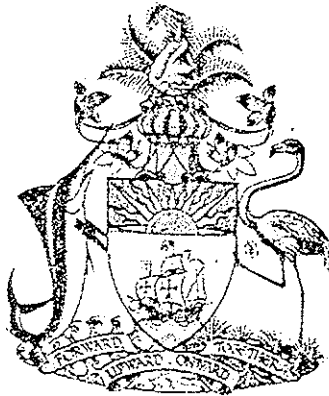


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An Act to provide for the establishment of a Central Bank; to repeal The Bahamas Monetary Authority Act, 1968; and for connected purposes.

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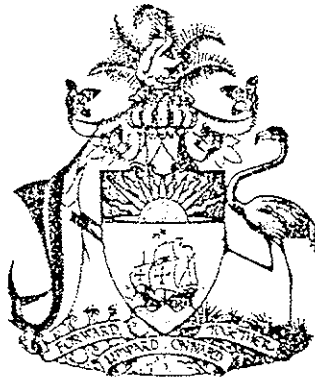
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FIRST SCHEDULE

SECOND SCHEDULE



No. 3 of 1974

An Act to provide for the establishment of a Central Bank; to repeal The Bahamas Monetary Authority Act, 1968; and for connected purposes.

(Assented to 2nd. April, 1974)

BE it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of the Commonwealth of The Bahamas, and by the authority of the same, as follows:—

PART I

Preliminary

1.—(1) This Act may be cited as The Central Bank of The Bahamas Act, 1974, and, subject to subsection (2), the provisions thereof shall come into operation on such date or dates as the Governor-General may by notice published in the *Gazette* appoint for those provisions or any of them, and different dates may be so appointed for different purposes of those provisions.

Short title and commencement.

(2) This section, section 2 and section 41 shall come into operation on the passing of this Act.

2.—(1) In this Act unless the context otherwise requires— Interpretation.

“Authority” means the Bahamas Monetary Authority established by The Bahamas Monetary Authority Act, 1968; No. 27 of 1968.

“Bank” means the Central Bank of The Bahamas established by section 3;

“bank” means a financial institution lawfully carrying on banking business including the accepting of deposits of money withdrawable by cheque;

"banking business" means the business of accepting deposits of money which may be withdrawn or repaid on demand or after a fixed period or after notice, and employing those deposits in whole or in part by lending or otherwise investing them for the account and at the risk of the person accepting them; and "banker" shall be construed accordingly;

"Board" means the Board of Directors of the Bank provided for by subsection (4) of section 3;

"coins" means coins of the currency of The Bahamas;

"commercial bank" means a bank licensed to carry on business in The Bahamas;

"company" means a company incorporated under any law in force whether in The Bahamas or elsewhere;

"director" means a member of the Board;

"financial institution" means an institution carrying on banking business;

"Financial Secretary" means the Financial Secretary of The Bahamas;

"Government" means the Government of The Bahamas;

"Minister" means the Minister of Finance;

"notes" means notes of the currency of The Bahamas;

"public corporation" means a body corporate established directly by statute for public purposes;

"securities" means shares, stocks, bonds, debentures or debenture stock;

"trust business" means the business of acting as trustee or executor and administrator;

"trust company" means a company carrying on trust business;

"year" means financial year of the Bank.

(2) Unless the contrary intention appears, references in this Act to a section are references to a section of this Act, and references in a section to a subsection are references to a subsection of that section.

PART II

Establishment and Functions of the Bank

The Central
Bank of The
Bahamas.

3.—(1) There shall be a bank, to be called "the Central Bank of The Bahamas" (in this Act referred to as "the Bank"), having the functions assigned to it by the following provisions of this Act.

(2) The Bank shall be a body corporate having perpetual succession and a common seal and, subject to the provisions of this

Act, with power to acquire, hold and dispose of movable and immovable property of whatever kind and to enter into contracts and to do all things necessary for the purpose of its functions.

(3) The Bank may sue and be sued in its corporate name and may for all purposes be described by that name.

(4) There shall be a Board of Directors of the Bank, who, subject to the provisions of this Act, shall be responsible for the policy of the Bank and shall manage its affairs and business.

