

ISSN 0933-7806

No 15

Central Bank Acts  
of

Botswana, Kenya, Lesotho, South Africa,  
Swaziland, Tanzania, Zambia, Zimbabwe,  
and the Federal Republic of Germany

Materials to Working Document No 14

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1989

NAMIBIA PAPERS  
Education for Liberation Series

Working Document No 15

Preface

Following the Namlaw workshop, held at the Faculty of Law of the University of Zimbabwe,<sup>1</sup> the Namlaw Project set out on the task of preparing a comparative study of the Central Bank Laws of various countries. The aim of the study was to provide some guidelines in drafting a Central Bank Act<sup>2</sup> for Namibia after independence.

The laws of nine countries were chosen for purposes of this study. The choices were made on the basis of various considerations. In some cases the countries are similarly situated as or closely linked to Namibia. In other cases the view was that certain aspects of the countries' laws might be useful in Namibia even though the countries chosen do not have either similarity or particular ties or even proximity to Namibia.

The Central Bank Acts of Botswana, Swaziland and Lesotho were chosen because these countries are - or used to be - members of the "Rand Monetary Zone". The Reserve Bank of Zimbabwe Act and the Statute of Zambia were chosen because these countries play a specific role in the Frontline family and in their efforts to overcome the dependency on South Africa. The Tanzanian and Kenyan Statutes which are similar even though the two East African states have different economic systems were taken into account; it was the considered opinion that the laws may be useful in the Namibian situation. Reference was made to the West-German Statute as this statute contains provisions which could serve as guides in developing the structure and role of financial institutions. The Reserve Bank of South Africa was also considered because the South African law has been applying in Namibia. The use of the laws of the German Democratic Republic, and those of Yugoslavia were considered; but unfortunately the statutes of these countries were not available in English.

Edited by	: Centre for African Studies / Namibia Project Prof Dr Manfred O Hinz Helgard Patemann (editor-in-charge)
Production	: Uni-Copy
Copyright	: Centre for African Studies / Namibia Project
Distributor	: Centre for African Studies / Namibia Project, FB 6 P O Box 330440 University of Bremen D-2800 Bremen 33 Tel. (0421) 2182387 Fax (0421) 219807
ISSN	: 0933-7806

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1 H Streitberger (compiler), Namlaw Project Workshop, Harare 28 - 30 June 1988. Documentation, Part I (Namibia Papers, Working Documents No 5. Bremen 1988)

2 The reference here is to the "possible policy guidelines" for the "formulation and implementation of sound monetary and fiscal policies". The need for such guidelines was pointed out in the comprehensive study on Namibia by the United Nations Institute for Namibia. See United Nations Institute for Namibia, Namibia: Perspectives for National Reconstruction and Development. Lusaka 1986:692ff

Bremen, June 1989

KENYA:

Central Bank of Kenya Act

THE CENTRAL BANK OF KENYA ACT

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## THE CENTRAL BANK OF KENYA ACT

15 of 1964,  
 56 of 1968,  
 13 of 1972,  
 13 of 1978,  
 10 of 1980.

## Commencement:

Parts I to IV: 23rd May, 1966

Parts V to IX: 14th September, 1966

An Act of Parliament to establish the Central Bank of Kenya and to provide for the operation thereof; to establish the currency of Kenya and for matters connected therewith and related thereto

## PART I—PRELIMINARY

1. This Act may be cited as the Central Bank of Kenya short title.  
 Act.

2. In this Act, except where the context otherwise requires—  
 “Bank” means the Central Bank of Kenya (or the Banki Kuu ya Kenya) established by section 3;

“Board” means the Board of Directors of the Bank appointed under Part IV;

“convertible”, in relation to any exchange, means exchange which is freely negotiable and transferable in international exchange markets at exchange rate margins consistent with the Articles of Agreement of the International Monetary Fund;

“public entity” means the Government, a local authority, or any public body specified by the Minister, on the recommendation of the Bank, as a public entity for the purposes of this Act;

“specified bank” means a licensed bank within the meaning of the Banking Act which is specified by the Bank for the purposes of this Act; Cap. 488.

“specified financial institution” means a financial institution specified by the Bank for the purposes of this Act.

## PART II—ESTABLISHMENT, CONSTITUTION AND OBJECTS

3. (1) There is hereby established a bank which shall be known as the Central Bank of Kenya and which shall also be known by the alternative corporate name of the Banki Kuu ya Kenya.

