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Annexe

CENTRAL
BANKING
LEGISLATION

Volume II. Europe

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CENTRAL BANKING LEGISLATION

A collection of
Central Bank, Monetary and Banking Laws

INTERNATIONAL MONETARY FUND MONOGRAPH SERIES

- No. 1. Central Banking Legislation: A Collection of Central Bank, Monetary and Banking Laws, selected and annotated by Hans Aufricht (1961)
- No. 2. The Fund Agreement in the Courts, by Joseph Gold (1962)
- No. 3. International Monetary Problems, 1957-1963, by Per Jacobsson (1964)
- No. 4. Central Banking Legislation: A Collection of Central Bank, Monetary and Banking Laws; Volume II, Europe, selected and annotated by Hans Aufricht (1967)

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Statutes and related materials
selected and annotated by

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SWITZERLAND

	<i>Page</i>
CENTRAL BANK LAW	
National Bank Law, 1953.....	705
Federal Constitution: Article 39.....	724
BANKING LAW, 1934	
Summary	724
Articles 7-10	733
MONETARY LAW	
Monetary Unit: A Note.....	734
Coinage Law, 1952.....	735
Ordinance to Implement the 1952 Coinage Law.....	738
BIBLIOGRAPHICAL NOTE	741

Publication of Statutes and Regulations

Statutes, ordinances, and treaties are published, as soon as they are promulgated, in *Die Eidgenössische Gesetzessammlung*, which is issued at irregular intervals as an annex to the *Bundesblatt der Schweizerischen Eidgenossenschaft*. The *Bundesblatt* contains resolutions and other rules emanating from the Executive Power as well as the texts of bills and related reports of parliamentary committees. *Die Bereinigte Sammlung der Bundesgesetze und Verordnungen, 1848-1947*, comprising ten volumes of laws and ordinances, four volumes of treaties, and one index volume (Bern, 1949-1955), is a consolidated edition of the laws, ordinances, and treaties in force on December 31, 1947. The two periodicals and the collection are published in French, German, and Italian, the corresponding French titles being, respectively, *Recueil officiel des lois, Feuille fédérale*, and *Recueil systématique des lois et ordonnances de la Confédération suisse, 1848-1947*. The *Schweizerische Handelsblatt* (*Feuille officielle suisse du commerce*) carries other public notifications.

The National Bank Law, 1953¹

NOTE:—The Swiss National Bank was established by virtue of the Federal Law of October 6, 1905, to serve as the country's central bank. On June 20, 1907 the Bank began operations, including the exercise of the note-issue monopoly conferred on it by the Confederation. The Bank is presently governed by the Federal Law on the Swiss National Bank of December 23, 1953 (see below), which should be read in conjunction with Article 39 of the Federal Constitution as amended in 1951 (also published below, p. 724).

The Federal Parliament of the Swiss Confederation, by virtue of Articles 39 and 64bis of the Federal Constitution, and having considered a message of April 21, 1953 from the Federal Council, RESOLVES:

I. GENERAL

Art. 1.—(1) The exclusive right to issue bank notes is hereby granted by the Confederation to a central bank of issue, which shall be known by the names

Schweizerische Nationalbank;
Banque nationale suisse;
Banca nazionale svizzera.

(2) It shall be vested with the rights of a juristic person and shall with the participation and supervision of the Confederation be managed in compliance with the provisions of this Law.

Art. 2.—(1) The principal task of the National Bank shall be to regulate the country's monetary circulation, facilitate payments transactions, and implement a credit and monetary policy serving the general interests of the country. It shall advise the Federal authorities in monetary matters.

(2) It shall furthermore carry out the tasks which the Confederation has assigned to it in the fields of cash transactions, coinage, administration of moneys and securities, investment of public funds, administration of the national debt and issue of loans.

¹ The official title of the Law in German is *Bundesgesetz über die Schweizerische Nationalbank vom 23. Dezember 1953*. The Law entered into force on July 1, 1954 by virtue of a Resolution of the Federal Council. For the original text in German, see *Die Eidgenössische Gesetzessammlung*, 1954, Part 1, pp. 599-618.

Art. 3.—(1) The National Bank shall have its legal and administrative seat in Bern, where the General Meeting of Shareholders and, as a rule, the meetings of the Bank Council and the Bank Committee shall take place.

(2) The seat of the Directorate shall be in Zürich.

(3) The Directorate shall be divided into three Departments. Two of the Departments shall have their seat in Zürich and one in Bern.

Art. 4.—(1) Transactions of the National Bank shall be carried out in Bern and Zürich by its head offices, in the principal commercial centers by branch offices [*Zweiganstalten*], and elsewhere by agencies.

(2) Before establishing a branch office or agency the Bank shall obtain the approval of the cantonal government concerned. In case of a dispute between a canton and the National Bank, the Federal Council shall have the final decision.

(3) A canton or semi-canton that has no branch office may request that an agency be established within its territory.

(4) Upon request of the cantonal government such an agency shall be assigned to the cantonal bank.