(5) The provisions of the First Schedule shall have effect as to the Board of Directors and otherwise in relation to the Bank. First Schedule.

4. The Bank shall have its principal place of business in the City of Nassau, and may in The Bahamas or elsewhere — Places of business, etc.

(a) establish and maintain such branch offices; and

(b) appoint such agents and correspondents,

as the Bank thinks fit.

5.—(1) It shall be the duty of the Bank, subject to the provisions of this Act— The Bank's functions.

(a) to promote and maintain monetary stability and credit and balance of payments conditions conducive to the orderly development of the economy;

(b) in collaboration with the financial institutions, to promote and maintain adequate banking services and high standards of conduct and management therein;

(c) to advise the Minister on any matter of a financial or monetary nature referred by him to the Bank for its advice.

(2) The Bank shall, subject as aforesaid, have power to do anything, whether in The Bahamas or elsewhere, which is calculated to facilitate, or is incidental or conducive to, the discharge of its duty under subsection (1).

PART III

Capital and Reserves

6.—(1) The authorised capital of the Bank shall be three million dollars. Capital of the Bank.

(2) Upon the establishment of the Bank there shall be transferred to the Bank from the Authority, in accordance with subsection (1) of section 40, the capital of the Authority as part of the capital of the Bank.

(3) Any capital required to make up the authorised capital of the Bank after taking into account the transfer provided for by subsection (2) shall be paid from the Consolidated Fund at such times and in such amounts as the Board, with the approval of the Minister, may determine.

General
Reserve.

7.—(1) The Bank shall establish and maintain a General Reserve, to which, subject to the provisions of this section, at the end of each year the net profit of the Bank shall be credited (after the making of such deductions and allowances for other reserves and contingencies as the Bank may think fit) or the net loss incurred by the Bank debited, as the case may require.

(2) Whenever at the end of any year the amount in the General Reserve exceeds—

- (a) twice the authorised capital of the Bank; or
- (b) fifteen *per centum* of the demand liabilities of the Bank,

whichever is greater, then the amount of any such excess shall be paid over to the Consolidated Fund, unless the Minister otherwise determines.

PART IV

Currency

Currency of The
Bahamas.

8.—(1) The currency of The Bahamas shall be the notes and coins issued by the Bank under the provisions of this Act.

(2) The unit of the said currency shall be the dollar, which shall be divided into one hundred cents.

Parity of the
dollar.

9. The parity of the dollar shall be equivalent to 0.736662 grams of fine gold, so, however, that the Minister may, after consultation with the Bank, by order alter the said parity whether in terms of gold or any other standard.

Contracts, etc.,
deemed to be in
Bahamian
currency.

10. Every contract, sale, payment, bill, note or security for money and every transaction, dealing, proceeding, matter or thing whatever relating to money or involving the payment of, or the liability to pay, money shall be deemed to be made, executed or entered into in or in relation to the currency of The Bahamas unless it is expressly made, executed or entered into in or in relation to the currency of some other country.

Sole right of
Bank to issue
notes and coins.

11.—(1) The Bank shall have the sole right and authority to issue notes and coins throughout The Bahamas.

(2) No person other than the Bank shall issue in The Bahamas notes or coins or any documents or tokens having the appearance of notes or coins.

(3) Any person who contravenes the provisions of subsection (2) shall be guilty of an offence against this Act and shall be liable on conviction thereof to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding twelve months.

12. The Bank shall from time to time as circumstances may require— Issue, etc., of notes and coins.

- (a) arrange for the printing of notes and the minting of coins; and
- (b) issue, re-issue and redeem notes and coins.

13. The Minister may, after consultation with the Bank, by order prescribe — Denominations and form of notes and coins.

- (a) the denominations (being multiples or fractions of a dollar), forms and designs of the notes and coins; and
- (b) the standard weight and composition of such coins, and the amount of tolerance and the variation which shall be allowed therein.

14.—(1) Subject to the provisions of this section — Legal tender.