Establishment  
of Bank and  
legal status.

(2) The Bank shall be a body corporate with perpetual succession and a common seal, with power to acquire, own, possess and dispose of property, to contract, and to sue and to be sued in its own name.

(3) The Bank shall exercise any type of central banking function unless specifically excluded under this Act, and shall enjoy all the prerogatives of a central bank.

(4) The Bank may make its own rules of conduct or procedure, not inconsistent with the provisions of this Act, for the good order and proper management of the Bank.

(5) The Bank shall not be subject to the Companies Act or the Banking Act. Cap. 486.  
Cap. 488.

4. The principal objects of the Bank shall be to regulate the issue of notes and coins, to assist in the development and maintenance of a sound monetary, credit and banking system in Kenya conducive to the orderly and balanced economic development of the country and the external stability of the currency, and to serve as banker and financial adviser to the Government.

5. (1) The Bank shall have its head office in Nairobi; but during a time of national emergency the Bank may, unless the President otherwise directs, establish its head office temporarily or permanently in any other place within Kenya or elsewhere. Head office  
and branches.

(2) The Bank may establish or close branches in any place within Kenya and may, with the prior approval of the Minister, open or close branches outside Kenya. Agents.

6. The Bank may, with the prior approval of the Minister, appoint, on such terms as it considers appropriate, or cancel the appointment of, agents, both within and outside Kenya. Cap. 480.

7. (1) The Bank shall not be liable to any taxation imposed by any law in respect of income or profits. Exemption  
from tax.

(2) No duty shall be chargeable under the Stamp Duty Act in respect of any instrument executed by or on behalf of or in favour of the Bank in any case where, but for this exemption, the Bank would be liable to pay such duty.

(3) The Minister may, whether for the purpose of removing any doubt as to the extent of the foregoing provisions of this section or for the purpose of extending the immunities of the Bank, by order published in the Gazette, specify any tax, duty, fee, rate, levy, cess or other impost as one to which the Bank shall not be liable, and the law relating thereto shall have effect accordingly.

## PART III—CAPITAL AND RESERVES

8. (1) The initial capital of the Bank shall be twenty-six million shillings, which shall be paid up as a charge on and issued out of the Consolidated Fund as the Minister shall, at the request of the Bank, from time to time direct. Authorized  
capital of Bank.  
13 of 1978, Sch.

(2) The ownership of the entire paid up capital of the Bank shall be vested in the Permanent Secretary to the Treasury.

(3) The Bank may, having regard to the amount by which the value of the assets of the Bank exceeds its liabilities, increase its paid up capital by such amount payable out of the General Reserve Fund as the Minister shall at the request of the Bank from time to time by order in the Gazette direct.

(4) The paid up capital of the Bank shall not be reduced.

9. (1) The Bank shall establish and maintain a fund designated as the General Reserve Fund, to which shall be transferred at the end of each financial year a proportion, to be determined by the Bank in consultation with the Minister, of the net annual profits of the Bank after allowing for the expenses of operation and after provision has been made for bad and doubtful debts, depreciation in assets, contributions to staff benefit funds, and such other contingencies and accounting provisions as the Bank deems appropriate.

(2) Subject to subsection (1), the net annual profits of the Bank, calculated in accordance with that subsection, shall be paid into the Consolidated Fund.

(3) The amount of any net losses of the Bank in any financial year which is in excess of the sums standing to the credit of the general reserve fund of the Bank shall be charged upon and paid out of the Consolidated Fund without further appropriation than this Act.

#### PART IV—MANAGEMENT

10. There shall be a Board of Directors of the Bank, constituted as provided in section 11, which shall, subject to the provision of this Act, be responsible for determining the policy of the Bank.

11. (1) The Board shall consist of—

- (a) a Governor;
- (b) a Deputy Governor;
- (c) the Permanent Secretary to the Treasury, or, in his absence an official of the Treasury nominated by the Minister (hereinafter referred to as the representative of the Treasury); and
- (d) four directors.

(2) The Governor and the Deputy Governor shall be the chairman and deputy chairman of the Board respectively, and shall be appointed by the President for terms of four years each and shall be eligible for reappointment:

Provided that in the case of a person who is not a citizen of Kenya the appointment shall be at the pleasure of the President.

