CENTRAL BANK OF THE COMOROS STATUTES

(INCLUDING THE AMENDMENT SIGNED ON APRIL 29, 1987)

Title I General Provisions

Article 1.

The Central Bank of the Comoros, hereinafter called "the Bank," is a Comorian public institution with legal personality and financial autonomy. Its operations shall be limited to those appearing in these Statutes and have reference to the territory of the Federal and Islamic Republic of Comoros, hereinafter called "the Republic." They shall be executed and entered on the books in accordance with the rules and practices of commerce and banking.

Article 2.

The head office of the Bank shall be located in Moroni. The Bank may establish branches in the territory of the Republic. It may have correspondents and representatives both in the Republic and abroad.

Article 3.

The Bank shall have an endowment of 500 million Comorian francs, which shall constitute its capital.

This capital may be increased by decision of the Board of Directors.

Article 4.

Under the economic policy set forth by the Government of the Republic, the Bank's general purpose shall be to formulate monetary and credit policy, supervise and control banking activities, and monitor the implementation of exchange regulations.

Title II Operations

Section 1 Issue of Currency

Article 5.

The Bank shall have the exclusive right to issue bank notes and coins which shall be legal tender in the territory of the Republic.

Article 6.

At the proposal of the Board of Directors, the Minister of Finance shall decide on the issue of currency, bank notes and coins used as legal tender in the country. The Minister shall also decide the terms of their circulation and withdrawal from circulation. He shall determine the face value and denominations of bank notes and coins and the signatures which must appear on bank notes.

Article 7.

Bank notes and coins shall be legal tender for the discharge of all debts, public and private, under the laws in force.

Article 8.

The forging or counterfeiting of bank notes or coins issued by the Bank, as well as the use, sale, peddling or distribution of forged or counterfeit bank notes or coins, shall be punished in accordance with the penal provisions in force.

Section 2 Issue-Generating Operations

Article 9.

The Bank shall execute transfers of funds between the Republic and foreign countries pursuant to arrangements in force.

Article 10.

The Bank may buy and sell gold and foreign exchange.

Article 11.

The Bank may discount or repo, from banks located on the territory of the Republic, commercial paper signed by at least two persons of manifest solvency, one of them being a bank. The maturity of such paper may not exceed six months.

The Bank may also discount under the same conditions foreign documentary bills with the customary supporting documents attached.

It may make its acceptance of paper for discount or repo contingent on the furnishing of guaranties.

Article 12.

The Bank may discount or repo, for no more than six months and under terms decided on by the Board of Directors, paper mobilizing cash loans which is submitted to it by banks located in the territory of the Republic.

Article 13.

The Bank may grant to banks advances guaranteed by securities approved by it or by deposits of gold or foreign exchange.

The borrower shall sign a commitment to repay the Bank, within no more than six months, the amount of the advances granted to it and to cover the Bank for any depreciation of 10 percent of more in the value of the guarantee.

Should the borrower fail to meet this commitment, the advances shall fall due *ipso facto*.

The Board of Directors shall establish a list of securities, gold resources and foreign exchange acceptable as security and the proportion of advances to be granted on each of them.

Article 14.

The Bank may grant banks advances on public securities issued or guaranteed by the Republic in the amount of the proportion authorized by the Board of Directors and to a limit of 10 percent of their deposits.

Article 15.

The Bank may discount drafts and bonds made payable to the Treasury and maturing in less than four months, subject to solvency and a bank underwriting.

Article 16.

The Bank may allow the Republic current account overdrafts, at a rate determined by the Board of Directors, for a period not exceeding 12 consecutive months.

Article 17.

The total amount involved in the operations referred to in Articles 14, 15, and 16 of these Statutes may not exceed 20 percent of the average annual ordinary revenue of the Republic actually collected during the three preceding fiscal years.

Article 18.

The Bank may discount banks bills representing credits for a maximum period of 10 years. These bills must be guaranteed by the signatures of two or more persons of manifest solvency, one of them being that of a bank.

In order to qualify for financing from the Bank, such credits must be intended to finance the development of means of production or building construction; and have been previously approved by the Bank, which may make such approval contingent on the furnishing of guaranties of such nature as it may determine.

The total amount of the credits that may be accepted for rediscount shall be determined by the Board of Directors.

Article 19.

The Board of Directors shall authorize discount or advance operations and set the rates applicable to them.

It may delegate some of these functions to the Governor.

Article 20.

For the purpose of implementing these Statutes, banks shall be deemed to include public, semipublic and private institutions authorized to engage in credit operations, as defined by the laws and regulations governing the banking profession.

Section 3 Other Operations

Article 21.

The Bank may accept funds in current accounts from banks and the Treasury and from all public and semipublic entities. Acting on instructions, it shall make payments from these accounts up to the amount of existing balances.

Article 22.

