

# The Norges Bank and the Monetary System. (Bank Act).

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## Chapter I. General Provisions

### § 1 Norges Bank's objectives and scope

Norges Bank is the central bank. The Bank shall be the executive and advisory body for monetary, credit and exchange rate policy. It shall issue banknotes and coins, promote an efficient payment system domestically and abroad and monitor monetary, credit and currency markets.

The bank may take measures which are common or natural for a central bank. In furtherance of its purposes the Bank perform all types of banking business and banking.

## § 2 The relationship with government authorities

The Bank shall operate in accordance with the economic policy guidelines laid down by the government authorities and with the international obligations country is bound.

Before the bank makes decisions of special importance, the matter shall be submitted to the Ministry.

The King in Council may make a decision about the bank's business. These decisions may be general rules or orders in individual cases. The Bank shall have the opportunity to speak before such a decision. Notification of the decision shall be sent to Parliament as soon as possible.

The bank is a separate legal entity, owned by the state. Auditor General supervises the minister's exercise of authority under the Act 7 May 2004 21 Auditor General and instructions laid down by Parliament.

## § 3 bank statements

The Bank shall give its opinion on matters that are referred to it by the King or Ministry.

The Bank shall inform the Ministry when the Bank, there is a need for measures of monetary, credit and foreign exchange policy other than the bank.

The Bank shall inform the public about monetary, credit and exchange conditions.

The Bank shall inform the public about the reviews that have been the basis for decisions concerning the conduct of monetary policy.

## § 4 The monetary unit and its international value

The Norwegian monetary unit is a penny. The crown is divided into one hundred cents.

King makes a decision on the exchange rate arrangement for the krone and changes in the exchange rate rent.

Decisions on changes in the exchange rate system for the crown and in the exchange must be notified Parliament.

## Chapter II. The Bank's organization

## § 5 The bank's top management

The supreme bodies is an Executive Board and a Supervisory Board.

The Executive Board is the executive and advisory powers under this Act. It manages the Bank's operations and manages its resources. The Executive Board shall provide for the organization of, and establish adequate framework, objectives and principles, the Bank's operations. The

Executive Board shall ensure that the Bank's operations, including accounting and asset management are subject to adequate management and control. The Executive Board shall supervise the Bank's administration and business in general.

The Supervisory Board shall supervise the Bank's activities and the rules of the Bank's activities. The Supervisory Board including supervision of the Executive Board has adequate management and control of the bank's management and operations, and the establishment of appropriate procedures to ensure that the Bank's activities are conducted in accordance with applicable laws, agreements, resolutions and other regulatory frameworks. The audit does not include Executive Board's exercise of discretion by law. The Supervisory Board has the right to inspect all of the bank's affairs and may make such investigations as it deems necessary to fulfill its responsibilities under the law. The Supervisory Board shall have a secretariat.

The Supervisory Board shall elect one or more auditors and approve auditors' remuneration, see § 30 A. The Supervisory Board adopts the annual accounts and approves the recommendation of the Executive Board, approves the budget. The Supervisory Board may on recommendation of the Executive Board may decide that the production of banknotes and coins or other business activities that fall under this Act shall be exercised by the company owned wholly or partially owns. The Supervisory Board supervises such companies. The Supervisory Board issues a statement on Executive Board meetings, supervision of the bank and matters submitted to it by the Executive Board. The Supervisory Board will decide in case of doubt whether a matter is of an administrative nature, see § 6 subsection, § 7, sixth paragraph and § 11, second paragraph. The Supervisory Board establishes detailed rules for bank loans to employees, cf. § 23

The Governor is responsible for the bank's management and implementation of the decisions.

## § 6 The Executive Board

The Executive Board consists of seven members, appointed by the King.

The Governor and Deputy Governor shall be the Chairman and Deputy Chairman of the Executive Board. They are appointed to full-time position for six years. Reappointment to the same position can happen for one further period of six years. The other five members are appointed for four years. If a member resigns during the appointment time, a new member shall be appointed for the remainder of the appointment period. Every two years, retire alternately two and three members. Reappointment of these members can be for a total period of twelve years.

Sometimes the employees are elected two members to supplement the Executive Board when administrative matters. Selection procedure for these representatives may be agreed in negotiations with the employees. The Supervisory Board may in the case of a negotiation result is not achieved, adopt rules on the selection method.

The head of the Executive Board convenes the Executive Board to meet as often as deemed desirable, or when at least three members require. A valid resolution requires that more than half of the electorate votes for it. There be kept of the proceedings.