Art. 5.—(1) The basic capital of the National Bank shall amount to fifty million francs. It shall be divided into one hundred thousand registered shares of five hundred francs each.

(2) Half the Bank's basic capital shall be paid up. Payment of the remainder or of partial amounts shall be made at the decision of the Bank Council and at a time announced by it six months in advance.

(3) Shareholders who fail to make their payments on time shall pay default interest [*Verzugszinsen*] of five per cent. If, upon notification by registered mail that payment is due, they do not make such payment within the prescribed period, they may be declared to have forfeited their rights resulting from the possession or subscription of shares and also the partial payment which they have already made.

(4) To replace shares canceled in this manner new shares shall be issued.

Art. 6.—(1) The basic capital of the National Bank may be increased by decision of the General Meeting. The decision shall require the approval of the Federal Parliament, which shall furthermore decide the manner in which the new capital shall be raised.

(2) In allotting shares the smaller subscriptions shall be considered first, so that each subscriber receives at least one share.

Art. 7. Only Swiss nationals, Swiss public-law corporations, general and limited partnerships, and juristic persons, with principal residence in

Switzerland, shall be eligible to be entered in the Shareholders' Register or to subscribe to new shares.

Art. 8.—(1) Shares shall be transferred by assignment of the title together with an endorsement.

(2) Each transfer shall be subject to the approval of the Bank Committee. Unless at least six members of the Bank Committee approve, the Bank Council shall decide.

(3) If approval is given, the Bank Committee shall have the transfer recorded on the title and entered in the Shareholders' Register.

(4) Upon being entered in the Shareholders' Register the transfer of a share shall become legally valid with respect to the National Bank.

Art. 9.—(1) The National Bank shall recognize as shareholders only persons listed in the Shareholders' Register; they alone shall have the right to vote.

(2) It shall recognize only one representative for each share.

Art. 10. Shares shall carry the facsimile signatures of the Chairman of the Bank Council and the President of the Directorate and, furthermore, the handwritten signature of the official responsible for maintaining the Shareholders' Register.

Art. 11.—(1) Notifications to shareholders shall be sent by registered mail to the last address listed in the Shareholders' Register and shall be published in the *Schweizerische Handelsamtsblatt*.

(2) For announcing dividend payments a single publication in the *Schweizerische Handelsamtsblatt* shall suffice.

(3) Publication prescribed by law shall be in the *Schweizerische Handelsamtsblatt*. With respect to other announcements the Bank Committee shall decide their manner of publication.

Art. 12.—(1) The National Bank shall not be subject to any taxation by the cantons. Its documents and the receipts which it issues shall be exempt from cantonal stamp taxes.

(2) This exemption shall not apply to cantonal and communal transfer fees and other fees for special services by cantons and municipalities.

Art. 13. The provisions of Title Twenty-Six of the Swiss Law on Obligations,² relating to joint-stock companies, shall be applicable to the

²The term Law on Obligations refers to that part of the Swiss Civil Code usually referred to as *Schweizerisches Obligationenrecht* and which is based primarily on the Federal Laws of March 30, 1911 and December 18, 1936.

National Bank insofar as the present Law does not contain provisions to the contrary.

II. SCOPE OF OPERATIONS OF NATIONAL BANK

Art. 14. The National Bank is empowered to engage in the following transactions:

1. Discounting: Swiss bills and checks bearing the signatures of at least two persons independent of each other and known to be solvent; Federal Treasury bonds; cantonal or municipal Treasury bills bearing the signature of a bank; Swiss bonds eligible as collateral and Federal Debt Register claims.

The maturity of discounted claims may not exceed three months.

2. Buying and selling: Treasury bills and bonds of the Confederation and the Federal Railways, Federal Debt Register claims, bonds of cantons and cantonal banks in the sense of the Federal Law on Banks and Savings Banks, and mortgage bonds issued by the Swiss central mortgage institutions.

3. Buying and selling: checks drawn on payees abroad bearing the signatures of at least two persons independent of each other and known to be solvent and having a maturity not exceeding three months; easily realizable bonds of foreign governments with a maturity not exceeding three months; foreign sight balances.

4. Granting interest-bearing current-account advances at up to ten days' notice against the security of Swiss bonds, Federal Debt Register claims, discountable bills and gold in bars or coins.

Shares and participations in cooperatives are not eligible as security for such advances.

5. Issuing discount and security assurances [*Lombardzusagen*] subject to a time limit for claims and securities that in conformity with items 1 and 4 are eligible for discount or as security.

6. Accepting deposits on non-interest-bearing account subject to Article 15(1).

7. Conducting the giro, clearing and collection systems.

8. Opening correspondent accounts with domestic and foreign banks; delivering Swiss and foreign checks.

9. Buying and selling gold for its own account.

10. Buying and selling gold and silver for the account of others.

11. Issuing gold certificates.

12. Undertaking the custody and management of securities and valuables.

the purchase and sale of securities and subscriptions for the account of others.

