

# Central Bank Of LIBYA

## LAW NO. ( 1 ) OF 1993 CONCERNING THE BANKING, CURRENCY AND CREDIT

### THE CENTRAL BANK ESTABLISHMENT AND MANAGEMENT

#### Article 1

A Central Bank to be called "The Central Bank of Libya" is hereby established. It shall be a body corporate and have an independent financial entity and shall adopt a special seal incorporating the emblem of the State. In this part the word "Bank" refers to the Central Bank of Libya.

#### Article 2

The authorized capital of the Bank shall be one hundred million Dinars which may be increased by decision of the General People's Committee on the proposal of the bank, Subscription to this capital shall be restricted to the State.

#### Article 3

The Head Office of the Bank shall be in Tripoli. It may however by decision of the Board of Directors of the Bank and approval of the Secretary concerned establish branches or appoint agents and correspondents elsewhere within or outside the Great Socialist People's Libyan Arab Jamahiriya.

In the application of this Law, the Secretary concerned shall denote the Secretary of the General People's Committee for financial affairs.

#### Article 4

The Bank shall have a Board of Directors set up as follows:

The Governor. Chairman

The Deputy Governor. Vice Chairman

The Under-Secretary of the Secretariat  
for Planning, Trade & Finance.

Five persons highly qualified in Law or in  
financial, economic or banking matters.

Provided that the Governor, Deputy Governor and other  
members shall:

1. Be nationals of the Great Socialist People's Libyan Arab Jamahiriya.
2. Have no family relationship up to the fourth degree with any other member.
3. Not be deprived of civil or political rights.
4. Have no cogent interest in any banking or financial institution.

#### Article 5

The Board of Directors of the Bank shall conduct its affairs and exercise the powers vested therein under this law and within the general policy of the State.

The Board shall draw up internal regulations in relation to its operations, financial and administrative affairs, staff organization and such other regulations

**as may be necessary to achieve the objectives provided for in this law.**

**Such regulations shall be issued by decision of the General Peoples Committee upon the proposal of the Secretary concerned.**

**The Board of Directors may delegate some of its powers to one or more Committees from its members.**

## **Article 6**

**The Governor and Deputy Governor shall be appointed by decision of the General Peoples Congress for five years and may be re-appointed.**

**Other members of the Board shall be appointed by decision of the General Peoples Committee for a period of three years upon the proposal of the Secretary concerned after consultation with the Governor and may be re-appointed.**

## **Article 7**

**The Governor or in his absence the Deputy Governor is the Chief Executive of the Bank who carries out the general administration and conducts other ordinary affairs of the Bank under the supervision of the Board of Directors and is alone competent to:**

- 1. Summon meetings of the Board, take the chair at such meetings and execute the decisions made by the Board.**
- 2. Manage, supervise and control the operations of the Bank.**
- 3. Make investments and rechannel such investments.**
- 4. Sign singly on behalf of the Bank.**
- 5. Represent the Bank in its relations with public bodies , courts and others.**

**6. Exercise all other powers vested in him under this Law and by any regulations issued thereunder.**

## **Article 8**

**The Governor or in his absence the Deputy Governor shall convene the meetings of the Board to be held in the Bank premises at least once a month. Such meetings may also be held at the request of the Secretary concerned or at the request of four members of the Board.**

**A quorum shall consist of more than one half the number of the Members including the Governor or his Deputy. Decisions of the Board shall be adopted by an absolute majority of the votes of the members present. In the event of an equality of votes the Chairman shall have a casting vote.**

**The Board may invite experts or any of the Bank's employees to attend its meetings without their having the right to vote.**

**The Board may hold meetings outside the Bank premises provided such meetings are held within the Great Socialist People's Libyan Arab Jamahiriya.**

## **Article 9**

**The Governor and his Deputy shall be paid such emoluments as are prescribed by the General Peoples Congress; other members shall be paid such remunerations as are prescribed by the General Peoples Committee; such payments may not be reduced during a member's term of office nor may take wholly or in part the form of commission or be computed by reference to the profits of the Bank.**

## **Article 10**

**All members of the Board shall declare to the Secretariat of Planning, Trade and Finance and to the Bank within a period of fifteen days from the date of their appointment any stocks or shares they may hold in companies, institutions or other concerns and shall likewise declare any changes in such holdings.**

**No member of the Board may obtain any credit facilities from the Bank during his membership.**

## **Article 11**

**Any member of the Board shall cease to be a member of the Board if he:**

- 1. Becomes bankrupt, suspends payment or compounds with his creditors.**
- 2. Is convicted of any offence involving honesty or moral turpitude.**
- 3. Becomes a manager or a member of the Board of Management of any other Banking concern or institution or takes up any other post therein or if he becomes a shareholder therein.**

**A member of the Board may by decision of the General Peoples Committee be relieved of his duties before the expiry of his term if he is incapacitated through illness or otherwise from carrying out the duties of a member for four successive months.**

## **Article 12**

**In the event of a post of a member becoming vacant for any reason whatsoever before the expiry of the term for which he was appointed, another**

member shall be appointed for the unexpired period of the term.