(3) The directors shall be appointed by the President for terms of four years and shall be eligible for reappointment:

Provided that—

- (i) for the four directors first appointed, the appointments shall be for one, two, three and four years, respectively; and
- (ii) if a director's appointment on the Board is terminated before his term of office has expired the President shall appoint a new director to serve for the remainder of that term of office.

(4) Where the Governor, the Deputy Governor or a director is unable to perform the functions of his office due to any temporary incapacity which is likely to be prolonged, the President may appoint a substitute for that member of the Board to act with the full powers of that member until such time as the President determines that the incapacity of that member has ceased.

General  
Reserve  
Fund,  
13 of 1978, Sch.

Board of  
Directors.

Constitution  
of Board.

12. (1) The Governor, as chairman of the Board, shall convene meetings of the Board not less than once in every two months, or whenever the business of the Bank so requires, or whenever he is so requested by at least two directors, or by the representative of the Treasury.

(2) A quorum for any meeting of the Board shall be the Governor or the Deputy Governor, the representative of the Treasury and two directors.

(3) Decisions of the Board shall be adopted by a majority of the votes of those present at that meeting, and in case of an equality of votes the chairman or deputy chairman presiding at the meeting shall have a second or casting vote.

(4) The validity of any proceedings of the Board shall not be affected by any vacancy in the membership of the Board, or by any defect in the appointment or disqualification of any member which is discovered subsequent to those proceedings.

(5) Where the Governor and the representative of the Treasury consider that, because of exceptional circumstances, a decision is necessary before a full meeting of the Board can be convened, then that decision may be taken by the Governor with the concurrence of the representative of the Treasury and that decision shall be valid and binding on the Bank; and the Governor shall immediately convene a meeting of the Board and report the decision to it.

(6) The Governor and the representative of the Treasury shall each have the right to suspend a vote by the Board and refer the matter to the Minister for a decision, and the decision of the Minister as to whether the vote shall stand or shall not stand shall be binding on the Board.

Governor.

13. (1) The Governor shall be the chief executive officer of the Bank and, subject to the general policy decisions of the Board, shall be responsible for the management of the Bank, including the organization, appointment and dismissal of the staff in accordance with the general terms and conditions of service established by the Board, and the Governor shall have authority to incur expenditure for the Bank within the administrative budget approved by the Board.

(2) The Governor shall be the principal representative of the Bank and shall, in that capacity, have authority—

- (a) to represent the Bank in its relations with other public entities, persons or bodies;
- (b) to represent the Bank, either personally or through counsel, in any legal proceedings to which the Bank is a party;
- (c) to sign individually or jointly with other persons contracts concluded by the Bank, notes and securities issued by the Bank, reports, balance sheets, and other financial statements, correspondence and other documents of the Bank.

(3) The Deputy Governor shall act for the Governor and shall exercise all the powers and shall perform all of the functions conferred on the Governor under this Act whenever the Governor is temporarily absent, and shall perform such other functions as the Governor may from time to time assign to him.

(4) The Governor may delegate any of his powers provided for in this section to other officers of the Bank.

Meetings of  
Board.

**13A.** (1) The affixing of the common seal of the Bank shall be authorized by the signature of the Governor and of some other person or persons authorized by the Governor in that behalf.

(2) The Governor may, under the common seal of the Bank, empower any person to execute or authenticate on behalf of the Bank any documents on its behalf.

**14.** (1) No person shall be appointed as Governor, Deputy Governor or a director who is—

- (a) a member of the National Assembly;
- (b) a salaried employee of any public entity (except on a secondment basis);
- (c) a director, officer, employee, partner in or shareholder of any specified bank or specified financial institution:

Provided that—

(i) paragraph (b) shall not apply in the case of the representative of the Treasury; and

(ii) the President may in exceptional cases waive any of the above provisions with respect to any director (other than the Governor or Deputy Governor) if it is in the interests of the Bank and likely to promote the objects of the Bank under section 4.

(2) The President shall terminate the appointment of a Governor, Deputy Governor or a director who—

- (a) becomes subject to any of the disqualifications described in subsection (1);
- (b) is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors;
- (c) is convicted of an offence involving dishonesty or fraud or moral turpitude; or
- (d) becomes for any reason incapable of properly performing the functions of his office.

(3) The President shall terminate the appointment of any Director who absents himself from three consecutive meetings of the Board without leave of the Board.