13. Acting as a subscription office for bond issues of the Confederation, the cantons, enterprises guaranteed by a canton and the central mortgage institutions, but excluding participation in the actual acquisition of bonds.

Art. 15.—(1) The National Bank shall accept payments for the account of the Confederation and shall make payments to others on behalf of the Confederation up to the limit of the credit balance of the Confederation. It may pay interest on credit balances of the Confederation. The National Bank shall furthermore undertake the custody and management of securities and valuables given into its care by the competent Federal agencies. It shall maintain the Federal Debt Register in the name of and on behalf of the Confederation. The National Bank shall carry out its activities for the account of the Confederation free of charge.

(2) The National Bank shall participate in the investment of Federal public funds, in the issuing of bonds of the Confederation and in the coin service [Münzdienst].

Art. 16.—(1) The National Bank shall regularly publish its discount rates and its interest rates on loans.

(2) It shall publish weekly returns showing its assets and liabilities.

III. ISSUE, COVER, REDEMPTION AND WITHDRAWAL OF BANK NOTES

Art. 17.—(1) The National Bank shall, commensurate with the volume of transactions and in conformity with the provisions of this Law, issue bank notes, for which it alone shall bear responsibility.

(2) The manufacture, delivery, withdrawal from circulation and destruction of notes shall take place under the supervision of the Federal Finance and Customs Department.

Art. 18. The fixing of the denominations of notes to be issued shall require the approval of the Federal Council.²

Art. 19.—(1) The equivalent value of notes in circulation shall be on hand: in gold coins and gold bars; in Swiss and foreign bills and checks

² By virtue of Art. 43(1), item 7, of this Law, the Bank Council of the National Bank on June 10, 1954 adopted a Decision concerning the denominations of bank notes to be issued by the National Bank. Art. 1 of this Decision reads: "The Swiss National Bank shall issue bank notes in denominations of five, ten, twenty, fifty, one hundred, five hundred and one thousand francs." Art. 2 provides that the Decision shall enter into force, subject to the approval of the Federal Council, on July 1, 1954. By a Resolution of June 29, 1954, the Federal Council approved the above-mentioned Decision and repealed its Resolution of October 3, 1921 which had authorized the Swiss National Bank to issue bank notes in denominations of five francs and twenty francs.

with a maturity not exceeding three months as well as in sight balances in foreign countries (Article 14, items 1, 2 and 3); in Treasury bills and bonds of the Confederation and the Federal Railways, Federal Debt Register claims, bonds of the cantons and cantonal banks in the sense of the Federal Law on Banks and Savings Banks, and mortgage bonds of the Swiss central mortgage institutions with a maturity not exceeding two years; in current-account claims resulting from advances against collateral; (a) against bonds and Federal Debt Register claims pursuant to the provisions of Article 14, item 4 and (b) against gold (Article 14, item 4).

(2) The gold cover shall amount to at least forty per cent of the notes in circulation. The minimum gold cover shall remain in safekeeping in Switzerland.

Art. 20.—(1) The National Bank shall be obligated always to accept its notes at their nominal value in payment or for the formation of credit balances.

(2) The public cash offices of the Confederation shall also be obligated to accept the notes of the National Bank in payment at their nominal value.

Art. 21.—(1) The National Bank shall be obligated, subject to Article 22, to redeem its notes at their nominal value, at its discretion either with Swiss gold coins or with gold bars of the legal standard weight:

(a) at its head office in Bern in any amount;

(b) at its head office in Zürich, its branch offices, and the agencies maintained by the Bank, insofar as the gold on hand and the Bank's own requirements permit it to do so and in any case within a period sufficient to have the required gold sent from its main cash office.

(2) The redemption service shall be organized in accordance with the requirements of the locality.

Art. 22. In time of war or in time of disturbed monetary conditions the Federal Council may relieve the National Bank of the obligation to redeem its notes and may declare them legal tender, in which case the National Bank shall remain obligated to maintain the value of the franc at the parity prescribed by law; when buying and selling gold it shall observe the price limits to be fixed by the Federal Council.⁴

⁴ On June 29, 1954 the Federal Council adopted a Resolution concerning the legal tender of bank notes and the suspension of their redemption in gold, providing as follows:

"ART. 1. The bank notes of the Swiss National Bank shall be legal tender; they shall be accepted in payment by everyone without limitation.

"ART. 2. The Swiss National Bank shall be relieved of the obligation to redeem its bank notes against Swiss gold coins or gold bars pursuant to Article 21 of the Federal Law on the Swiss National Bank of December 23, 1953.

Art. 23.—(1) The National Bank shall withdraw worn and damaged notes from circulation. It shall provide compensation for damaged notes, provided that their series and numbers are recognizable and the holder presents a part that is larger than half or proves that the missing part of the note has been destroyed.

(2) The National Bank shall not provide any compensation for destroyed, lost or counterfeit notes.

