries, including customs and frontier inspection.

#### ARTICLE 74

Concurrent legislation shall extend to the following fields:

11. law relating to the economy (mining, industry, power supply, crafts, trades, commerce, banking, stock exchanges, private insurance);