## **OBJECTIVES AND FUNCTIONS OF THE BAN**

### **Article 13**

**The Bank shall undertake the following:**

- 1. Regulate and issue the Libyan Currency.**
- 2. Maintain the stability the Libyan currency within Libya and abroad.**
- 3. Manage the State's reserve of gold and foreign currency.**
- 4. Regulate credit and banking policy and supervise the implementation thereof within the framework of the general policy of the state with a view to promote the national economy and achieve the development objectives. To accomplish these objectives the Bank may:**
  - (a) Influence the direction of credit with regard to quantity, quality, duration and cost in such a manner as would ensure that the actual requirements of production and services in the economic activities are met.**
  - (b) Take appropriate measures to deal with economic of financial disorders whether local or international.**
  - (c) Supervise banking institutions to ensure their sound financial position, their good performance and safeguard the rights of their customers.**

### **Article 14**

**In carrying out its activities the Bank may:**

1. Purchase, sell, import and export gold coins and bullion and deal therein in any manner whatsoever.
2. Purchase and sell foreign currencies.
3. Rediscount inland bills of exchange and promissory notes arising out of bona fide commercial transactions, bearing two or more good signatures and maturing within six months.
4. Purchase and sell securities and bills issued or guaranteed by the public Treasury and maturing within fifteen years.
5. Purchase and sell securities and bills maturing within fifteen years issued or guaranteed by foreign Governments or by international or regional financial institutions of which The Great Socialist People's Libyan Arab Jamahiriya is a member

## **Article 15**

The Bank may undertake credit operations with banks which are subject to the provisions of this Law, in accordance with such terms and conditions as laid down by the Board of the Bank. The Board shall determine the discount, rediscount and interest rates according to the nature, terms and need of these operations and as the general monetary and credit policy may require. These rates shall be made public in such manner as the Board may specify.

## **Article 16**

In case of financial or any other economic disorder affecting the stability of credit or requiring measures to encounter the essential needs of the financial market the Bank may, after the approval of the General Peoples Committee, grant exceptional loans to banks secured by such assets and under such conditions as

may be specified by the Board,

## **Article 17**

The Bank shall undertake the Exchange Control affairs and supervise the transfer of currency operations within and outside The Great Socialist People's Libyan Arab Jamahiriya in accordance with PART III hereof.

## **Article 18**

The Bank shall be the banker for the State and shall undertake banking operations for public administrative units and other public bodies and institutions and they shall deposit their funds therewith.

The Bank may accept deposits from fully State-owned companies and render banking services thereto.

No interest shall be paid by the Bank on credit balances in the accounts of the public administrative units; nor shall charge them for any banking services rendered thereto.

The Bank may entrust commercial banks with accepting and maintaining funds from some public institutions and bodies and render banking services thereto within the limits and under such conditions as laid down by the Board and approved by the Secretary concerned.

## **Article 19**

The State shall entrust the Bank with the issue and management of All State loans and the Bank shall service and redeem such loans. The Bank shall give its advice prior to the conclusion of any loans and may proffer its advice on economic and financial policies.



## **Article 20**

**The Bank may extend temporary advances to the Public Treasury to cover any temporary deficit in budget revenue; such advances shall not exceed one sixth of the estimated total budget revenue and shall be repaid by the end of the State's fiscal year in which the advances were made.**

**No advance may be made to the Public Treasury in any fiscal year unless all advances made in the preceding financial year have been repaid.**

**The terms under which such advances may be made shall be agreed between the Public Treasury and the Bank according to the monetary and credit conditions prevailing at the time.**

## **Article 21**

**The State may entrust the Bank with the functions and duties arising from its membership in international financial institutions and participate in representing the State in contacts, negotiations and transactions with foreign governments and international institutions in connection with monetary, financial, economic and commercial matters.**

## **Article 22**

**The Bank may purchase or take on lease such immovables or movables as may be necessary for its offices, warehouses or housing its employees. It may not take ownership of any other real estate or movables save where a transfer of ownership has been made in settlement of a debt provided that such real estate and movables be sold within one year from the date of transfer in the case of movables and five years in the case of real estate unless the Secretary concerned decides to extend this period.**

## **CURRENCY ISSUE**

### **Article 23**

**The Bank shall have the sole right to issue currency throughout the Great Socialist People's Libyan Arab Jamahiriya. In implementing this article currency means banknotes and coins.**

### **Article 24**

**The standard unit of currency in the Great Socialist People's Libyan Arab Jamahiriya is the Dinar. The Dinar is divided into one thousand dirhams.**

### **Article 25**

**The par value of the Libyan Dinar is equal to 2.8 units of Special Drawing Rights.**

**The Bank may fix the exchange rate of foreign currencies as international or local economic or financial developments may require to safeguard the interests of the national economy.**

### **Article 26**

- 1. Banknotes issued by the Bank shall be of the following denominations: Ten Dinars, Five Dinars, One Dinar and One half Dinar.**
- 2. Coins issued by the Bank shall be of the following denominations: One half Dinar, Quarter Dinar, One hundred dirhams, Fifty dirhams, Twenty dirhams, Ten dirhams, Five Dirhams and One dirham.**
- 3. The Bank may, with the approval of the Secretary concerned, issue bank notes and coins of**

other denominations.

4. The Board of Directors of the Bank shall with the approval of the Secretary concerned specify the paper and metal from which the currency is to be made as well as its form, size, weight, design, colour and other specifications

5. Bank notes shall bear the signature of the Governor of the Bank.

## Article 27

Bank notes issued by the Bank shall be legal tender for the payment of any amount; Coins issued by the Bank shall be legal tender for payment up to Twenty five Libyan Dinars but they shall however be accepted by all public treasuries and banks in the Great Socialist People's Libyan Arab Jamahiriya in unlimited amounts.

## Article 28

The Board of Directors of the Bank may with the approval of the Secretary concerned, withdraw from circulation any notes or coins issued and may demonetize any denomination thereof on payment of their face value. In the latter case a notice shall be published in the Official Gazette at least two months prior to the date of abolition. Currency demonetized as well as that withdrawn from circulation to be replaced by new currency shall, if not in a condition suitable for re-issue, be cancelled and destroyed according to such procedures as the Board may prescribe.