Art. 24.—(1) The National Bank may with the approval of the Federal Council withdraw from circulation note denominations, types and series.

(2) The public cash offices of the Confederation shall accept the withdrawn notes in payment at their nominal value for six months after the first notice of withdrawal.

(3) The National Bank shall be required to exchange the withdrawn notes at their nominal value for twenty years after the first notice of withdrawal.

(4) The equivalent value of notes not presented for exchange within this period shall accrue to the Swiss fund for aid in respect of uninsurable damages by the forces of nature.

IV. RENDERING OF ACCOUNTS, RESERVE FUND AND DISTRIBUTION OF PROFITS

Art. 25.—(1) The accounts of the National Bank shall be kept on a calendar year basis.

(2) The annual balance sheet shall be rendered in accordance with the principles laid down in the Law on Obligations.⁵

(3) The annual accounts shall be submitted to the Federal Council for approval before being published and before being received by the General Meeting of Shareholders.

Art. 26.—(1) To cover any losses affecting the basic capital there shall be a Reserve Fund, which is to be built up by allocations from net profits.

(2) This Reserve Fund shall constitute part of the Bank's working capital.

Art. 27.—(1) Out of the net profits as shown in the profit and loss account an amount that may not exceed two per cent of the Bank's basic capital shall first of all be allocated to the Reserve Fund.

"ART. 3. When buying and selling gold the Swiss National Bank shall apply only prices which, for deliveries in Bern, deviate by no more than one and a half per cent above or below the price corresponding to the legal monetary standard.

"ART. 4. This Resolution shall enter into force on July 1, 1954."

See also Art. 63, item 2(e), below, p. 721.

⁵ See footnote 2, above.

(2) A dividend not to exceed six per cent of the Bank's paid-up basic capital shall then be declared.

(3) The remainder shall be distributed as follows:

(a) First, the cantons shall receive an indemnity of eighty centimes per capita of their population. If net profits do not suffice for this, the deficiency shall be made good during the next five years if the Bank's finances permit.

(b) Out of any surplus still remaining, one third shall accrue to the Confederation and two thirds to the cantons.

(4) The allocation to the cantons shall be made by the Federal Council in proportion to their resident population as established by the last census.

V. ORGANS OF THE NATIONAL BANK

Art. 28. The organs of the National Bank shall be the following:

A. For its supervision and control:

the General Meeting of Shareholders;
the Bank authorities, namely: the Bank Council, the Bank Committee, the Local Committees, and the Committee of Auditors;

B. For its management:

the Directorate;
the branch managers.

1. INDIVIDUAL ORGANS

a. General Meeting of Shareholders

Art. 29.—(1) Any shareholder listed in the Shareholders' Register or another shareholder duly authorized by him shall be eligible to attend the General Meeting.

(2) Shares registered in the same name shall be represented by only one person.

(3) The Bank Council shall issue the necessary regulations concerning the form that the power of representation shall take.

(4) Members of the Bank Council and of the Directorate who are not shareholders shall attend the General Meeting in an advisory capacity.

Art. 30.—(1) The Chairman of the Bank Council shall convene the General Meeting at least three weeks before the day of assembly.

(2) In cases which he considers urgent he may reduce this period to eight days.

(3) The agenda shall be included in the letter convening the meeting. The agenda shall also list proposals that have been submitted in writing to the Bank Council by at least ten shareholders before the letter convening the meeting has been sent out.

(4) No decisions shall be made with respect to matters not listed on the agenda, with the exception of a motion to convene an Extraordinary General Meeting which is made at the General Meeting itself. For submitting proposals or for discussions which do not involve decisions, no announcement on the agenda is required.

Art. 31.—(1) The Chairman of the Bank Council shall preside over the General Meeting; if he is unable to attend, the chair shall be taken by the Deputy Chairman or if necessary by a member of the Bank Committee to be designated by the Bank Council.

(2) The tellers shall be chosen each time for the duration of the General Meeting by an absolute majority of those present in an open ballot. Members of the Bank Council shall not be eligible as tellers.

(3) A record of the proceedings and decisions of the General Meeting shall be kept in the form of minutes, which shall be signed by the Chairman, the recorder of the minutes and the tellers.

(4) The recorder of the minutes shall be designated by the Bank Council.

(5) Extracts from the minutes shall be certified by the Chairman and one other member of the Bank Council.

Art. 32.—(1) A list of persons present shall be kept showing the names and domicile of the shareholders attending or represented at the General Meeting and the number of shares they represent.

(2) The list of persons present shall be signed by the Chairman, the recorder of the minutes and the tellers.

(3) If decisions are to be taken for the validity of which the law requires a public deed to be drawn up, an authorized certifying official shall be present at the proceedings.

Art. 33. Shareholders shall submit their requests for admission cards to the General Meeting at least three days before the day on which it convenes, to the Departments of the Directorate, the branch offices, or the agencies. Admission cards shall be issued on the basis of the listing in the Shareholders' Register.