**15.** (1) The Governor and the Deputy Governor shall owe their allegiance entirely to the Bank and shall not engage in any paid employment or business or professional activity outside the duties of their respective offices:

Provided that nothing in this subsection shall prevent the Governor or Deputy Governor from accepting or holding any academic office or position in an institution of higher learning or any advisory position or membership in any committee or commission with public responsibility, or from serving in any international financial institution of which Kenya is a member or with which Kenya is associated, or any specialized financial institution established by the Government.

(2) If the Governor or the Deputy Governor engages in any paid employment or business or professional activity outside the duties of his office contrary to subsection (1), the President shall terminate his appointment.

(3) The President may specifically exempt any transactions or activities from the restrictions of this section.

**16.** (1) The Governor, the Deputy Governor, and any substitute appointed under section 11 (4) shall be paid by the Bank such salaries and allowances as may be determined from time to time by the President, but those salaries and allowances shall not be altered to the detriment of any person during his term of office.

Common seal  
and power  
of attorney,  
13 of 1978, Sch.

General dis-  
qualifications  
for all Board  
members.

Special dis-  
qualifications  
for Governor  
and Deputy  
Governor.

Remuneration.

(2) The directors and any substitute appointed under section 11 (4) shall be paid by the Bank such allowances as may from time to time be determined by the President.

**17.** (1) Except for the purpose of the performance of his duties or the exercise of his powers, the Governor, the Deputy Governor, any director or any other officer or employee of the Bank shall not disclose any information which he has acquired in the performance of his duties or the exercise of his powers.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding two thousand shillings or to imprisonment for a term not exceeding one year, or to both, in addition to any disciplinary action which may be taken by the Board.

**18.** The Governor, the Deputy Governor and any director shall declare his interest in any specific proposal being considered or to be considered by the Board.

#### PART V—CURRENCY

**19.** (1) The unit of currency of Kenya shall be the Kenya shilling, which shall be divided into one hundred cents.

(2) Twenty shillings shall equal one Kenya pound.

**20.** The par value of the Kenya shilling and any change or suspension thereof shall be determined by the President, acting on the advice of the Bank and in accordance with any international agreement in that behalf to which Kenya is a party or with which it is associated, and shall be notified by notice in the Gazette.

**21.** All monetary obligations or transactions entered into or made in Kenya shall be deemed to be expressed and recorded, and shall be settled, in Kenya currency unless otherwise provided for by law or agreed upon between the parties.

**22.** (1) The Bank shall have the sole right to issue notes and coins in Kenya and, subject to subsection (4), only those notes and coins shall be legal tender in Kenya:

Provided that coins of a denomination of fifty cents shall be legal tender only for payments up to twenty shillings, and coins of a denomination of less than fifty cents shall be legal tender only for payments up to five shillings.

(2) The denominations, inscriptions, form, material and other characteristics of the notes and coins issued by the Bank shall be determined by the Minister, acting on the recommendations of the Bank, and shall be notified in the Gazette and in other media of public information likely to bring them to the attention of the public.

(3) The Bank shall have power to withdraw any notes or coins issued by the Bank, and the procedure for and effect of withdrawal shall be as follows—

(a) a notice published in the Gazette, and in such other manner as the Bank considers likely to bring that notice to the attention of the public, shall specify the issues, and the denominations forming part of the issues, of notes or coins that are to be withdrawn, the places where those notes or coins may be taken for exchange, and the date on which those notes or coins shall cease to be legal tender;

(b) the notice given under paragraph (a) may provide that, after such period as may be specified in the notice, the notes or coins to which the notice applies shall only be exchanged at the head office of the Bank;

Preservation  
of secrecy.

Declaration  
of interest.

Currency of  
Kenya.

Par value  
13 of 1978, Sch.

Use of Kenya  
shilling.

Issue of notes  
and coins,  
legal tender, and  
withdrawal.

- (c) the notes or coins specified in a notice given under paragraph (a) shall be exchanged at their face value for legal tender at the places and for the periods (which shall be of reasonable duration) specified in relation to those places in the notice, and shall cease to be legal tender on the date specified in the notice;
- (d) the Bank may, by notice published in the same manner as notice given under paragraph (a), specify a period during which notes or coins which have ceased to be legal tender may nevertheless be exchanged at the head office of the bank, and after which those notes or coins shall no longer be exchanged.