The Bank may request that French franc or other foreign currency holdings abroad belonging to any public or private entities having Comorian nationality be surrendered to it.

Article 23.

The Bank shall centralize banking risks, on the basis of statements forwarded to it by the banks.

It shall also centralize and publish, in banks and government accounting offices, information concerning unpaid checks and bills.

Article 24.

The Bank may set up clearinghouses wherever it deems them necessary. It shall determine the terms under which they operate.

Article 25.

Subject to prior agreement by the Board of Directors, and using exclusively its available equity capital, the Bank may participate in the capital of only those entities and enterprises which are in the general interest of the Republic.

Article 26.

The Bank shall be consulted on all proposed legislation and regulations regarding money and credit, particularly with respect to:

the exercise of the banking profession and related activities;

the organization of credit allocation and control;

the regulation of checks and other commercial paper;

the curbing of currency counterfeiting and the use of counterfeit currency.

It shall be responsible for implementing provisions adopted in this respect.

The Bank may submit its opinion to the Government on all matters within its purview as it deems appropriate. The Government may in turn require the opinion of the Bank on all measures, positions or specific operations, on the money and credit survey, and on the state of the national economy in general.

Article 27.

Under its monetary policy, the Bank may require banks to keep a credit balance in their accounts with it corresponding to a percentage of the deposits they receive or of the credit they have extended.

Article 28.

The Bank may acquire, sell or exchange real property for its internal needs. The corresponding expenditure can be charged only to its equity capital and shall be subject to authorization by the Board of Directors.

Section 4 Assistance to the Government

Article 29.

The Bank shall maintain the Treasury account.

It shall, without charge:

receive amounts deposited in this account;

collect domestic bills and checks made out to the Treasury;

pay checks and transfers issued by government accounting offices against the Treasury account.

The Treasury account may not show a debit balance except in accordance with the provisions of Article 16 of these Statutes.

Article 30.

At the request of the Government, the Bank shall, without charge:

safeguard securities belonging to the Treasury; issue short-term notes to or place them with entities having accounts with it; pay coupons and redeem Treasury securities presented to it by such entities.

assist in the execution of government financial operations outside its zone of issue.

Article 31.

At the Government's request, the Bank shall assist it in managing the public debt, negotiating external loans, and reviewing the terms of issue and repayment of domestic borrowings.

Article 32.

At the Government's request, the Bank shall assist it in its relations with foreign or international financial institutions and in negotiations it enters into with a view to signing financial agreements.

It may be entrusted with executing such agreements under the terms established in such arrangements as may be approved by the Board of Directors.

In any case, it shall be kept abreast of financial and trade agreements entered into and of their execution.

Article 33.

The Bank shall be informed of the Republic's revenue and expenditure estimates in French francs and other foreign currencies. It may assist the Government in determining these estimates.

It shall draw up the Republic's balance of payments. It shall be empowered to request from all public, parapublic and private entities the documentation and statistical data it requires to this end.

Article 33-1.

The Central Bank of the Comoros may share with the Bank of France or other issuing authorities statistical information on claim and debt regulations and activity among states, on the terms set in the arrangements that the Central Bank of the Comoros may authorize to be signed with other central banks.

Title III General Administration

Article 33-2.

The Bank shall be administered by:

a Board of Directors,

a Governor.

Section 1 The Board of Directors

Article 34.

The Board of Directors shall be comprised of a maximum of eight members, half of whom shall be appointed by the Government of the Republic and the other half by the French Government.

The deliberations of the Board of Directors shall be forwarded to the Ministry of Finance of the Republic. Within a period of 30 days thereafter, the Minister may request that any decisions by the Board of Directors be resubmitted thereto for deliberation.

The Chairman of the Board of Directors shall be selected by the Board from among its members on a proposal of the Government of the Republic.

He shall ensure that the Bank's Statutes are implemented.

Article 35.

Members of the Board must individually be in full possession of their civil and political rights and not have been sentenced to extensive imprisonment or loss of their civil rights.

They may not be chosen from among those sitting on the boards of directors, directors or officers of banks able to call upon the Bank for assistance.

They shall be appointed for renewable four-year terms of office. Nevertheless, their duties may be terminated by resignation or by notification to the Bank from the appointing authority.

Each Board member shall have an alternate, appointed under the same conditions as the Board member, who shall replace the member in his absence.

The office of Board member shall be incompatible with any legislative office or government function.

Members of the Board of Directors shall serve without remuneration; however, travel and living expenses entailed by their duties shall be reimbursed under terms set by the Board of Directors.

Article 36.

The Board of Directors shall hold regular meetings twice a year.

The Chairman of the Board may also convene special meetings of the Board, either at his own initiative or at the request of half of the members. The draft agenda, drawn up by the Chairman of the Board, must be forwarded to Board members at least 10 days before each meeting.