## Article 29

The Bank shall not be bound to pay the value of any notes or coins lost, burnt, impaired, mutilated or diminished except when the diminution of coins results from normal circulation.

**The Board may specify the cases, terms and conditions under which the value of the impaired, mutilated or imperfect notes is to be paid.**

## **Article 30**

**Notes and coins in circulation shall at all times be covered by the following assets:**

- 1. Gold bullion and/or gold coins or convertible foreign currencies or special drawing rights (SDRs) provided that the overall total will not be less than twenty five percent of the total assets of the Issue Department.**
- 2. Securities and Treasury Bills issued by the Public Treasury of the Great Socialist People's Libyan Arab Jamahiriya maturing within fifteen years at most provided that such securities do not exceed twentyfive percent of the total assets of the Issue Department**
- 3. Treasury Bills issued by foreign governments whose currencies may be held under Para (1) of this Article.**
- 4. Securities issued or guaranteed by international or regional financial institutions in which G.S.P.L.A.J is a member and maturing within five years at most, provided that the value of such securities does not exceed fifty percent of the total assets of the Issue Department. Within this ratio the Board of Directors of the Bank may hold foreign securities maturing within fifteen years at most, provided the value of such securities does not exceed ten percent of the total assets of the Issue Department**

## **Article 31**

**A department for issuing banknotes and coins shall be established in the Bank. The accounts and transactions of this department shall be kept separate and distinct from other accounts and transactions of the Bank. All expenses arising out of preparing, issuing, withdrawing and destroying banknotes and**

coins shall be charged against the assets of this department.

### **Article 32**

The Issue Department may not issue banknotes or coins to other departments of the Bank or to any other person except against payment of an equal amount in Libyan currency or against such assets as are permitted to form part of the assets of the Issue Department and in accordance with such terms and conditions as the Board of Directors of the Bank shall prescribe.

### **Article 33**

At the end of each financial year of the Bank any profits arising from the issue of currency shall, after deducting all expenses approved by the auditors and after providing sufficient reserves specified by the Board to cover depreciation of the assets, shall be distributed at the rate of eighty percent to the Public Treasury and twenty percent to the Bank.

### **CONTROL OF COMMERCIAL BANKS.**

### **Article 34**

The Board may as the credit situation requires, lay down general rules for the control and supervision of commercial banks subject to this law regulate the following:-

1. Methods used in assessing the various assets of banks.
2. Fixing of the proportion and kind of liquid funds which must be maintained by banks.
3. Determining the channels which banks are prohibited to invest their funds.

- 4. Fixing reserves to be made available against such assets as may be subject to great fluctuations in value.**
5. Fixing the proportions of advances in relation of the value of security and determining the kind of such security.
- 6. Fixing bank charges collected from or paid to customers in any manner whatsoever.**
- 7. Determining maximum interest rates on all creditor and debtor accounts and arrear charges.**
8. Determining the margin allowed between the interest rate or rediscount rate fixed by the Bank and the discount rates charged by banks to their customers if the credit documents are eligible for rediscount or as collateral for a loan.
- 9. Fixing the percentage of each type of credit in relation to the total of these operations and determining the maximum amounts and durations of credit operations, investments or letters of credit in respect of all or some of the banks and with relation to all or some of these operations.**
- 10. Determining the minimum limit of cash margin for opening documentary credits and letters of guarantee in general or in respect of a specific kind thereof.**
- 11. Prescribing the statements to be published and the manner of such publication.**

## **Article 35**

**Without prejudice to para (7) of the preceding article the Board of Directors of the Bank may determine reduced interest rates on loans which the commercial banks are requested to make for selected projects, economic sectors or activities defined by the General Peoples Committee.**

**The Bank undertakes, if the liquidity needs of commercial banks so require, to rediscount such loans at not more than one percent below the rate fixed**

therefore.

## Article 36

Commercial banks shall maintain reserves with the Central Bank of Libya without interest against their deposit liabilities. The Board of Directors of the Bank shall specify the kind of these deposit liabilities and the percentage of reserves to each component of such deposits provided the percentage shall be within:

- a. From five percent to twenty percent on time and savings deposits and
- b. From ten percent to forty percent on demand deposits, unused loan balances and uncovered credit facilities.

Any upward change in the percentages within the above limits shall be made as gradual as possible and except in emergencies, banks shall be notified at least fifteen days prior to effecting such change,

Such reserves shall be made in Libyan Dinars unless the Board of Directors of the Bank allows some of these reserves to be in the form of other assets

## Article 37

The Board of Directors of the Bank may with the approval of the Secretary concerned, require banks at any time to deposit reserves against any kind of deposit liabilities, at a percentage exceeding the maximum limits fixed in the preceding article, provided the Bank shall pay interest on the reserves exceeding the limit specified above at a rate not higher than the discount rate prevailing at the date such deposit is made.

## Article 38

1) The reserves of each bank required under Articles 36 and 37 shall be computed every week on the basis of deposit liabilities at the close of business on such days of the week as the Bank shall determine.

In computing the required reserves a commercial bank and its branches should be considered as one unit.

2) In the event of a shortfall in a bank's reserve requirements it shall cover such deficiency immediately; otherwise the Board of Directors of the Bank may impose on such bank to pay interest on the amount of the shortfall at a rate not exceeding one thirtieth of one percent on such shortfall for each day from the date determined by the Board,

3) In case of a bank failing to cover the shortfall in its reserves for one month, the Board of Directors of the Bank may prohibit or restrict its continuation of credit operations and making new investments and may prohibit such bank from appropriating all its profits or a part thereof for payment of dividend to its shareholders.