23. [Spenl]

24. The Bank shall not be obliged to exchange any note or coin which is mutilated, defaced, soiled or otherwise defective, and the conditions subject to which the Bank may as a matter of grace exchange any such note or coin shall be within the absolute discretion of the Bank.

25. (1) The Minister may, if the Bank so recommends, by regulations published in the Gazette prohibit the issue by any person other than the Bank of any bill of exchange, promissory note or similar instrument for the payment of money to the bearer on demand, and any such regulations may make different provision for different cases or classes of case, and may impose penalties for any offence under the regulations of a fine not exceeding ten thousand shillings or of imprisonment for a term not exceeding two years, or of both.

(2) Subject to any regulations made under this section the issue of any bill, note or instrument referred to in subsection (1), shall not be deemed to contravene the sole right of the Bank to issue notes in Kenya.

PART VI—EXTERNAL RELATIONS

26. (1) The Bank shall at all times use its best endeavours to maintain a reserve of external assets at an aggregate amount of not less than the value of four months' imports as recorded and averaged for the last three preceding years; and subject to subsection (3) the reserve shall consist of any or all of the following—

- (a) gold;
- (b) convertible foreign exchange in the form of—
  - (i) demand or time deposits with foreign central banks or with the Bank's agents or correspondents outside Kenya;
  - (ii) documents and instruments customarily used for the making of payments or transfers in international transactions;
  - (iii) notes or coins;
- (c) convertible and marketable securities of, or guaranteed by, foreign governments or international financial institutions.

(2) The Bank shall from time to time determine the type and form of convertible foreign exchange and the kinds of securities which may be held in the reserve of external assets pursuant to subsection (1).

(3) The Bank may include in its reserve of external assets any liquid external asset not included in subsection (1), or any readily available international drawing facility, which the Bank, after consultation with the International Monetary Fund and with the approval of the Minister, considers suitable for inclusion in the reserve.

Exchange of  
mutilated notes  
and coins.

Bills of  
exchange,  
promissory  
notes, etc.

Reserve of  
external assets.

27. (1) The Bank may buy, sell, import, export, hold or otherwise deal in gold or foreign exchange under such terms and conditions as it shall determine:

Provided that the buying and selling rates involved in those transactions shall be in accordance with international agreements to which Kenya is a party, or with which Kenya is associated.

(2) The Bank may hold balances, denominated in foreign currencies, with foreign central banks or with the Bank's agents or correspondents abroad and may invest those balances in marketable short-term foreign securities denominated in convertible currencies.

28. The Bank may engage in foreign exchange transactions only with—

- (a) specified banks;
- (b) public entities;
- (c) foreign central banks, foreign banks, or foreign financial institutions;
- (d) foreign governments or agencies of foreign governments;
- (e) international financial institutions;
- (f) any other person or body of persons whom the Minister, on the recommendation of the Bank, may, by notice in the Gazette, prescribe for the purposes of this section.

29. The Bank may open accounts for and accept deposits from, collect money and other monetary claims for and on account of, foreign central banks, foreign banks and foreign financial institutions, and may generally act as banker to those banks or institutions.

30. The Bank shall administer any law relating to exchange control that may be in force at any time in Kenya.

31. The Bank shall administer any payments agreement entered into by Kenya, and the Bank shall be consulted by the Government in negotiating any payments agreement.

32. The Bank shall be the fiscal agent for all of the Government's transactions with international financial institutions of which Kenya is a member or with which Kenya is associated.

33. The Bank shall act as depository for Kenya currency holdings owned by international financial institutions of which Kenya is a member or with which Kenya is associated.

PART VII—RELATIONS WITH SPECIFIED BANKS

34. (1) The Bank shall open accounts for and accept deposits from, collect money and other monetary claims for and on account of, specified banks, and generally act as banker to specified banks.

(2) The Bank may provide any additional services or facilities that it considers desirable including inter-bank clearings to specified banks operating in Kenya.

35. The Bank may purchase from, sell to and rediscount on behalf of specified banks, bills of exchange, promissory notes and other credit instruments, bearing at least two good signatures, the last being the endorsement of a specified bank, maturing within one hundred and eighty days from the date of rediscount or acquisition by the Bank, and issued or made for the purpose of financing—

- (a) the importation or exportation of goods, or the transportation of goods within Kenya;
- (b) the storage of non-perishable goods and products which are duly insured or deposited under conditions assuring their preservation in authorized warehouses or in other places approved by the Bank;

Dealing in  
gold and foreign  
exchange.