- (a) notes issued by the Bank shall be legal tender in The Bahamas at their face value for the payment of any amount;
- (b) coins issued by the Bank shall be legal tender in The Bahamas at their face value up to an amount not exceeding one hundred dollars in the case of coins of a denomination of not less than one dollar, and up to an amount not exceeding five dollars in the case of coins of a lesser denomination.

(2) All notes and coins lawfully in circulation immediately before the commencement of this section shall be deemed for all purposes to be notes and coins issued by the Bank under this Act and to be legal tender until withdrawn from circulation under the provisions of subsection (3)..

(3) The Bank may, on giving not less than one month's notice in the *Gazette*, call in any notes or coins on payment of the face value thereof, and any such notes or coins shall, on the expiration of the notice, cease to be legal tender but, subject to the provisions of section 15, shall be redeemable by the Bank on demand:

(4) A coin which has been impaired, diminished in size or lightened otherwise than by fair wear and tear, or which has been defaced by stamping, engraving or piercing shall not be legal tender.

15. No person shall be entitled as of right to recover from the Bank the value of any lost, stolen, mutilated or imperfect note or Damaged currency, etc.

coin; but the Bank may in its discretion as an act of grace refund to any person the value of any mutilated or imperfect note or coin.

Exemption
from stamp
duty.

16. Notes and coins issued by the Bank shall be exempt from the payment of stamp duty.

PART V

Gold, Foreign Exchange, External Reserve, etc.

Power of Bank
in relation to
foreign ex-
change, etc.

17. Subject to the provisions of this Act, the Bank may—

- (a) buy and sell gold, foreign exchange, foreign bills of exchange and securities of foreign governments;
- (b) maintain deposits in any foreign financial institution and utilize any such deposit in such manner as the Bank may think expedient for the due performance of the functions of the Bank;
- (c) make arrangements with any foreign financial institution to borrow, on such terms and conditions as the Bank may think fit, any foreign currency.

External
reserve.

18.—(1) The Bank shall at all times maintain a reserve of external assets consisting of all or any of the following—

- (a) gold (whether coins or bullion);
- (b) notes and coins (other than gold coins);
- (c) balances payable on demand held with financial institutions or agents;
- (d) money at call;
- (e) bills in the nature of Treasury Bills maturing within one hundred and eighty-four days issued by any foreign government;
- (f) marketable securities issued or guaranteed by any foreign government;
- (g) any reserve asset deemed by the Board to be an internationally recognised reserve asset:

Provided that at no time shall any securities held by the Bank pursuant to paragraph (f) of this subsection which mature beyond five years constitute more than thirty *per centum* in value of the whole of the assets in the reserve of external assets.

(2) The value of the said reserve shall not at any time be less than fifty *per centum* of the value of the aggregate of the notes and coins in circulation and the demand liabilities of the Bank.

PART VI

Relations with the Commercial Banks

19.—(1) Subject to the provisions of this section, every commercial bank shall establish and maintain a reserve to be called "the Statutory Reserve" of not less than that percentage of the amount of its deposit liabilities in Bahamian dollars that is at any time fixed by the Bank under this section.

(2) The Bank may by order fix and from time to time vary the percentage required by subsection (1):

Provided that —

- (a) the percentage fixed as aforesaid shall not at any time be less than five nor more than twenty *per centum*;
- (b) different percentages may be so fixed for different classes of commercial banks;
- (c) any such order may require a proportion of the said reserve (which shall be specified in the order) to be lodged with the Bank; and
- (d) no such order shall be made increasing any percentage at the time in force by more than five *per centum* in any period of thirty days.

(3) If any commercial bank contravenes or fails to comply with any provision of an order made under this section it shall be guilty of an offence against this Act and liable —

- (a) in the case of a contravention of, or failure to comply with, a requirement under paragraph (c) of the proviso to subsection (2), to a fine not exceeding one thousand five hundred dollars; and
- (b) in the case of a deficiency in the reserve, to a fine not exceeding one tenth of one *per centum* of the amount of the deficiency,

for each day during which the contravention or failure to comply, or, as the case may be, the deficiency, occurred or continued.