The following persons may not serve as members or alternate members of the Executive Board:

- 1 Government members

- 2 State secretaries and other political staff in ministries
- 3 officials in ministries
- 4 employees of the Ministry of Finance and the Prime Minister's Office
- 5 Members of Parliament
- 6 other political colleagues in Parliament
- 7 Committee secretaries in Parliament
- 8 employees in the bank
- 9 close associates of the persons mentioned in paragraphs 1, 2, 4, 5, 6, 7 and 8

As related by subsection 9 are considered relatives in the direct ascending and descending line, spouses, registered partners, the person that the person living in a marriage-like relationship and children of those.

The King may issue regulations on members' relationship to other financial institutions and companies.

Central Bank Governor and Deputy Governor allowances and pensions and the other members' remuneration is determined by the King.

## § 7 The Supervisory Board

The Supervisory Board consists of fifteen members elected by the Parliament for four years. If a member resigns during the election period, the Parliament elect a new member for the remainder of the term.

Every two years, retire alternating seven and eight members. The Storting chair and vice chair for two years. Re-election of members can be for a total period of twelve years.

Persons mentioned in § 6, fifth and sixth paragraphs can not serve as members or alternate members of the Supervisory Board.

When special considerations make it desirable, the Supervisory Board may delegate to the Head of the Supervisory Board to make decisions on matters within the Council. The Supervisory Board may appoint from among its members committee to prepare matters for the Supervisory Council.

The head of the Supervisory Board shall convene the Supervisory Board to meet as often as deemed desirable, or when at least five members or the Executive Board requires. A valid resolution requires that more than half of the electorate votes for it. There be kept of the proceedings.

Unless the Council decides otherwise for an individual case, the Executive Board members attend and speak at meetings of the Supervisory Board. The employee members of the Executive Board

may attend and speak at meetings of the Supervisory Board when administrative matters. The Governor and Deputy Governor shall be present, unless the Council decides otherwise, or unless there is a valid excuse.

Members' fees are determined by Parliament.

## § 8 The Bank offices

The bank has its headquarters in Oslo and create offices in Norway and abroad.

### § 8a. Individual enterprises

The Supervisory Board may on recommendation of the Executive Board may decide that the production of banknotes and coins or other business activities that fall under this Act shall be exercised by the company owned wholly or partially owns. The Executive Board represents the bank that owns such companies.

The Supervisory Board supervises the company mentioned in the first paragraph, and the right to request the information from the Managing Director, the Board and the appointed auditor is required for the audit. To the extent necessary, the Supervisory Board may itself undertake research company. The Supervisory Board shall be notified prior to the General Meeting of the companies and the right to be present at the meeting.

## § 9 Deputies

To the Executive Board appoints the King at least two deputies.

To the Supervisory Board elect parliament deputies are elected for those members who are elected for four years. Parliament can elect a new personal deputy if a member or alternate member may not work.

Deputies for the employee members of the Executive Board when administrative matters shall be elected by and from among the employees of the agreed or determined by the Supervisory Board election, cf § 6 subsection.

The provisions on oppnevningstid in § 6 and § 7 is applicable for deputies.

## § 10 Powers and selection

The Executive Board may give the governor special authority to decide matters within the Executive Board.

The Executive Board may otherwise create selection as on factual restricted areas accorded jurisdiction to hear and determine matters within the Executive Board. Such authorizations may Executive Board provide bank branches, offices or employees.

Executive Board issues rules on individual choice and if proceedings for authorization made by someone other than the Executive Board.

## § 11 bank employees

The Executive Board will decide all matters relating to the bank's employees unless otherwise provided by this Act or regulations issued pursuant to law. The Executive Board may decide that the Bank will participate in an employer association in its field, make decisions that would be binding on the bank. The Executive Board may issue special selection authority to decide cases involving employees. Similarly, the authorization may also be granted the Bank's branches, offices or employees.

When the special committee considers administrative matters, employees must be represented in the sample.

The Executive Board may issue regulations regarding employee compared to other financial institutions and companies.

The Executive Board may decide that the person performing work or services for the bank, or to perform work for a service provider to the bank must submit a police certificate if security considerations. The same applies if subsequent changes to an employee's position or duties do that for safety reasons dictate that the submission of police. The time limits in the Act 11 June 1971 No. 52 relating to Criminal § 6 does not apply. The King may issue more detailed regulations on the implementation of the provisions of the first and second sentences, including rules on which offenses should be noted on the police certificate and on the treatment of police certificates which are submitted to the bank.

## § 12 Confidentiality

Anyone performing services or work for the bank, undertake to prevent others from gaining access to or knowledge of what he related to the service or work about the bank or anyone else's business matters or personal matters.