Art. 34.—(1) The General Meeting shall constitute a quorum when at least thirty shareholders are present who together represent at least ten thousand shares.

(2) If a General Meeting does not constitute a quorum when first convened, another General Meeting shall be called immediately, and it shall then be deemed to constitute a quorum regardless of the number of shareholders present and the number of shares represented.

(3) These provisions shall be subject to Article 39.

Art. 35.—(1) Each share shall carry one vote.

(2) Votes cast by companies and institutions incorporated under public law shall not be subject to any limitation.

(3) Other shareholders may not cast more than one hundred votes for their own shares and those they represent.

Art. 36. The General Meeting shall make decisions by an absolute majority of the votes of shares represented, subject to Article 39. If the votes are tied, the Chairman shall decide. Balloting shall as a rule be open, but it shall be secret if the Chairman so orders or upon request of at least five shareholders present. Election by the General Meeting of members of the Bank Council and of the members and alternates of the Committee of Auditors shall be by secret ballot.

Art. 37.—(1) Each year, in April at the latest, the Ordinary General Meeting shall be held to receive the annual report and the annual accounts and to decide on the distribution of the net profit.

(2) Before the decision is taken the report of the Committee of Auditors shall be read.

(3) Taking note of the accounts without reservation shall be construed as approval of the organs of the Bank in charge of administration with respect to their management during the fiscal year.

(4) Extraordinary General Meetings shall be held when the Bank Council or the Committee of Auditors considers them necessary.

(5) Moreover, Extraordinary General Meetings shall be convened by the decision of a General Meeting or when shareholders whose combined shares amount to at least one tenth of the Bank's basic capital request it in a petition signed by them and stating the purpose.

Art. 38. In addition to the powers enumerated in Article 37(1) the General Meeting shall also be empowered:

1. to elect fifteen members of the Bank Council;
2. to elect the Committee of Auditors;
3. to decide on all matters which are submitted by the Bank Council of its own accord for the decision of the General Meeting or which are brought before it pursuant to Article 37(5);

4. to decide on an increase in the Bank's basic capital, subject to the approval of the Federal Parliament;
5. to make proposals to the Federal Council for submission to the Federal Parliament concerning amendment of this Law;
6. to decide, at the latest one year before the expiration of its privilege, on the continued existence or dissolution of the Bank.

Art. 39.—(1) Decisions regarding an increase in the Bank's basic capital and with respect to proposals to the Federal Council concerning amendment of this Law shall be made only if at least one quarter, and in the case of a decision regarding the continued existence or dissolution of the Bank only if at least one half, of the total shares are represented.

(2) If a General Meeting does not constitute such a quorum when first convened, a second General Meeting shall be called at another date not less than thirty days later, and shall be empowered to make the decisions envisaged in the first paragraph even if the number of shares required therein are not represented. This shall be mentioned in the notice convening the second General Meeting.

(3) The continued existence of the Bank after the expiration of its privilege shall be considered to have been decided on, unless at least two thirds of the votes cast are in favor of dissolution.

b. Bank Council

Art. 40. The Bank Council shall be comprised of forty members selected for a term of four years, of whom fifteen shall be elected by the General Meeting of Shareholders and twenty-five shall be selected by the Federal Council. By a year shall be understood the period between the end of one Ordinary General Meeting and the end of the next Ordinary General Meeting.

Art. 41. The various sectors of the economy and the individual administrative divisions of the country, taking into account the major banking, industrial and commercial centers, shall be represented on the Bank Council.

Art. 42.—(1) The Bank Council shall be selected in the following manner:

First, the Federal Council shall appoint the Chairman and the Deputy Chairman. Next, the General Meeting shall elect fifteen members and shall inform the Federal Council of its choices. Then the Federal Council shall select the remaining twenty-three members, of whom no more than five shall be members of the Federal Parliament and five of cantonal governments.

(2) Members of the Bank Council shall be exempt from the requirement of depositing shares as a guarantee.

Art. 43.—(1) In addition to the general supervision of operations and management the Bank Council shall deal with the following:

1. choosing eight members of the Bank Committee;
2. appointing the Local Committees;
3. making proposals regarding the choice of members of the Directorate, their deputies and the managers of the branch offices;
4. examining and putting into their final form the regulations, annual reports and annual accounts, which are prepared by the Bank Committee in conjunction with the Directorate and are subject to the approval of the Federal Council;
5. establishing regulations regarding the transfer of shares;
6. deciding on the opening or closing of branch offices and agencies;
7. fixing the denominations of notes to be issued;⁸
8. calling the unpaid portion of the Bank's capital;
9. withdrawing notes by denominations, types and series;
10. fixing salaries in conformity with Article 62;
11. confirming proposals put before the General Meeting;
12. appraising the credit rating of customers with respect to amounts exceeding five million francs;
13. approving the purchase or sale of real estate whose price exceeds five hundred thousand francs and approving credits for building projects in this amount.

(2) Credit transactions involving amounts in excess of ten million francs shall require the concurrence of at least thirty members of the Bank Council.