20.—(1) Every commercial bank shall so conduct its business as to ensure, taking one month with another, that its liquid assets are on average not less than that percentage of the amount of its deposit liabilities in Bahamian dollars that is at any time fixed by the Bank under this section.

(2) The Bank may by order fix and from time to time vary the percentage required by subsection (1):

Provided that —

- (a) the percentage fixed as aforesaid shall not at any time be less than ten nor more than thirty *per centum*; and

- (b) different percentages may be so fixed for different classes of commercial banks; and
 - (c) no such order shall be made increasing any percentage at the time in force by more than five *per centum* in any period of thirty days.
- (3) In this section "liquid assets" means —
- (a) notes and coins;
 - (b) any cash balance held at the Bank;
 - (c) money at call and demand balances at any financial institution carrying on business in The Bahamas;
 - (d) Treasury Bills;
 - (e) stock of the Government;
 - (f) any instrument or security of a kind referred to in subparagraph (ii) of paragraph (f) of section 27;
 - (g) any freely convertible foreign currency;
 - (h) money at call and demand balances at any financial institution abroad being money at call or demand balances held in freely convertible foreign currency;
 - (i) any other asset designated for the purposes of this subsection by the Bank.
- (4) In subsection (3) —
- "freely convertible foreign currency" means any foreign currency which at the time in question is in the opinion of the Bank a currency that is freely negotiable and transferable in international exchange markets at exchange rate margins consistent with the Articles of Agreement of the International Monetary Fund;
- "money at call and demand balances at any financial institution" means money at call and demand balances held by any commercial bank at any financial institution less money at call and demand balances held at that bank by any financial institution."
- (5) If any commercial bank contravenes or fails to comply with any provision of an order made under this section it shall be guilty of an offence against this Act and shall be liable on conviction thereof to a fine not exceeding one thousand five hundred dollars for every day during which the offence continues.

Credit controls.

21.—(1) Subject to subsection (2), the Bank may by regulations prescribe—

- (a) the maximum amounts of loans or advances which commercial banks may have outstanding at any time or during such period or periods as may be specified in the regulations; and

- (b) the purposes for which, the maturities for which and the security on which loans or advances may or may not be made by commercial banks.
- (2) Any such regulations—
 - (a) may be made applicable to all the loans and advances of any specified commercial bank or to any specified class or classes of loans or advances of any specified class or classes of such banks.
 - (b) shall not have effect, so as to impose in respect of any loan or advance any limit or restriction that is more rigorous than applies to that loan or advance at the date of the coming into force of the regulations;
 - (c) shall fix a date for the coming into force of the regulations, which shall not be earlier than thirty days after the date of their publication in the *Gazette*.

22. The Bank may act as banker to any commercial bank in The Bahamas and as banker, agent or correspondent to any bank abroad.

Bank as banker
to commercial
banks.

23. The Bank may promote the establishment of a bank clearing system and provide facilities therefor.

Clearing house.

PART VII

Relations with the Government

24. The Bank may act as banker to the Government or any public corporation.

Bank as banker
to Government
etc

25. The Bank may act generally as agent for the Government on such terms and conditions as may be agreed between the Government and the Bank where the Bank can so act consistently with its functions under this Act and, in particular, the Bank may act as the agent of the Government in the management of the public debt.

Bank as agent
for the
Government.

26.—(1) Subject to the provisions of this section, the Bank may make temporary advances to the Government on such terms and conditions as may be agreed between the Minister and the Bank.

Advances to the
Government.

(2) Every such advance made by the Bank to the Government shall be repaid by the Government as soon as possible.

(3) The amount of any such advances by the Bank to the Government which may be outstanding at any one time shall not exceed ten *per centum* of the average ordinary revenue of the Government or ten *per centum* of the estimated ordinary revenue of the Government, whichever is the less.

(4) In subsection (3) —

“ordinary revenue” means all income or contributions of the Government revenue not being loans, capital grants or other receipts of a capital nature;

“average ordinary revenue” means the annual average of the ordinary revenue of the Government over the three years in which accounts have been laid before Parliament first before the year in which any question under the subsection is raised;

“estimated ordinary revenue” means the ordinary revenue, as estimated in the estimates of the Government as laid before Parliament, for that year.