Institutions  
with which  
Bank may deal  
in foreign  
exchange.

Relations with  
foreign central  
banks, foreign  
banks and  
foreign financial  
institutions.

Exchange  
control.

Payments  
agreements.

Fiscal agent for  
Government's  
transactions with  
international  
financial  
institutions.

Depository.

Banker to  
specified  
banks.

Rediscounts

## (c) industrial or agricultural production:

Provided that—

- (i) if the Bank finds it to be in the interest of the national economy, the Bank may from time to time declare acceptable for the purposes of this paragraph instruments relating to industrial or agricultural production maturing within two hundred and seventy days; and
- (ii) the Bank may require the credit instruments accepted by it under this paragraph to be secured by a pledge, hypothecation or assignment of the related products or crops.

36. The Bank may grant loans or advances for fixed periods not exceeding six months to specified banks which pledge the following as security for such loans or advances—

- (a) the credit instruments referred to in section 35; or
- (b) negotiable securities issued or guaranteed by the Government, subject to the specifications and limitations provided for in section 47, 48 and 49.

37. Subject to the provisions of sections 35 and 36, the Bank may determine the general terms and conditions under which it extends credit to specified banks, and in particular, the Bank shall determine and announce the rates of interest it will charge for rediscounting instruments in accordance with section 35 and granting loans or advances to specified banks in accordance with section 36; and the Bank may determine different rates for different classes of transactions or maturities.

38. (1) The Bank may, from time to time, require specified banks to maintain minimum cash balances on deposit with the Bank as reserves against their deposit and other liabilities; but those balances shall not exceed twenty per cent of each specified bank's total liabilities.

(2) Subject to the limit specified in subsection (1), the Bank may specify different ratios for different types of liabilities and may further specify the method of computing the amount of the total liabilities of a specified bank; but the ratios specified shall be the same for all specified banks.

(3) Any specification of, or increase in, the minimum reserve requirements under subsection (1) or subsection (2) shall take effect only after the expiration of thirty days' notice to the specified banks of the Bank's intention to take action.

(4) The Bank may impose on any specified bank which fails to maintain sufficient minimum cash balances required under subsection (1) or subsection (2) a penalty interest charge not exceeding one per cent per day on the amount of the deficiency for each day for which the deficiency continues.

(5) The Bank may, if in its opinion circumstances of an unusual nature render it desirable so to do, pay interest at such rates and subject to such qualifications as it may determine on minimum cash balances deposited with the Bank in accordance with this section.

39. The Bank may, from time, acting in consultation with the Minister, determine and publish the maximum and minimum rates of interest which specified banks or specified financial institutions may pay on deposits and charge for loans or advances:

Provided that the Bank may in consultation with the Minister determine different rates of interest—

- (i) for different types of deposits and loans; and
- (ii) for different types of specified bank and financial institutions.

Loans.

Conditions  
for credit  
transactionsReserve  
requirements  
10 of 1980, s. 9Regulation of  
interest rates of  
specified banks  
or specified  
financial  
institutions  
10 of 1980, s. 9.

40. (1) The Bank may issue instructions specifying in respect of any loans, advances or investments made by specified banks—

- (a) the purposes for which they may or may not be granted;
- (b) the maximum maturities or, in the case of loans and advances, the type and minimum amount of security which shall be required, and in the case of letters of credit, the minimum amount of margin deposit; or
- (c) the limits for any particular categories of loans, advances or investments or for their total amount outstanding.

(2) Instructions issued under this section shall not have retrospective effect, shall apply uniformly to all specified banks engaging in the credit transactions covered by the instructions, and shall, together with their effective dates, be published in the Gazette.

41. (1) The Bank may issue instructions designed to control the volume, terms and conditions of credit, including instalment facilities, in the form of loans, advances or investments, extended by specified financial institutions.

(2) Instructions issued under this section shall not have retrospective effect, shall apply uniformly to all specified financial institutions engaged in any credit transactions covered by the instructions and shall, together with their effective dates, be published in the Gazette.

42. (Repealed by 56 of 1968, s. 33).

43. (1) Every specified bank and specified financial institution shall furnish to the Bank, at such time and in such manner as the Bank may prescribe, any information and data the Bank may reasonably require for the proper discharge of its functions under this Act.