(3) In all other cases decisions shall be made by an absolute majority of votes; if there is a tie, the Chairman's vote shall count double.

Art. 44.—(1) Minutes shall be kept of the proceedings of the Bank Council; upon approval they shall be signed by the Chairman and the recorder of the minutes.

(2) The Bank Council shall nominate the recorder of the minutes.

Art. 45. All directives and documents issued by the Bank Council shall bear the signatures of the Chairman of the Bank Council and one member of the Directorate.

⁸ See footnote 3, above.

Art. 46.—(1) Members of the Bank Council may resign at any time; however, the Bank Council shall be notified of such intention three months in advance.

(2) When members elected by the General Meeting are to be replaced, such action shall be taken at the next Ordinary General Meeting. However, if the number of members elected by the General Meeting has been reduced to twelve, an Extraordinary General Meeting shall be called to elect replacements.

(3) When members appointed by the Federal Council are to be replaced, the Federal Council shall appoint the replacements as soon as possible.

(4) Replacements shall serve for the remainder of the current term.

(5) Members of the Bank Council shall be eligible for re-election.

Art. 47.—(1) The Bank Council shall meet at least once in every calendar quarter. It may also be convened in extraordinary session by the Chairman or upon demand of ten members.

(2) For a quorum the presence of a majority of its members shall be required.

(3) If the members cannot be assembled in a number sufficient for a quorum, the Chairman shall be authorized to call in members of the Local Committees as alternates. In such cases, there shall be an appropriate rotation of the persons serving as alternates.

c. Bank Committee

Art. 48.—(1) A Bank Committee appointed for a term of four years shall carry out the more detailed supervision and control of the Bank's management, on behalf of the Bank Council.

(2) It shall consist of the Chairman and the Deputy Chairman of the Bank Council and other members appointed by the Bank Council. In appointing the Bank Committee care shall be taken to see that the various parts of the country are represented; as a rule a canton may be represented on the Bank Committee by only one member, but in exceptional cases by two.

(3) The Bank Committee shall meet when necessary, but at least once a month. For a quorum the presence of a majority of its members shall be required. In case of a tie, the Chairman's vote shall count double.

(4) If a matter of business is either particularly urgent or not important enough to justify calling a meeting, the Chairman may decide in writing. Such decisions shall be submitted to the next meeting and recorded in the minutes.

Art. 49.—(1) It is incumbent upon the Bank Committee to discuss in advance all matters to be dealt with by the Bank Council. The Committee shall participate in an advisory capacity in fixing the official discount rate and the interest rate on loans.

(2) It shall decide on all matters which this Law does not assign to another of the Bank's organs.

(3) Any loan exceeding three million francs that is not to be submitted to the Bank Council for decision shall require the approval of the Bank Committee.

(4) The Bank Committee shall make proposals to the Bank Council, for submission to the Federal Council, regarding the choice of members of the Directorate, their deputies and managers of the Bank's branch offices.

(5) With the advice of the Directorate, the Bank Committee shall choose the department managers and the department supervisors, as well as those officials of the Bank with full powers to act, and shall fix their salaries.

d. Local Committees

Art. 50.—(1) Attached to each of the head offices and branch offices for the purpose of making loan appraisals and examining liabilities resulting from bills of exchange and secured advances shall be Local Committees consisting of three members, whom the Bank Council shall appoint, preferably from among the business and industrial circles of the locality and its surroundings, for a term of four years.

(2) The Local Committees attached to the branch offices shall give their opinion regarding the selection, for the branch concerned, of the manager and of the officials with full powers to act.

(3) From among the members of a Local Committee the Bank Committee shall designate the chairman and his deputy.

(4) The Local Committees shall meet when necessary; the presence of two members shall constitute a quorum.

e. Committee of Auditors

Art. 51.—(1) The Ordinary General Meeting shall each year elect the Committee of Auditors, consisting of three members and three alternates. Persons who are not shareholders shall be eligible.

(2) The Committee of Auditors shall audit the annual accounts and balance sheet and submit to the General Meeting a written report on its findings. The Federal Council shall also be informed of this report.

(3) The Committee of Auditors shall be entitled to examine at any time all aspects of the Bank's business.

f. Directorate

Art. 52.—(1) The Directorate shall be the highest managing and executive authority. Subject to the provisions of Articles 43 and 49, it shall in conformity with the regulations be responsible for all action required for the fulfillment of the functions and purposes of the National Bank. It shall in particular, after receiving the approval of the Bank Committee and informing the managers of the principal branch offices, fix the official discount rate and the interest rate on loans.

(2) It shall select the officials and employees of the head office, insofar as they are not to be appointed by the Federal Council or the Bank Committee, and shall approve the appointments in the branch offices.

(3) It shall make proposals to the Bank Committee for the selection of the deputies of the Directorate, the managers of the branch offices and the officials to be chosen by the Bank Committee.