PART VIII

General Powers of the Bank

Powers of the
Bank.

27. Subject to the provisions of this Act, the Bank may, in the discharge of its functions—

(a) open accounts for, accept deposits from, and collect money for or on account of, the Government or any commercial bank or any public corporation;

(b) buy, hold, sell, discount or re-discount —

(i) bills of exchange, promissory notes or other credit instruments maturing within one hundred and eighty days from the date of their acquisition by the Bank;

(ii) Treasury Bills;

(c) buy, hold and sell securities issued or guaranteed by the Government, being securities issued to the public and maturing within twenty years from the date of their acquisition by the Bank but so that the total amount of any such securities at any time held by the Bank which mature beyond five years after their date of issue (including any such securities held by the Bank as security for any loans or advances) shall not exceed twenty *per centum* of the demand liabilities of the Bank;

(d) for the purpose of promoting the development of a securities market, buy, hold and sell fixed term and fixed interest securities of any company, but so that the total amount of any such securities at any time held by the Bank (including any such securities held by the Bank as security for any loans or advances) shall not exceed five *per centum* of the total liabilities of the Bank;

- (e) with the approval of the Minister, buy, hold and sell securities of any public corporation or any company, being a public corporation or company established for the purpose of developing a securities market, or financing economic development, in The Bahamas;
- (f) make to any commercial bank or any public corporation, on such terms and conditions as may be determined by the Bank, loans or advances on the security of any of the following, that is to say --
 - (i) gold coins or gold bullion;
 - (ii) bills of exchange, promissory notes, other credit instruments, Treasury Bills or securities, being bills of exchange, promissory notes, credit instruments, Treasury Bills or securities of any kind mentioned in paragraph (b) or (c) of this section;
 - (iii) warehouse warrants or other documents to goods duly insured and secured by a letter of hypothecation from the owner; or
 - (iv) securities of any kind mentioned in paragraph (d) or (e) of this section;

Provided that, where any loan or advance is made on the security of any instrument mentioned in subparagraph (ii) of this paragraph --

- (aa) the loan or advance shall not extend beyond the maturity date of the instrument itself or ninety-three days, whichever is the longer; and
- (bb) the amount of any such loan or advance shall not exceed eighty-five *per centum* of the market value of the instrument at the date of its acquisition by the Bank; or
- (g) do any other banking business incidental to or consequential upon the functions of the Bank.

28. Except as expressly authorised by this Act, the Bank shall Prohibited activities.
not—

- (a) engage in trade or otherwise have a direct interest in any business undertaking, except such as the Bank may acquire in the course of the satisfaction of debts due to the Bank, but so that it shall be the duty of the Bank to dispose as soon as may be of any such interest so acquired; or
- (b) grant unsecured loans or advances to any person; or
- (c) acquire any interest in real property except in so far as the Bank may consider necessary or expedient for the

provision, or the future provision, of premises for the conduct of its business or for any purpose (including use of, or residence in, any such premises by directors, officers or servants of the Bank incidental to the performance of its functions.

PART IX

Accounts and Statements and Audit

Financial year. 29. The financial year of the Bank shall end on the thirty-first day of December.

Publication of Accounts and report annually. 30.—(1) The Bank shall, within four months after the end of each financial year, cause to be made and transmit to the Minister—

- (a) a report of the operations of the Bank during that year; and
- (b) a statement of the accounts of the Bank in respect of that year certified by the auditors appointed under subsection (1) of section 32.

(2) The Bank —

- (a) shall, in the preparation of the said accounts, exclude from its calculations any profit or loss arising from any revaluation of any assets or liabilities of the Bank occasioned by any change in the value of the currency of The Bahamas or any foreign currency;
- (b) shall credit or debit, as the case may require, any such profit or loss to an account (to be established and maintained by the Bank and called "the Exchange Equalisation Account"); and
- (c) may from time to time transfer to the General Reserve provided for by section 7 any balance at any time in the said Account, or any part thereof, as the Bank thinks fit.