Article 37.

The Board of Directors shall be vested with the broadest powers for administering the activities of the Bank. In particular, it shall ensure that the ratio of its average foreign assets to its average demand liabilities is not lower than 20 percent. Should this ratio fall below 20 percent for 90 consecutive days, the Chairman of the Board shall immediately convene the Board in order to examine the situation and take all appropriate steps, and particularly to decide whether it is advisable to raise the Bank’s discount rate and, to the extent necessary, to reduce the ceilings on rediscounts, advances and other facilities granted pursuant to these Statutes.

Article 38.

Two-thirds of the members of the Board of Directors, present or represented, shall constitute a quorum.

Absent members may have themselves represented at Board meetings by their alternates or, if the latter are unable to sit, by one of their colleagues. In no case can this option give Board members more than one vote in addition to their own.

A power delegated by a member of the Board of Directors to one of his colleagues shall be valid for one specific meeting only.

Decisions must be adopted by at least five of the members present or represented.

Article 39.

The Board of Directors shall establish the provisions of the Bank’s internal regulations, which cover, in particular, the delegation of powers by the Board of Directors to the Governor.

Section 2 The Governor

Article 40.

The Governor of the Bank shall be appointed by the President of the Republic for a renewable five-year term.

Article 40-1.

This appointment shall be proposed by the Minister of Finance of the Republic with the approval of the Bank’s Board of Directors.

Article 41.

The Governor shall supervise the application of the Bank’s Statutes and the execution of the decisions of the Board of Directors, on which he serves in an advisory capacity. He shall organize and direct all the Bank’s departments.

The Governor’s duties include:

ensuring that legislation on currency and supervision of banks, credit, and foreign exchange is observed;

managing the Bank’s foreign currency holdings;

signing agreements or arrangements approved by the Board of Directors as well as those which do not require prior approval by the Board on the terms provided in the internal regulations;

representing the Bank vis-à-vis third parties, particularly all national and international agencies in which the Bank participates;

initiating all legal action and taking any enforcement or protective measures he deems advisable;

recruiting, appointing, and dismissing Bank staff.

The Governor may delegate his powers.

Article 42.

The Governor shall be assisted by a Deputy Governor appointed by the Board of Directors for a renewable four-year term.

Article 43.

The Governor, Deputy Governor and officers of the Bank must individually be in full possession of their civil and political rights and not have been sentenced to extensive imprisonment or loss of their civil rights. They must not engage in business or have interest in a company. No bill or commitment signed by them can be accepted for rediscount without the prior authorization of the Board of Directors given under the terms specified in the internal regulations. They shall be required to observe professional secrecy under penalty of legal sanctions.

Title IV Miscellaneous Provisions

Article 44.

The Bank shall be exempt from all taxes, assessments and other levies.
The Government of the Republic shall guarantee the security of the Bank's establishments and its transfers of funds or securities.

Article 45.

The Bank's operations shall be monitored by two statutory auditors appointed for a four-year term, one by the Government of the Republic and the other by the French Government. The auditors shall attend the meetings of the Board of Directors in an advisory capacity. They shall submit an annual report to the Board of Directors.

Article 46.

Every month the Bank shall draw up a statement of its accounts, which shall be communicated to the Government of the Republic and the French Government and published in the official gazette of each country.

Article 47.

The Bank’s accounts shall be closed and balanced on December 31 every year and submitted to the auditors for review before being sent to the Board of Directors for approval.

Article 47-1.

All proceeds from the exchange guarantee provided under the new Article 6.3 of the monetary cooperation agreement of November 23, 1979 are credited to the special reserve to guarantee the external value of the Bank’s foreign exchange assets. This special reserve cannot be subject to distribution of earnings.

Article 48.

Proceeds, net of all charges, repayments and reserves, shall constitute the Bank’s earnings.

Of these earnings, 50 percent shall be earmarked for the General Reserve Fund until such time as this Fund’s resources are equivalent to the Bank’s capital.

Once the General Reserve Fund is equivalent to the Bank’s capital, it shall receive only 20 percent of the earnings.

Should a fiscal year end with a loss, this shall be charged against the General Reserve Fund. If the balance of this Fund should not be sufficient to cover the loss in full, the Republic shall take responsibility for the remainder.

Article 49.

After constitution of all general, optional and special reserves and provisions, the balance of the Bank’s earnings and the equivalent of lost notes and coins shall be transferred to the Republic.

Article 50.

Within six months following the end of a financial year and after approval by the Board of Directors, the Governor shall submit a report on the Bank’s activities and a report on the country’s economic and monetary situation to the President of the Republic. These reports shall also be forwarded to the French Government.

Article 51.

The Board of Directors may propose amendments to the Bank’s Statutes. Such amendments shall enter into force under the same conditions as those required for the entry into force of these Statutes.