## Article 39

The Bank shall collect and examine the returns submitted by commercial banks under this Law and shall prepare a summary statement thereof at the close of business at the end of each month which shall be published in the Official Gazette.

## Article 40

The Central Bank of Libya may at any time inspect the books, documents and accounts of the commercial banks in their premises. This shall be undertaken by such inspectors of the Bank as shall be delegated by the Governor.

Banks shall tender to such inspectors all statements and render any facilities necessary to carry out their duties. No inspector shall show or reveal to any



person any of the documents, papers or information pertaining to the inspection except where so permitted by law or where this is required in a judicial inquiry.

The Governor of the Bank shall inform the Secretary concerned of the results of the inspection together with his recommendations.

## Article 41

Where it is revealed to the Bank upon examination of the statements submitted thereto by any bank, that the assets of such bank do not cover its liabilities, the Governor of the Bank shall give a ten days notice to the bank in writing to cover the shortage; he may extend this notice for an aggregate period not exceeding thirty days if it is proved that the bank has actually started taking measures to cover the shortage.

If the notice expires and the shortage remains uncovered the Governor shall convene the General Assembly of that bank to take appropriate action; if the General Assembly does not convene on the date specified or is otherwise unable to take appropriate measures to rectify the position the Governor of the Bank shall then request the appropriate Court of First

Instance to appoint a judicial administrative committee to manage the bank concerned for a period not exceeding six months; should the Committee be unable to rectify the position of that bank its licence shall then be considered cancelled by force of law and receivers appointed by an order of the President of that Court at the request of the Governor.

## Article 42

The Bank shall prepare a consolidated statement of credit facilities granted by commercial banks to each customer without giving the names of such banks. To carry out this procedure, banks must submit statements required by the Bank concerning debtors receiving loans or credit facilities within the limits fixed by

**the Board of Directors of the Bank.**

**Any bank may request the Central Bank of Libya to supply it with a statement on the position of any customer applying thereto for credit facilities. This shall be in accordance with such terms and conditions as shall be specified by decision of the Board of Directors of the Bank.**

### **Article 43**

**The Bank shall provide the necessary facilities for clearing operations among commercial banks and lay down the necessary rules therefore.**

## **Accounts of the Bank**

### **Article 44**

**The financial year of the Bank shall begin and end on the same dates as the State's; these dates may be altered by decision of the Secretary concerned on the proposal of the Board of Directors of the Bank.**

### **Article 45**

**The Bank shall immediately after the fifteenth and last day of each month prepare and publish a statement of its assets and liabilities as at the close of business on those days or the preceding working day if either coincides with a holiday; a copy of this statement shall be forwarded to the Secretary concerned.**

### **Article 46**

**The accounts of the Bank shall be audited each year by Secretariat of the**

**General Popular Surveillance and Monitoring Committee; the Bank shall make available all books, papers and statements which the Committee deems necessary to carry out audit.**

#### **Article 47**

**The Bank shall within four months from the end of financial year prepare the following:**

- a) A profit and loss account together with a distribution statement and the balance sheet for the preceding year drawn up in accordance with observed banking accounting practice duly signed by the Governor of the Bank and the Secretary of the General Popular Surveillance and Monitoring Committee.**
- b) A report on the financial position and operations of the Bank during the preceding year, reviewing in particular the economic conditions and the monetary and banking situation in the country and abroad. After approval by the Board the profit and loss account, the balance sheet and report shall be forwarded within the period referred to above to the Secretary concerned. The statement of account shall be published in the Official Gazette.**

#### **Article 48**

**At the end of the financial year and after deduction of administrative expenses, Bank contributions to staff social security fund and the appropriation of adequate funds for bad and doubtful debts and depreciation of assets as well as other ordinary and contingent expenses usually paid by the Bank and after deduction of the Public Treasury's share in the operations of currency issue, the net profits shall be added to the general reserve fund of the Bank in the following manner:**

- 1) The whole of the net profits until the general reserve fund equals fifty percent**

of the authorized capital

- 2) Twenty five percent of the net profits if the general reserve fund has equaled fifty percent of the capital until it equals the capital.
- 3) Ten percent of the net profits when the general reserve equals the capital until it become twice the amount of capital.

Any balance of the net profits remaining thereafter shall devolve to the Public Treasury.

## Article 49

The Bank shall be exempt from all taxes and fees.

### COMMERCIAL BANKS

#### ESTABLISHMENT AND SUPERVISION

## Article 50

Any company shall be deemed to be a commercial bank if it regularly conducts the business of accepting deposits in current accounts payable on demand or time deposits, opening of credits, collecting cheques drawn or deposited by customers, making advances, granting credit facilities and other banking operations.