(3) The Minister shall as soon as possible after their receipt —

- (a) cause a copy of the said report and statement of accounts to be laid before each House of Parliament; and
- (b) cause a copy of the said statement of accounts to be published in the *Gazette*.

Publication of statements monthly.

31. The Bank shall on or before the end of every month prepare and transmit to the Minister and publish in the *Gazette* a statement of the assets and liabilities of the Bank as at the last working day of the preceding month.

32.—(1) The accounts of the Bank shall be audited annually by Audit auditors appointed by the Board with the approval of the Minister.

(2) Without prejudice to the provisions of subsection (1), the Minister may at any time require the Auditor-General to examine and report on the accounts of the Bank as a whole or any aspect of the operations of the Bank, and the Bank shall provide the Auditor-General with all necessary and proper facilities for such an examination.

PART X

Miscellaneous

33.—(1) The Bank may require any financial institution or trust company, or any director, officer or servant of such an institution or company, to supply to the Bank in such form and within such time as the Bank may determine such information as the Bank considers necessary to enable the Bank to carry out its functions under this Act: Information may be required from financial institutions.

Provided that information regarding any deposit made by any individual customer with any such institution or company may not be required by the Bank by virtue of the provisions of this section.

(2) Any person who fails to comply with any requirement lawfully made by the Bank under subsection (1) shall be guilty of an offence against this Act and shall be liable on conviction thereof to a fine not exceeding one thousand five hundred dollars for every day during which the offence continues.

34. Any person who supplies or is concerned in supplying to the Minister or the Bank or any other person any statement, account, report or other information pursuant to this Act or any purpose for which any such statement, account, report or information is lawfully required thereunder, knowing the same to be false in a material particular, shall be guilty of an offence against this Act and shall be liable on conviction thereof to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding two years. Supplying false statement.

35.—(1) Every director, officer or servant of the Bank shall preserve and aid in preserving secrecy with regard to any matter relating to the affairs of any financial institution or trust company, or of any customer of any such institution or company, coming to his knowledge in the course of the performance of his duties as such a director, officer or servant. Secrecy.

(2) No director, officer or servant of the Bank shall be required to produce in any court any book or document in his custody as such

a director, officer or servant or to divulge or communicate to any court any matter mentioned in subsection (1) except on the direction of the court.

(3) Any director, officer, or servant of the Bank who divulges any such matter as aforesaid to any person other than a person to whom he is authorised by the Bank or a court to divulge it, or who allows access to any book or document relating to the affairs of any financial institution or trust company, or of any customer of any such institution or company, by any person not authorised by the Bank or a court for the purpose shall be guilty of an offence against this Act and shall be liable on conviction thereof to a fine not exceeding two thousand five hundred dollars or to imprisonment for a term not exceeding two years.

Offences.

36. Every offence against this Act shall be tried summarily.

Offences by
corporations.

37. Where an offence under this Act which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity he, as well as the body corporate, shall be guilty of that offence and be liable to be proceeded against accordingly.

Exemption
from real
property tax.
No. 23 of 1969.

38. The Bank shall be exempt from tax under The Real Property Tax Act, 1969.

PART XI

Repeal, transitional, etc.

Repeal
No. 27 of 1968.

39. The Bahamas Monetary Authority Act, 1968, is hereby repealed, but so that the proviso to subsection (1) of section 38 of that Act shall continue to have effect on and after the commencement of this section as if that subsection had not been repealed.

Transitional
and saving.

40.—(1) On the date of commencement of this section the property, rights and liabilities which immediately before that date were property, rights and liabilities of the Authority shall, by virtue of this section, vest in the Bank; and on or after that date any legal proceedings in respect of any such property rights or liabilities as aforesaid may be commenced or continued by or against the Bank as they could have been commenced or continued by or against the Authority if this Act had not been passed.

(2) The Minister may by order, made at any time within six months after the aforesaid date, make provision for any matter for which it appears to him requisite or expedient to do so in connexion with, or in consequence of, the vesting by virtue of this section of property, rights or liabilities falling within subsection (1).