Confidentiality under the preceding paragraph does not face FSA or to other Member States' central banks. The confidentiality obligation under the preceding paragraph does not apply towards ØKOKRIM by the transmission of information in accordance with § 18 of the Act on measures against money laundering and terrorist financing etc.. (Money Laundering Act).

The Public Administration Act § 13 subsections and § 13a of § 13 e apply.

The confidentiality obligation shall not apply to notices Bank's business affairs by the Executive Board or any authorized representative of the Executive Board, and on behalf of the bank.

The confidentiality obligation under this provision shall not preclude the exchange of information (coordination) as provided in the Act on the Register.

## Chapter III. Cash and cash equivalents

## § 13 Banknotes and coins

The Bank has the sole right to issue the Norwegian banknotes and coins.

The Bank makes decisions regarding the notes and coins as the nominal value and design.

The Bank may decide that others can produce banknotes and coins by agreement with the bank.

#### § 14 Legal tender

Bank notes and coins are legal tender in Norway. No one is obligated in one payment to receive more than twenty-five coins of each device.

Severely damaged banknotes and coins are not legal tender. The Bank will issue further regulations on compensation for lost, burnt or damaged notes and coins.

Even if an agreement contains a clause on payment of a monetary obligation in gold value, the debtor can free themselves of legal tender without regard to this clause.

#### § 15 Withdrawal of funds

The Bank may by regulations provide that notes the specific issue and the nominal value or particular currency units will be withdrawn from circulation.

Notes and coins are put out of circulation, ceases to be legal tender, one year after the announcement. The Bank is obliged to redeem notes and coins submitted within ten years after the deadline.

#### § 16 Jubilee and commemorative coins

Following a decision by the Crown claiming bank anniversary or commemorative coins. The King may decide that the difference between the face value of the coin put into circulation and production costs must be allocated to charitable purposes. The King may decide that the coins issued under this section be put into circulation at a price above par value, and makes decisions on the application of the exchange rate under the preceding sentence. Jubilee and commemorative coins issued under this section is legal tender.

### Chapter IV. Tasks on the credit market

#### § 17 Norwegian banking business

Insofar as the King decides, the Bank shall perform banking transactions of government, state banks and public funds and provide services on new issues and the management of government debt.

#### § 18 credit to the government

The Bank may not extend credit directly to the state. The first sentence is still not prevent the bank extends credit to the state of maturity within one calendar day.

## § 19 Credit to banks

The bank can provide liquidity loans, make deposits and provide credit to commercial banks and savings banks.

The Bank provides regulations on the scope of credit, interest rates and repayment terms, and may provide for a cash discount.

In special circumstances, the bank may extend credit on special conditions.

The requirement for specific consent of the borrower by the Financial Contracts § 45 does not apply to the transfer or pledge of loan receivables to Norges Bank in support measures or the provision of credit under this section.

## § 20 Deposits from banks

The Bank accepts deposits from commercial banks and savings banks on the terms the bank decides.

## § 21 Purchases and sales of Norwegian securities

The Bank may buy and sell debt instruments issued or guaranteed by the government and other highly liquid debt instruments. The Bank may, notwithstanding the provisions of § 22 enter into repurchase agreements and make other market operations such documents.

The Bank may issue and sell its own debt instruments.

## § 22 Credit to and deposits from other

The Bank may in special cases grant loans and other forms of credit to enterprises in the financial sector than banks. The terms of such credit shall be determined by the bank.

Deposits from non-banks can be received in special cases. Bank sets the deposit terms.

The requirement for specific consent of the borrower by the Financial Contracts § 45 does not apply to the transfer or pledge of loan receivables to Norges Bank in support measures or the provision of credit under this section.

## § 23 Credit to officers and employees

The Bank may not extend credit to members of the Bank's organs or its employees. The same is true credit to your company or association in which the member or employee has a prominent interest. The bank may still limited extent provide mortgages and small personal loans to bank employees.

## Chapter V. Tasks on the currency market



## § 24 Course Listings and management of the official foreign exchange reserves

The Bank may undertake regular and public quotation for currency accordance with rules issued by the King. The bank will place the official foreign exchange reserves so that they earn the foreign exchange policy is determined.

## § 25 Currency Tasks for state

The Bank will manage the country's rights and fulfill the obligations arising from participation in the International Monetary Fund.

Insofar as the King decides, the Bank shall conduct currency transactions of state and government institutions.

## § 26 International agreements

The Bank may enter into agreements for deposit, credit and guarantee schemes with foreign central banks and other credit institutions and with international financial organizations and institutions, provided that there is adequate security for its claims. The King shall approve such agreements.