A bank, which conducts mainly the business of real estate, agricultural or industrial financing and which does not make the business of receiving demand deposits a basic part of its activities shall not be considered a commercial bank

**under this Article.**

**These financing banks may by decision of the Board of the Central Bank of Libya be permitted to extend to their customers some of the Commercial Banks activities.**

## **Article 51**

**Contribution in the financing of development plans, formation of companies or participation therein and in economic projects shall be among the principal functions of the commercial banks in accordance with the rules laid down herein.**

## **Article 52**

**No bank may carry out any banking business unless it has obtained a permit issued by the Secretary concerned on the proposal of the Governor of the Bank, in lieu of the licence required by Article (479) of the Commercial Code.**

**Before a permit is granted, it shall be observed that:**

- 1) The issue of a permit does not constitute a breach of the provisions of this law, the regulations made thereunder or any other law or regulation.**
- 2) The establishment of a bank is not inconsistent with the exigencies of public interests.**
- 3) The commercial name adopted is not identical or similar to that of another bank or institution to such an extent as would create ambiguity.**

**Any institution which is not permitted under this Law to exercise banking business shall not use the word "Bank" or its synonyms or any similar expression in any language whether for its private name, commercial title or advertisements.**

## **Article 53**

**Commercial banks shall take the form of Libyan joint stock companies with an underwritten capital of not less than three million dinars distributed in nominal shares not exceeding ten dinars each; subscription shall be open to Libyan individuals, juridical public and/or private entities of Libyan nationality in accordance with the terms and conditions laid down by decision of the General Peoples Committee on the proposal of the Secretary concerned after consultation with the Governor of the Central Bank of Libya provided that shares are tendered for public subscription and provided that private individuals, holdings do not exceed one percent of total shares; private individuals together with "roots" and offspring may not own more than two percent of total shares.**

**Non-national banks may be allowed to open branches, agencies or representative offices in G.S.P.L.A.J. in accordance with the terms and conditions laid down by the Board of Directors of the Central Bank of Libya and approved by the General People's Committee.**

## **Article 54**

**Chairmen and members of the Boards of Directors of commercial banks shall be G.S.P.L.A.J. nationals enjoying full civil and political rights and may not be members in another bank's board of directors. The following persons are banned from membership of any bank's Board of Directors or otherwise have any direct connection with the management thereof:**

- 1. Whoever is convicted of an offence involving breach of honesty or honor.**
- 2. Whoever is declared bankrupt, suspends payment or compounds with his creditors.**
- 3. Whoever has been a member of a bank's Board of Directors or has otherwise had any direct connection with the management of a bank liquidated by judicial**

proceedings or whose licence is cancelled for breach of the law.

#### **Article 55**

Whoever is appointed a member on the Board of Directors of a commercial bank shall, within fifteen days from the date of such appointment, declare to the Governor of the Central Bank of Libya any stocks and/or shares he holds in commercial companies. Any change in such holding must likewise be declared within the same period.

#### **Article 56**

The Central Bank of Libya shall be responsible for the control and supervision of the commercial banks, regulate the relation between them, coordinate their operations and follow up their activities in the framework of the general policy of the State.

Decisions of the board of directors in matters involving long term investments, opening or closure of branches shall be notified to the Governor within ten days from date issue and must be approved by the Board of Directors of the Central Bank of Libya to be operative.

#### **DUTIES OF BANKS**

#### **Article 57**

Every bank shall maintain a reserve for its capital and shall, before declaring profits, transfer not less than fifty percent of net profits to that reserve until it equals half the paid-up capital. Thereafter, a sum equal to twenty-five percent of the net profits shall be transferred to such reserve until it equals the paid-up capital.

## **Article 58**

**Every bank shall at all times maintain in the G.S.P.L.A.J. funds equal to at least its total liabilities payable therein in addition to a sum equal to the paid-up capital.**

**In applying this provision assets which a bank is permitted to keep abroad shall be deemed as part of the funds available in the G.S.P.L.A.J.**

## **Article 59**

**No bank may pay any dividend on its shares until its capital expenditures including incorporation and administrative expenses, losses incurred and any other items of expenditure not covered by tangible assets have been written off.**

## **Article 60**

**Banks are prohibited to exercise the following operations:**

- 1) Engage in the wholesale or retail trade including the import and export trade or act as middlemen or commercial agent.**
- 2) Own or lease real estates except in so far as may be necessary for the purpose of conducting its business or housing its employees, unless the ownership devolved to it in settlement of a debt, in which case, it shall liquidate such real estates within five years from the date of such transfer of ownership. The Board of Directors of the Central Bank of Libya may where necessary, extend this period.**
- 3) Own stocks of other corporations in excess of ten percent of the paid up capital of such corporation provided the nominal value of the shares owned by the bank in these corporations shall not exceed one half of the bank's paid up**



capital and reserve. The above limits may where necessary be increased after approval of the Board of Directors of the Central Bank of Libya.

- 4) Accept shares which constitute its capital as a security for a loan or otherwise deal in or own such shares unless they devolved to the bank in settlement of a debt due from others provided the bank shall sell such shares within one year from the date of such devolution.
- 5) Purchase of stocks of any bank operating in the G.S.P.L.A.J. even if the head office of such a bank is located abroad.

## Article 61

Every bank whose Head Office is abroad shall by an official document appoint a resident manager for its branch or branches in the G.S.P.L.A.J. empowering him to receive judicial notices, requests, summons and other papers which the nature of its operations may require to be served thereon. Such official document shall empower the manager with full responsibility before the Libyan public authorities. A formal copy of the official document shall be deposited with the Central Bank of Libya.

## Article 62

No bank shall open a credit, make any advance, give any financial guarantee or otherwise grant any credit facility to the following persons:-

- 1) Employees of the bank if the transaction constitutes a liability exceeding one year's salary of the employee unless he provides adequate security and provided it is granted on the same terms prescribed for the bank's customers.
- 2) Members of the Board of Directors; this provision shall apply to every institution in which the member has an interest as partner, manager, agent or guarantor and shall likewise apply to any person of whom he is a guarantor.