41. On and after the passing of this Act the Minister shall have power, if it appears to him necessary or expedient to do so in connexion with the establishment of the Bank, to do any act or thing, or incur any expense, which the Bank could have done or incurred by virtue of any provision of this Act if that provision (hereafter in this section referred to as "the relevant provision") had then been in force: and any act or thing done by the Minister under this section shall on and after the commencement of the relevant provision have the same force and validity as if it had been done by the Bank and any expense so incurred shall be deemed to have been incurred by the Bank, notwithstanding that the relevant provision was not at the time in force.

Minister may take preliminary action for the Bank

42. The enactments specified in the first column of the Second Schedule shall have effect subject to the amendments specified in the second column of that Schedule being amendments consequential upon the provisions of this Act.

Consequential amendments Second Schedule

FIRST SCHEDULE

(Section 3(5))

THE BANK

The Board of Directors

1. The Board of Directors shall consist of —

The Board of Directors.

- (a) the following persons, to be appointed by the Governor-General, that is to say, a Governor, a Deputy-Governor and four other directors, being persons appearing to the Governor-General to have wide experience in, and to have shown capacity in, financial or commercial matters, industry, law or administration; and

(b) the Financial Secretary *ex officio*,

and paragraphs 2 to 10 (inclusive) of this Schedule shall have effect in relation to the Board, but subject, in the case of the Financial Secretary, to the special provisions of paragraph 11 thereof.

2.—(1) Each director shall, subject to the provisions of this paragraph, hold and vacate his office in accordance with the terms of his appointment and shall, on ceasing to hold office, be eligible for re-appointment.

Tenure of office.

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

(3) A director other than the Governor or the Deputy Governor shall not be appointed or re-appointed for a period exceeding four years.

Disqualifi-
cations.

3.—(1) The Governor and the Deputy Governor shall not while holding office as such hold any other office or employment, whether remunerated or not, without the prior approval of the Governor-General.

(2) Subject to sub-paragraph (1) of this paragraph, a person may not be appointed or remain a director who—

- (a) is a member of either House of Parliament; or
- (b) is a public officer; or
- (c) is a director, officer or servant of, or is a shareholder of, or has a controlling interest in, any financial institution.

Temporary
appointments.

4. The Governor-General may appoint any person eligible to be appointed a director to act temporarily in the place of any director who is absent or unable to act.

Resignations.

5. Any director may at any time by notice in writing to the Governor-General resign his office.

Dismissal.

6. If the Governor-General is satisfied that a director—

- (a) has been absent from meetings longer than three consecutive months without the permission of the Board; or
- (b) has become bankrupt or made arrangements with his creditors; or
- (c) is incapacitated by physical or mental illness; or
- (d) is otherwise unable or unfit to discharge the functions of a director,

the Governor-General may declare his office as a director to be vacant and shall notify the fact in such manner as the Governor-General thinks fit, and thereupon that office shall become vacant.

Publication of
membership.

7. The names of all the directors and every change therein shall be published in the *Gazette*.

Remuneration.

8. The Bank shall pay to the directors such remuneration (if any), whether by way of salary, honorarium or fees, as the Governor-General may determine and, if a person ceases to be a director and it appears to the Governor-General that there are special circumstances which make it right that that person should receive compensation, the Governor-General may require the Bank to pay to that person a sum of such amount as the Governor-General may determine.

Governor and
Deputy
Governor.

9.—(1) The Governor shall, subject to the powers of the Board as set forth in subsection (4) of section 3, be the chief executive of the

Bank and have charge of the day-to-day management and operation of the Bank.

(2) The Deputy Governor shall perform such functions in relation to the Bank as are assigned to him by the Governor and, in the event of the inability to act of, or a vacancy in the office of, Governor, the Deputy Governor shall have and may exercise the functions of the Governor.

10.—(1) The Board shall meet as often as may be required for the due performance of its functions, and in any case at least once in every month. Procedure and meetings.

(2) A meeting of the Board —

- (a) may be convened by the Governor or, in his absence, the Deputy Governor;
- (b) shall be convened on the written requisition of two directors or the Financial Secretary, specifying the reasons for which the meeting is required.