(2) The Bank may publish in whole or in part, at such times and in such manner as it may decide, any information or data furnished under this section:

Provided that no such information shall be published which would disclose the financial affairs of any person or undertaking unless the prior consent in writing of that person or undertaking has first been obtained by the Bank.

## PART VIII—RELATIONS WITH PUBLIC ENTITIES

44. (1) The Bank shall act as fiscal agent of and banker to the Government.

(2) The Bank may also perform the functions of fiscal agent and banker for any other public entity in accordance with, and within the scope determined by, any special arrangements made between the Bank and the public entity concerned.

45. The Bank in its capacity as fiscal agent and banker to any public entity may, subject to the instructions of that public entity—

- (a) be the official depository of the public entity concerned and accept deposits and effect payments for the account of that public entity;

Provided that the Bank may, after consultation with the Minister, select any specified bank to act in its name and for its account as the official depository of that public entity in places where the Bank has no office or branch;

Credit controls  
over specified  
banks.Credit controls  
over specified  
financial  
institutions.Information to  
be furnished  
by specified  
banks, etc.Fiscal agent  
and banker to  
public entities.Functions  
as fiscal  
agent.

- (b) maintain and operate special official accounts in accordance with arrangements made between the Bank and the public entity concerned;
- (c) as an agent of the Government, administer the public debt including the issuance of, payment of interest on, and redemption of, bonds and other securities of the Government;
- (d) pay, remit, collect or accept for deposit or custody funds in Kenya or abroad;
- (e) purchase, sell, transfer or accept for custody cheques, bills of exchange and securities;
- (f) collect the proceeds, whether principal or interest, resulting from the sale for, or accruing to the interest of, a public entity of securities or other property;
- (g) purchase, sell, transfer or accept for custody gold or foreign exchange.

46. (1) The Bank may make direct advances to the Government.

(2) Advances made under this section shall bear interest at such rate as may be determined by the Bank with the consent of the Minister, but in no event shall such rate be less than three per cent per annum.

47. The Bank may purchase, hold or sell negotiable securities of any maturity issued by the Government, or issued by any other public entity and guaranteed by the Government.

48. (1) The Bank's direct advances to the Government under the authority of section 46 shall not at any time exceed twenty-five per centum of the gross recurrent revenue of the Government as shown in the Appropriation Accounts for the latest year for which those Accounts have been audited by the Controller and Auditor-General.

(2) For the purposes of subsection (1), the recurrent revenue of the Government shall include revenue from taxes, customs, excise, export and other duties, fees, rents, profits and income from any investment or undertaking, but shall not include proceeds from grants, or loans or any form of borrowing whether short-term or long-term.

49. Except as provided in accordance with sections 36 (b), 46, 47 and 48, the Bank shall not extend any credit directly or indirectly to any public entity.

50. (1) It shall be the duty of the Bank to advise the Minister on any matter which in its opinion is likely to affect the achievement of the principal objects of the Bank as specified in section 4.

(2) The Bank may tender advice to the Minister on any matter in which the Bank is concerned.

(3) The Minister may request the Bank to give its advice on any particular measures, situations or transactions, or on monetary, banking and credit conditions in or outside Kenya, and the Bank shall give its advice accordingly.

#### PART IX—MISCELLANEOUS PROVISIONS

51. (1) Profits or losses which are attributable to any revaluation of the Bank's net assets or liabilities in gold, foreign exchange or foreign securities made as a result of any change in the par value of any currency unit shall be excluded from the computation of the annual profits and losses of the Bank.

(2) All profits or losses so excluded shall be transferred to a special account to be called the Revaluation Account.

Direct advances to Government.

Credit operations with Government securities.

Limit on lending to Government. 13 of 1972, Sch.

Prohibition of other credit to public entities.

Advice to Government.

Revaluation profits.

52. The Bank shall not—

- (a) save as expressly authorized by this Act, engage in trade, or own or acquire any direct interest in any commercial, agricultural, industrial or similar undertaking, except in the course of obtaining satisfaction for any debt due to the Bank, and any such interest shall be disposed of at the earliest suitable opportunity;
- (b) purchase, acquire or lease immovable property for commercial purposes or as an investment except for its own business requirements or for the use of its employees;
- (c) draw or accept bills payable otherwise than on demand; or
- (d) guarantee any loan, advance or investment.