(4) The Directorate shall represent the Swiss National Bank vis-à-vis third parties. It shall be the authority to which the officials and employees of the head offices and the local managers shall be directly responsible.

Art. 53.—(1) The Directorate shall consist of three members, to which may be added deputies and department managers.

(2) The members of the Directorate and their deputies shall be appointed by the Federal Council for a term of six years upon the recommendation of the Bank Council.

(3) The Federal Council shall appoint from among the members of the Directorate a President and a Vice-President.

(4) The Bank's operations shall be divided among three Departments (Article 3(3)). The Departments in Zürich shall be in charge of discounting and foreign exchange transactions, advances against collateral, giro operations and control. The Department in Bern shall direct the issuing of bank notes, shall manage the gold holdings and shall carry on business dealings with the Federal Administration and the Federal Railways.

(5) The managers shall administer their Departments in accordance with the decisions and directives of the Directorate.

g. Local Management

Art. 54.—(1) Each branch office shall be headed by a manager, who shall be appointed by the Federal Council for a term of six years upon recommendation of the Bank Council.

(2) The manager shall be responsible for the direction and management of the branch office in accordance with the instructions and directives of the Directorate and the regulations.

(3) He shall select the officials and employees of the branch office who are not appointed by the Bank Committee. His appointments shall be submitted to the Directorate for approval.

(4) All officials and employees of the branch office shall be directly responsible to the manager.

2. GENERAL PROVISIONS

Art. 55. The Bank authorities and all officials and employees of the Bank shall be Swiss nationals residing in Switzerland.

Art. 56. Members of the Directorate, their deputies, the managers of the branch offices and the department managers shall not be members of the Federal Parliament, a cantonal government, or the Bank Council.

Art. 57. For a valid signature in the name of the National Bank the signature of two persons whose signatures are authorized shall be required.

Art. 58. The Bank authorities as well as officials and employees of the National Bank shall be bound to strict secrecy regarding the business relations of the Bank with outside parties and matters and arrangements relating to the Bank which, because of their nature or in accordance with special provisions, are to be treated confidentially. The requirement of secrecy shall remain in force even after a person has ceased to be a Bank authority or to be employed by the Bank.

Art. 59. The Bank authorities as well as officials and employees of the National Bank shall be subject to Federal legislation concerning the responsibility under civil and penal law of Federal authorities and officials.

Art. 60. The Bank authorities and officials and employees of the National Bank may, by a decision of the executive body or the authority by which they were elected or appointed, be dismissed upon statement of the grounds for dismissal.

Art. 61. The competence of the Bank authorities and relations between them, maximum and minimum salaries and the conduct of business shall be established through regulations issued by the Bank Council, subject to the approval of the Federal Council.

Art. 62.—(1) Within the limits set by these regulations [Article 61] the salaries of members of the Directorate, their deputies and managers of branch offices shall be fixed by the Bank Council, and those of the remaining officials and employees by the appointing authority.

(2) Profit sharing shall be prohibited.

VI. PARTICIPATION OF AND SUPERVISION BY CONFEDERATION

Art. 63. Participation of and supervision by the Confederation shall, pursuant to the Constitution, be carried out by:

1. The Federal Parliament, by approving an increase in the Bank's basic capital (Article 6(1)).
2. The Federal Council, by:
 - (a) appointing representatives to the Bank Council (Articles 40-42);
 - (b) appointing the members of the Directorate, their deputies and the managers of the branch offices (Articles 53 and 54);
 - (c) deciding in case of a dispute between a canton and the National Bank regarding the establishment of a branch office or an agency (Article 4(2));
 - (d) approving the denominations of notes to be issued pursuant to Article 18;
 - (e) relieving the National Bank of the obligation to redeem its notes and declaring them legal tender, insofar as the required conditions exist, in which case it shall fix the price limits to be observed by the National Bank when buying and selling gold (Article 22);⁷
 - (f) authorizing the withdrawal from circulation of certain note denominations, types and series (Article 24);
 - (g) making the final decision with respect to the share of the cantons [in the Bank's net profit] (Article 27(3));
 - (h) approving regulations issued by the Bank Council (Article 61);
 - (i) approving the annual report and the annual accounts (Article 25);
 - (k) submitting reports to the Federal Parliament.
3. The Federal Finance and Customs Department, by supervising the printing, delivery, withdrawal and destruction of notes (Article 17(2)).

VII. PENAL PROVISIONS

Art. 64.—(1) Counterfeiting and altering bank notes as well as putting into circulation, importing, acquiring and storing counterfeit or altered bank notes shall be punishable in accordance with the provisions of the Swiss Penal Code.

(2) These provisions shall also be applicable to monetary instruments that are put on the same footing with bank notes, especially gold certificates that are considered to be monetary instruments under Article 65(2).

⁷ See footnote 4, above.

Art. 65.—(1) Anyone who in contravention of the provisions of Article 39 of the Federal Constitution⁸ issues bank notes or other equivalent monetary instruments, and anyone who puts such bank notes or monetary instruments into circulation, shall be punishable by imprisonment or a fine; the punishments may be combined.