(3) Meetings of the Board shall be presided over by the Governor or, in the event of his inability to act, by the Deputy Governor.

(4) Three directors (of whom one shall be either the Governor or the Deputy Governor) shall form a quorum at any meeting.

(5) A decision shall be adopted by a simple majority of the directors present and in the case of an equality of votes the person presiding at the meeting shall have and exercise a casting vote.

(6) A director who is directly or indirectly interested otherwise than as a director or in common with other directors in a contract or other transaction made or proposed to be made by the Bank shall disclose the nature of his interest at the first meeting of the Board at which he is present after the relevant facts have come to his knowledge; and any such disclosure shall be recorded in the minutes of the Board and, after the disclosure, that director shall not take any part in any deliberation or decision of the Board with respect to that contract or transaction.

(7) Minutes of each meeting of the Board shall be kept in such form as the Board may determine.

(8) No act or proceeding of the Board shall be invalidated merely by reason of any vacancy in the Board or of any defect in the appointment of a director.

(9) No action, suit, prosecution or other proceeding shall be brought or instituted personally against any director in respect of

any act done *bona fide* in pursuance or execution or intended execution of this Act.

(10) Where any director is exempt from liability by reason only of the provisions of sub-paragraph (9) of this paragraph the Bank shall be liable to the extent that it would be if that member were an employee or agent of the Bank.

Special provisions regarding the Financial Secretary.

11. The following provisions of this Schedule shall not apply to or in relation to the Financial Secretary, that is to say, sub-paragraphs (1) and (3) of paragraph 2; sub-paragraph 2(b) of paragraph 3; paragraph 4; paragraph 5; paragraph 6.

Staff

Power to employ staff.

12.—(1) Subject to sub-paragraph (2) of this paragraph, the Bank may appoint and employ at such remuneration and on such terms and conditions as it thinks fit such officers, servants and agents as the Board considers necessary for the due discharge of the functions of the Bank.

(2) An annual salary exceeding twelve thousand dollars shall not be assigned to any post, nor shall an appointment be made to any post to which such a salary is assigned, without the Minister's prior approval.

Pensions and gratuities for staff.

13. The Bank shall have power—

- (a) to pay to or in respect of officers or servants of the Bank such pensions or gratuities; or
- (b) to make such payments towards the provision for them of pensions or gratuities; or
- (c) to maintain for them such pension schemes (whether contributory or not),

as the Bank may determine.

Authentication of documents

14.—(1) The seal of the Bank shall be kept under the control of the Governor or the Deputy Governor, and the affixing thereof shall be authenticated by the signature of the Governor or the Deputy Governor and one other director authorised by the Board to act in that behalf.

(2) Any document purporting to be a document duly executed under the seal of the Bank shall be received in evidence and shall, unless the contrary is proved, be deemed to be a document so executed.

SECOND SCHEDULE (Section 42)
CONSEQUENTIAL AMENDMENTS

<i>First Column</i> <i>Enactment</i>	<i>Second Column</i> <i>Amendment</i>
The Interpretation Act (Ch. 1).	<p>Insert immediately after section 11 the following as section 11A—</p> <p>References to pounds shillings and pence -11A.—(1) In any Act or other instrument having the force of law in The Bahamas a reference to pounds, shillings and pence or fractions of a penny shall be construed as a reference to the equivalent sum in the currency of The Bahamas, and for the purposes of this subsection seven shillings shall be deemed to be equivalent to one dollar.</p> <p>(2) Where any conversion into currency of The Bahamas under the provisions of this section would result in a fraction of a cent, then—</p> <p>(a) if that fraction amounts to half a cent or more, it shall be regarded as one cent; and</p> <p>(b) if that fraction amounts to less than half a cent, it shall be ignored.”.</p>
The Tariff Act (Ch. 267)	In the Fourth Schedule, delete from paragraph (a) of item 13 the word “Bank” and substitute the word “Currency”.
The Emergency Tax Act (Ch. 270).	In the Schedule, delete from paragraph (a) of item 15 the word “Bank” and substitute the word “Currency”.