**3) Any person if the transaction constitutes a liability in excess of twenty percent of capital, capital reserve and undistributed reserves; this percentage may be altered within the limits, terms and conditions laid down by the Board of Directors of the Central Bank of Libya.**

**This provision shall not apply to operations between the banks or the branches of a bank or to the purchase of commercial papers payable abroad in settlement of exports from the G.S:P.L.A.J or to the grant of an advance against the security of such papers.**

### **Article 63**

**Every bank shall appoint two chartered auditors to examine its accounts annually provided that the auditors are not members of its board of directors and are not employees or agents of the bank nor have obtained a secured or unsecured loan therefrom.**

**The auditors shall prepare a report on the annual balance sheet and the profit and loss account of the bank stating the methods they used to verify the assets, how such assets were valued and how the outstanding obligations were assessed. The auditors shall also state whether the transactions they audited are not inconsistent with the law.**

**The report of the auditors together with the report of the board of directors shall be read at the annual meeting of the shareholders.**

**The auditors shall send a copy of their report to the Governor of the Central Bank of Libya.**

### **Article 64**

**Every bank shall exhibit throughout the year in a conspicuous position in all its offices and branches a copy of its last audited balance sheet and a list of the full names of the members of its board of directors. The balance sheet shall be**

published in a local newspapers.

## **Article 65**

**Every bank shall submit to the Central Bank of Libya the following:-**

- 1) Monthly statements of its financial position according to the forms prescribed by the Central Bank of Libya within a period not exceeding fifteen days from the end of each month; such statements shall include particulars of all unsecured advances and credit facilities made by the bank to the company or companies in which the bank or any of its directors is interested as a member of the board of directors or as manager, agent or guarantor.**
- 2) A copy of its last audited balance sheet within a period of four months from the end of its financial year.**
- 3) A copy of every report presented to the shareholders on the operations of the bank within five days from such presentation and a copy of the minutes of every meeting of the general assembly within thirty days from the date of such meetings.**
- 4) A statement on every change in the composition of the board of directors of the bank within fifteen days from the date of such change.**
- 5) Any statements or clarification on its operations in such form and within such time as shall be specified by the Bank.**

## **Article 66**

**Shareholders holding not less than one quarter of the total shares issued by the bank or depositors whose deposits amount to not less than one half of all deposits held therein as shown in its accounts for the preceding half year may apply to the Central Bank of Libya for inspection and examination of the affairs of the said bank; such application shall state the reasons to justify such application. The Central Bank of Libya may demand a financial guarantee from the applicants**

to meet the expenses of such inspection and examination.

The Central Bank of Libya shall delegate one or more employees to inspect the affairs of the bank.

The employees of the bank shall produce to the inspectors all books, accounts, statements and documents relating to its operations and shall supply all the information required, provided all this is done in the premises of the bank.

Upon completion of the examination, the inspector shall forthwith submit his report to the Governor of the Central Bank of Libya who may forward a copy to the persons upon whose application the inspection was made. The Governor may order that all expenses of the inspection shall be paid by such persons or by the bank in question as the case may require.

## **Article 67**

No bank may merge with another bank without the approval of the Secretary concerned after consultation with the Board of Directors of Central Bank of Libya. In this case, the Central Bank of Libya shall prescribe the necessary procedures to be followed.

## **Article 68**

No bank may suspend its operations except by prior permission from the Board of Directors of the Central Bank of Libya. Such permission shall not be issued unless it has been verified that the bank has finally discharged all its obligations towards its depositors and other creditors in accordance with the terms and conditions lay down by the Central Bank of Libya.

## **Article 69**

The licence issued to any bank may be cancelled in the following cases:

- 1. If it appears that the bank has acted in contravention of the provisions of this Law or the regulations issued thereunder and has not removed the contravention within the period and according to the terms specified by the Central Bank of Libya.**
- 2. If it pursues a policy which may be detrimental to public interest.**
- 3. If it suspends its operations.**
- 4. If it is declared bankrupt or if its liquidation is ordered.**
- 5. If it merges with another bank.**
- 6. If it is revealed that the licence issued was granted upon the submission of incorrect statements.**

**The cancellation of the licence shall be by decision of the Secretary concerned after consultation with the Central Bank of Libya except in the case stated in Para (2) of this Article where cancellation shall be made by decision of the General Popular Committee; decisions of cancellation under Paragraphs (1,2,3 and 6) of this Article shall not be issued until after the bank has been given notice by registered letter to defend itself in writing within two weeks from the date of such notice.**

## **Article 70**

**The decision to cancel the licence shall consequently result in the suspension of the bank's operations. In this event, the Board of Directors of the Central Bank of Libya may decide to liquidate the bank immediately or permit it to carry out the operations outstanding at the time of such cancellation according to the conditions laid down by the Board.**

## **GENERAL PROVISIONS.**

### **Article 71**

**Depositors are at liberty to dispose without restriction of the balances on their accounts with the banks subject to this law according to the conditions agreed at the time of opening the account; no trespassing or attachment on such balances is allowed except by judicial or administrative attachment.**

**Interest paid on saving accounts shall be exempt from all taxes and fees.**

### **Article 72**

**Banks shall maintain secrecy of customers accounts, their balances and their banking operations and may not allow access thereto, divulge or give any particulars thereon to others**

**except by a judicial authorization.**

### **Article 73**

**The provisions of the Civil and Commercial Codes shall apply to banks in so far as they are not inconsistent with the provisions of this Law.**

### **Article 74**

**Decisions to licence banks to operate or canceling such licence or allowing merger with another bank shall be published in the Official Gazette.**

## **Article 75**

In exception of the provisions of the Official Holidays Law No. 4 of 1987, the Governor of the Central Bank of Libya shall specify the days on which banks may be closed and the hours of business during which they shall be open to the public.