53. The financial year of the Bank shall be the same as the Government's financial year and the accounts of the Bank shall be closed at the end of each financial year.

54. Within three months after the close of each financial year the Bank shall submit to the Minister a report on the Bank's operations throughout that year, together with the balance sheet and the profit and loss account as certified by auditors appointed by the Bank and approved by the Minister.

55. (1) After submission to the Minister the Bank shall publish the annual report referred to in section 54.

(2) The Bank may also issue such other publications as it considers to be in the public interest.

56. The Minister may, in addition to the audit carried out under section 54, if he thinks fit, require the Controller and Auditor-General to audit the accounts of the Bank.

Prohibited operations

Financial year.

Annual reports.

Publication of reports, etc.

Audit by Controller and Auditor-General

[Subsidiary]

I.N. 84/1983.  
I.N. 243/1983.

Specified Banks under section 2  
 Algemene Bank Nederland N.V.  
 Bank of Baroda  
 Bank of Credit & Commerce International (Overseas) Limited  
 Bank of India  
 Bank of Oman  
 Banque Indo Suez  
 Barclays Bank of Kenya Limited  
 Citibank N.A.  
 Commercial Bank of Africa Limited  
 Continental Bank of Kenya Limited  
 Grindlays Bank International (Kenya) Limited  
 Habib Bank A.G. Zurich  
 Habib Bank Limited  
 Kenya Commercial Bank Limited  
 Middle East Bank Kenya Limited  
 National Bank of Kenya Limited  
 Pan African Bank Limited  
 The Co-operative Bank of Kenya Limited  
 The First National Bank of Chicago  
 The Standard Bank PLC

[Subsidiary]

Specified Financial Institutions under section 2  
Akiba Loans & Finances Limited  
Arab Africa Finance Limited  
Bank of Credit & Commerce International Finance (Kenya) Limited  
Business Finance Company Limited  
Capital Finance Limited  
Commercial Bank of Africa Finance Co. Limited  
Continental Credit Finance Limited  
Credit Finance Corporation Limited  
Diamond Trust of Kenya Limited  
East African Acceptances Limited  
First Chicago (Kenya) Limited  
Grindlays International Finance (Kenya) Limited  
Habib Zurich Finance Kenya Limited  
Home Savings & Mortgages Limited  
Housing Finance Co. of Kenya Limited  
Industrial Development Bank Limited  
Investments & Mortgages Limited  
Jimba Credit Corporation Limited  
Kenya Commercial Finance Co. Limited  
Kenya Finance Corporation Limited  
Kenya National Capital Corporation Limited  
Lima Finance Limited  
Mercantile Finance Company Limited  
Middle African Finance Co. Limited  
Mombasa Savings and Finance Limited  
Nairobi Finance Corporation Limited  
National Industrial Credit East Africa Limited  
Nationwide Finance Co. Limited  
Pan African Credit & Finance Limited  
Rural & Urban Credit Finance Limited  
Saving & Loan Kenya Limited  
Southern Credit Finance Limited  
Thabiti Finance Company Limited  
The Co-operative Bank of Kenya Finance Limited  
Union Credit Limited.

L.N. 84/1983,  
L.N. 243/1983.

Specified Public Entity under section 2

The Industrial Development Bank Limited

L.N. 138/1979.

Par value of Kenya shilling determined under section 20

The par value of the Kenya shilling determined in terms of gold, L.N. 15/1973,  
with effect from the 16th February, 1973, is as follows—

301.586 Kenya shillings equal one troy ounce of fine gold.

Denominations, inscription, form, material and other characteristics  
of notes and coins determined under section 22 (2)

*Details and descriptions are not set out here. For that information  
reference should be made in the case of notes to LNs 306/1974,  
258/1979 and 165/1980, in the case of coins to GN 148/1967 and  
LNs 84/1969, 47/1970, 225/1973 and 165/1980, and in the case of  
commemorative coins to LN 259/1979.*

L.N. 160/1971,  
L.N. 30/1973.

Instructions under section 41

With effect from the 27th July, 1971, the minimum cash deposit  
in respect of hire purchase agreement relating to the purchase of  
new private motor cars, imported furniture, carpets and electrical  
household equipment shall be 40 per cent of the cash price as required  
under section 6 (1) of the Hire Purchase Act.

Cap. 307.