(2) Gold certificates in the form of securities incorporating an ownership right or claim to minted or unminted gold and made out to the bearer or transferable as if they were bearer securities shall be considered monetary instruments in the sense of the first paragraph.

(3) These criminal cases shall come under the jurisdiction of the Federal judiciary system.

VIII. DURATION OF PRIVILEGE

Art. 66.—(1) The note-issue privilege shall be granted to the National Bank for periods of twenty years each. It shall be renewed by Resolution of the Federal Parliament.⁹

(2) If the Confederation does not wish to renew the privilege, it reserves the right, following an announcement one year in advance, to take over the National Bank with its assets and liabilities on the basis of a balance sheet drawn up by mutual agreement or in case of dispute by a decision of the Federal Court. The taking over shall be carried out by Federal law.

(3) The Confederation may take over the National Bank in the same manner if the General Meeting decides to dissolve the Bank.

Art. 67. In the absence of a Resolution by the Federal Parliament pursuant to Article 66, the National Bank shall continue to be responsible for issuing bank notes for another three years. A conflicting decision to dissolve the National Bank shall be legally invalid.

Art. 68.—(1) If the National Bank should be taken over by the Confederation, its paid-up capital as well as five per cent interest for the duration of its liquidation shall be refunded.

(2) The Reserve Fund, insofar as it does not have to be used to cover losses, shall be allocated as follows:

one third, but not more than ten per cent of the paid-up capital, to the shareholders;

⁸ See below, p. 724.

⁹ On December 4, 1956, the Federal Parliament resolved, by virtue of Art. 66, to renew the note-issue privilege of the Bank; the sole article of this Resolution reads as follows: "The exclusive right of the Swiss National Bank to issue bank notes shall be renewed from June 21, 1957 for a period of twenty years until June 20, 1977."

one half of the remaining sum to the Confederation for the new bank of issue, and the other half to the cantons in proportion to their population.

(3) Any remaining assets shall become the property of the new bank of issue of the Confederation.

IX. STATUS BEFORE THE COURTS

Art. 69.—(1) The Federal Court shall hand down decisions as the court of first instance with respect to:

- (a) all civil-law suits arising from the issuing of notes;
 - (b) suits of the Confederation, cantons and other owners of shares in the National Bank against each other or against the National Bank with respect to net profits or compensation in connection with liquidation;
 - (c) suits with respect to the drawing up of the balance sheet in connection with the taking over of the National Bank by the Confederation.
- (2) All other lawsuits involving the National Bank shall be settled by the ordinary legal procedure.

X. FINAL PROVISIONS

Art. 70. With the entering into force of this Law, the following are repealed:

the Federal Law of April 7, 1921–December 20, 1929 on the Swiss National Bank;

Articles 1 and 2 of the Resolution of the Federal Council of September 27, 1936 Relating to Monetary Measures.

Art. 71. The Federal Council shall decide the date on which this Law is to enter into force.¹⁰

¹⁰ The Law entered into force on July 1, 1954.

The Federal Constitution

(May 29, 1874, as amended)

ARTICLE 39¹

The right to issue bank notes and any other fiduciary money is vested exclusively in the Confederation.

The Confederation may exercise its monopoly of note issue through a state bank under a special administration, or may confer its exercise, subject to the right of redemption, on a central joint-stock bank administered with the assistance and under the control of the Confederation.

The principal function of the bank holding the bank-note monopoly is to regulate the money market in Switzerland, to facilitate payments and to pursue credit and monetary policies that serve the general interests of the country.

At least two thirds of the net profits of the bank, after payment of interest or reasonable dividend on the endowment or share capital and deductions of payments to the reserve funds, shall go to the cantons.

The bank and its branches shall be exempt from all cantonal taxation.

The Confederation may not suspend the obligation to redeem bank notes and any other fiduciary money nor decree their compulsory acceptance except in time of war or of disturbance of the monetary situation.

The bank notes issued must be covered by gold and by short-term credits.

This Article shall be implemented by means of Federal legislation.

¹ As amended in 1951.

The Banking Law, 1934¹**SUMMARY**

The Federal Law on Banks and Savings Banks was promulgated on November 8, 1934 and entered into force on March 1, 1935.² It comprises 56 articles, arranged in 15 parts, as follows: Part I,

¹ The official German title of the Law is *Bundesgesetz über die Banken und Sparkassen*; there are also official French and Italian versions. For text and detailed comments on the Law, see Robert Reimann, *Kommentar zum Bundesgesetz über die Banken und Sparkassen vom 8. November 1934 . . .* (Zürich, 1963). Arts. 7-10 are published below, pp. 733-734. In those Articles, and in the summary presented here, the word Part corresponds to the German word *Abschnitt* and the word Article (Art.) to the German word *Artikel* or its abbreviation (Art.).

² By virtue of a Resolution of the Federal Council of February 26, 1935, adopted pursuant to Art. 56 of the Law.