## **THE EXCHANGE CONTROL.**

### **Article 76**

In the application of this part the words "Libyan Currency" and "Foreign Currency" shall in addition to currency notes include cheques, balances, transfers, guarantees, bank credits, shares, bills and all types of financial and commercial papers and their coupons, commissions, undertakings, rights, claims, debts, loans and other papers of value expressed in Libyan or foreign currency; the word "person" includes natural and juridical persons

## **Article 77**

1. Transfers to or from the G.S.P.L.A.J. of foreign currencies or otherwise dealing therein is prohibited, as well as all transfers of undertakings expressed in foreign currency except through the banks and other entities duly authorized to do so by the Bank and in accordance with the terms and conditions determined by the Board of Directors of the Central Bank of Libya.
2. Non-residents of the G.S.P.L.A.J. or their agents may not deal in Libyan currency or transfer or sell bills or financial papers expressed in Libyan currency or their coupons except through a bank duly authorized so to do and in accordance with such terms and conditions as determined by decision of Board of Directors of the Central Bank of Libya.
3. Foreign currencies permitted for transfer shall in no way be used for other than the purpose for which they were authorized.

## Article 78

1. Import and export of Libyan currency is prohibited. Import and export of foreign currency, bills, financial papers and their coupons, expressed in whatever currency as well as gold and silver coins is likewise prohibited except in accordance with such terms and conditions as determined by the Board of Directors of the Central Bank of Libya.
2. The Board of Directors of the Central Bank of Libya shall regulate the import, issue and circulation of traveler's cheques and specify the banks and other bodies allowed dealing therein.
3. Customs officials concerned shall exercise the powers vested under the Customs Law in respect of currencies .....etc. the import or export of which is prohibited under this Law.

## Article 79

Private and juridical persons other than public bodies, organizations, institutions, establishments and companies may maintain all their holdings of foreign currencies with the commercial banks in conformity with the terms and conditions determined by the Central Bank of Libya.

**Persons allowed to maintain foreign currency under the preceding paragraph shall have the right to perform any operation in foreign currency including transfers abroad and locally provided such operations are carried out through the authorized banks and other bodies licenced under this Law to deal in foreign currencies.**

The Bank shall determine the conditions under which outgoing travelers may take out foreign currency with them provided no restriction is made on taking out such foreign currency as proved to have been imported into the G.S.P.L.A.J. through Customs Declarations or bank transfers.

## Article 80

1. **Persons exporting goods shall within three months from the date of shipment**



**import the proceeds thereof in foreign currency in accordance with the terms and conditions determined by the Central Bank of Libya which may extend or renew the said period.**

**The application of this article shall not prejudice the provisions of existing or future trade agreements concluded between the G.S.P.L.A.J. and other countries.**

- 2. In case the goods exported are the subject of a barter agreement or a commensurate transaction the exporter shall submit to the Central Bank of Libya within the period prescribed in the preceding paragraph a statement of the goods so imported and exported and the value thereof.**
- 3. The Central Bank of Libya may in accordance with such rules as it may determine exempt exporters from the import of the value of gifts and specimens of goods of no commercial value.**

## **Article 81**

**Payment into frozen non-residents accounts with the authorized banks in the G.S.P.L.A.J. of debts due to them which are not eligible for transfer under this Law shall be deemed to have discharged the obligation of the debtor, provided such payment is authorized by the Central Bank of Libya which shall determine the terms and conditions under which such frozen accounts can be disposed of.**

## **Article 82**

**Banks and other concerns authorized to deal in foreign currency shall submit to the Central Bank of Libya within the time limits it prescribes, a statement of the foreign currencies sold or bought and any transfers made in accordance with this Law together with the balances in their books and any other statements.**

### **Article 83**

Transfers and other transactions of a capital nature may be made to or from the G.S.P.L.A.J. in conformity with such terms and conditions as determined by the Board of Directors of the Central Bank of Libya.

### **Article 84**

Any person entering into the G.S.P.L.A.J. may bring with him any foreign currency without restriction, provided a declaration thereof is made at the time of crossing the Customs Posts; he may likewise bring in or take out with him Libyan currency notes within the limits laid down by the Central Bank of Libya.

## **PUNITIVE PROVISIONS.**

### **Article 85**

Any bank failing to comply with the decisions of the Central Bank of Libya issued under Article 34 or otherwise contravenes the provisions of Articles 36 and 37 hereof shall be punishable by a fine of not less than five thousand Dinars but not exceeding fifty thousand Dinars.

### **Article 86**

Whoever contravenes the provisions of article 52 of this Law shall be punishable by detention for not less than two years or a fine of not less than fifty thousand Dinars or to both such detention and fine.

In case of a recurrence the sentence shall be both such detention and fine.

In all cases the Court shall order the publication of a summary of the judgment in one or more newspapers or make it public otherwise both at the expenses of the convicted person.