## Chapter VI. Disclosure and protection

### § 27 Disclosure

The King may by regulation or decide that firms in the financial sector, including banks, insurance companies, finance companies, investment firms, stock exchanges, central securities depositories and clearing houses, will provide the bank with information about their business, financing business, its financial statements, transactions and holdings on its own and customers behalf, as well as other information necessary for the Bank's work. Enterprises is the parent company may be required to provide such information to the group. The King may also decide that other institutions, corporations and individuals who are participants in the securities market, operates or provides payment processing services to the financial sector, shall be required to provide information.

It can only be determined disclosure pursuant to this section to ensure the bank's statutory functions, preparing official statistics or support the bank or the financial supervision of solvency and financial stability. The information may only be used for the purposes mentioned here.

The King may lay down rules on the scope and implementation of disclosure issued pursuant to this section.

### § 28 Protectionism

When capital flows to and from abroad that can lead to huge balance of payments difficulties or significant disruptions in the capital markets, the King may impose appropriate safeguards in the

form of cash, credit or exchange control or similar measures. The Bank shall have the opportunity to speak before such a decision.

## Chapter VII. Budget, accounts, accounting and auditing

### § 29 Budget

The Executive Board shall annually prepare a draft budget for the coming financial year. The budget adopted by the Supervisory Board and notified to the Ministry.

### § 30 report, accounts and Supervisory Board report

The Executive Board shall draw up the annual report and accounts. The financial statements are determined by the Supervisory Board.

Norges Bank's accounting subject accounting and bookkeeping required by accounting law. The King may lay down specific rules on annual reports and accounting for the bank that complement or derogate from the provisions of or pursuant to the Accounting and Bookkeeping.

The annual report, the audited financial statements, auditor's report and the Supervisory Board on the determination of the financial statements submitted to the Ministry for the King and communicated to Parliament. Message from the Ministry to Parliament on the activities of the Bank is to take place at least once every parliamentary term, and more often if special circumstances.

The Supervisory Board shall at least annually submit to Parliament its opinion on the Executive Board meetings and supervision of the Bank, see § 5, fourth paragraph, fifth sentence. A copy of the statement sent to the Ministry. The statement about the audit of the bank shall at least contain:

- 1 an account of how the supervision of the Bank has been organized,
- 2 an account of completed audits and the supervisory priorities in the continuing supervision,
- 3 a report on the audit of the Bank's investment,
- 4 Supervisory assessment of the Executive Board management and control of bank management and operations, see § 5, third paragraph, second sentence,
- 5 an account of the Supervisory work with the adoption of its budget and laying down accounting, see § 5, fourth paragraph, second sentence,
- 6 any special notes that the Authority may give rise to.

King provides guidelines for allocations and allocation of bank profits. A decision to transfer from Norges Bank to the state must be approved by Parliament.

## § 30 a Revision

Bank accounts shall be audited by at least one certified public or certified accountant.

The King may lay down specific rules on bank auditors and audit of the bank that complement or derogate from the provisions of the Auditing Act.

The bank must have an internal audit reports to the Executive Board. Internal Audit is to assess the bank's internal controls, procedures and other matters of importance to the Bank's operations. The King may issue regulations concerning the Bank's internal control.

## Chapter VIII. Coercive fines and penalties

### § 31 Enforcement damages

To ensure that disclosure pursuant to § 27 are met, the bank for violations of disclosure impose a coercive fine to the Treasury. The imposition of coercive fines are enforceable by execution. Accrued amounts may, in special cases, partially or completely waived. The King may lay down further rules on fines under this provision.

### § 32 Penalties

Whoever willfully or negligently violates the provisions or decisions pursuant to § 28 shall be punishable by fines or under particularly aggravating circumstances, imprisonment for up to one year. Whoever willfully or negligently violates the provisions or decisions pursuant to § 27 shall be punishable by fines.

## Chapter IX. Entry into force

### § 33 Entry into force and implementation

This Act shall come into force from the date decided by the King. 1

Shares in Norges Bank triggered by rules laid down by the King. This causes no changes in Norges Bank's rights and obligations.

King lays down the procedures for the appointment to the Bank's organs first time and can dispense with the Act including rules on fixed-term appointment and term of office.

1 From September 9, 1985 pursuant to the Decree. September 6, 1985 No. 1689.

B.

Upon entry into force of the Act on Norges Bank and the Monetary System the following amendments to ---

C.

Upon entry into force of the Act on Norges Bank and the Monetary System, the following laws repealed: ---