## **Article 87**

**Whoever contravenes the provisions of Article 54 of this Law shall be punishable by detention for a term not exceeding two years or to a fine not less than one thousand Dinars but not exceeding five thousand Dinars or to both such detention and fine.**

## **Article 88**

**Failure to submit the statements referred to in Article 65 of this Law within the dates specified therein or on such dates as shall be fixed by the Central Bank of Libya for this purpose shall be punishable by a fine of not less than five hundred Dinars but not exceeding five thousand Dinars.**

**Such a punishment shall also be imposed in case of refusal to produce all books, registers, documents and papers to the employees of the Central Bank of Libya delegated to inspect and examine them without prejudice to the obligation of producing them.**

## **Article 89**

**Whoever willfully and with intention of fraud states incorrect facts or conceals some papers or facts in the statements or minutes or other papers submitted to the Central Bank of Libya or to its representatives under the provisions of this Law shall be liable to detention for a period of not less than three months or a fine of not less than one thousand Dinars and not exceeding five thousand Dinars or to both penalties.**

## Article 90

**Without prejudice to any severer punishment provided for in any other law:**

1.a Whoever contravenes the provisions of articles 77 and 78 of Law No 1/93 (F) during siege, war or threat directed at the Great Jamahirya shall be punished by the punishment provided for in paragraph 3 of Article 177 of the Penal Code.

In the event the offence is committed in complicity with a foreign party to the detriment of the Exchange Market or adversely affecting the Stock Exchange, whoever contravenes the provisions of Articles 77 and 78 of the Law referred to shall be punished by the punishment provided in paragraph 2 of Article 177 of the Penal Code.

In other than the cases referred to in Clauses (a) and (b) hereof, whoever contravenes the provisions of Articles 77 and 78 of Law No./193 (F) shall be punished by the punishment provided in paragraph 1 of Article 177 of the Penal Code.

**2. Whoever contravenes the provisions of article 79 or attempts or participates in so doing shall be punishable by detention for not less than one year and a fine of not less than one thousand Dinars or to either penalty.**

3. Whoever contravenes the provisions of article 80 hereof or attempts or otherwise participates in so doing shall be punishable by detention for at least one year and a fine of not less than one thousand Dinars but not exceeding ten thousand Dinars or to either penalty.

**4. Whoever contravenes the provisions of article 82 hereof shall be punished by a fine of not less than one thousand Dinars but not exceeding ten thousand Dinars.**

5. A reward within the limits and in conformity with such rules as determined by decision of the Board of Directors of the Central Bank of Libya may be granted from the amounts confiscated and fines imposed in execution of this law to any person leading to or assisting in or facilitating the uncovering of the offence.

## Article 91

**Without prejudice to any severer punishment provided for in any other law any member of the Board of Directors of the Central Bank of Libya and any employee thereof who reveals any statement or information obtained by reasons of his office other than where he is so allowed by law shall be liable to detention for a**

period not exceeding two years and to a fine of not less than one thousand Dinars but not exceeding ten thousand Dinars or to either penalty.

This provision shall also apply to chairmen and members of the Board of Directors and employees of the commercial banks.

## **Article 92**

Any other contravention of the obligatory or prohibitive provisions of this law or the regulations and decisions issued thereunder shall be punishable by a fine of not less than one

thousand dinars but not exceeding five thousand Dinars.

## **Article 93**

The chief executive of the bank, company, establishment or other juridical entity shall respectively be responsible for any contravention committed by such bank, company, establishment or other juridical entity he heads; where the contravention emanates from the branch of a bank the executive head of that branch shall be responsible therefor. The fines imposed shall not be borne by the bank, company, establishment..... etc.

## **Article 94**

With due regard to para (3) of Article (78) officials nominated by decision of the Governor of the Central Bank of Libya shall have the power of judicial officers in relation to the implementation of the provisions of this Law and the regulations and decisions issued in execution thereof; in this capacity such officials shall have the right to peruse registers, accounts and other relative papers; they shall preserve utmost secrecy of the papers perused and of other information which may otherwise come to their knowledge during the exercise of their duties.

# **The Central Bank of Libya**

**Law No. 8 of 1425 (M)\* /1996**

**Concerning some rules regulating the  
Central Bank of Libya and its functions**

## **THE GENERAL PEOPLES CONGRESS**

In implementation of the decisions of the Basic People's Congresses taken in their Ordinary Session for 1424 (M) formulated by the General Forum of the Basic People's Congresses, the People's Committees, Syndicates, Trade Unions and Guilds ( the General People's Congress) in its Ordinary Session held between 18 and 24 Ramadan corresponding to 7 and 13 Feb 1425 (M) and having seen Law No. I of 1993 (F) concerning Banks, Currency and Credit as amended by Law No.2 of 1424 (M) has formulated the following law:

### **ARTICLE (1)**

**The Central Bank of Libya shall be an independent public institution enjoying juridical and independent financial entity and shall adopt a special Seal incorporating the Emblem of the State.**

### **ARTICLE (2)**

**The Bank shall undertake its functions and fulfill its purposes provided for in Law No. I of 1993 (F) concerning Banks, Currency and Credit within the framework of the general policy of the Society under the supervision of the General People's Congress with a view to achieve the objectives of development and support of national economy; the Bank may to that end lay down such rules and procedure it deems appropriate and may likewise lay down rules and Regulations for its financial and administrative and other operations by resolution of the Board of Directors and approved by the Secretariat of the General People's Congress.**

### **ARTICLE (3)**

**The Bank shall have the sole right to issue currency in the Great Socialist People's Libyan Arab Jamahirya, the Board of Directors may regulate and prescribe**

**rules and procedure for the issue of currency, its specifications, denominations, withdrawal from circulation and abrogation.**

#### **ARTICLE (4)**

**The General Popular Committee for Finance shall undertake the appointment of members of the general assemblies of commercial banks owned fully or in part by the Society and shall define its powers as well as the rules and procedure for their meetings.**

#### **ARTICLE (5)**

**This Law shall be published in the Official Gazette and come into force from the date of such publication and repeals any provisions contradictory hereto**