

FRANCE

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Publication of Statutes and Regulations

Statutes, regulations, treaties, and public notifications of other measures are published in the *Journal Officiel de la République française: lois et décrets*.

The Codified Statutes of the Bank of France¹

NOTE:—The Bank of France (Banque de France) was established by virtue of the Law of 24th Germinal of the year XI (April 14, 1803), which conferred on the Bank (Art. 1) the sole right to issue bank notes in Paris. Basic Statutes (*statuts fondamentaux*) of the Bank of France were published by a Decree of January 16, 1808, which authorized the Bank (Art. 10) to establish discount offices in departmental towns where commercial requirements made this necessary. Under a Decree of September 8, 1810 the Bank was empowered to exercise its privileges, including the privilege of note issue, in the towns where discount offices were established; but only in the middle of the nineteenth century was the Bank's exclusive right of note issue throughout metropolitan France attained in practice. This note issue monopoly was formally recognized in Art. 98 of the Codified Statutes and reaffirmed by Art. 1 of the Law of December 2, 1945 (see below, pp. 186 and 199).

In the period 1803 to 1936 numerous laws, statutes, decrees, and agreements concerning the Bank of France were issued. In conformity with Art. 15 of the Law of July 24, 1936, relevant provisions of these measures were codified by means of the Decree-Law of December 31, 1936, frequently referred to as the Codified Statutes of the Bank of France. Art. 1 of the 1936 Decree-Law in its original version contains an enumeration of the measures (laws, statutes, decrees, conventions) and of the individual provisions of these measures that have been consolidated therein. Under the Law of December 2, 1945 the Bank of France was nationalized and its note issue privilege, which had heretofore been granted only for specified periods and which was due to expire on December 31, 1945, was extended for an indefinite period.

¹ The version given here is based on the codification contained in the Decree-Law of December 31, 1936 (which was passed in implementation of Art. 15 of the Law of July 24, 1936). Provisions subsequent to the 1936 codification have, however, been incorporated here wherever feasible, and other provisions or their legal or factual consequences are referred to or commented on in the footnotes. Provisions which have been repealed, either explicitly or implicitly, have been omitted except in a few cases where they were thought to be of historical interest. The version presented here reflects the status of the Law in November 1965. Unless otherwise specified, all value figures are given in terms of the monetary unit established on January 1, 1960 (see below, p. 236).

For the text in French of the 1936 codification, see the pamphlet edition, *Codification des textes concernant la Banque de France* (Paris, December 1936).

TITLE I. BANK OF FRANCE

SECTION I. CAPITAL OF THE BANK, RESERVE FUND, AND DIVIDENDS

Art. 1. The public bank [*banque publique*] established in Paris under the name of Bank of France [Banque de France] shall have the form of a joint-stock company with a capital of two hundred and fifty million francs, not including the Reserve Fund.²

Art. 2. [Lapsed]

Art. 3. The capital of the Bank may be increased or reduced only by a special law.

Arts. 4-9. [Lapsed]

Art. 10.³ The Reserve Fund to be maintained by the Bank of France shall comprise:

- (1) An amount of ten million [old] francs fixed by Article 1 of the Law of May 17, 1834, not including funds used for the purchase of the Bank's Head Office and for premises that it has added thereto;
- (2) An amount of two million nine hundred and eighty thousand seven hundred and fifty [old] francs representing the reserve funds of former banks in the Departments that have merged with the Bank of France, pursuant to the Decrees of April 27 and May 2, 1848;
- (3) An amount of nine million one hundred and twenty-five thousand [old] francs representing the additional funds collected by the Bank on the occasion of the increase in its capital pursuant to the Law of June 9, 1857.

Art. 11. [Lapsed]

Art. 12.³ The capital and the Reserve Fund of the Bank shall be in the form of French Government obligations [*rentes*] in an amount of one hundred twelve million nine hundred eighty thousand seven hundred and fifty [old] francs representing:

- (1) The reserve of ten million [old] francs fixed by the Law of May 17, 1834;
- (2) The reserve funds of two million nine hundred and eighty thousand seven hundred and fifty [old] francs deriving from the merging with the former banks in the Departments;

² The shares of the Bank were transferred to the Government by virtue of Art. 1 of the Law of December 2, 1945 (see below, p. 199).

³ The provisions of Arts. 10 and 12 are reproduced here primarily because of their historical interest; they should be read in conjunction with Arts. 1, 3, and 13.

(3) An amount of one hundred million [old] francs deriving from the capital increase provided for by the Law of June 9, 1857.

The government obligations [*rentes*] acquired by the Bank representing the amount of one hundred and twelve million nine hundred and eighty thousand seven hundred and fifty [old] francs referred to above shall be registered in its name and may not be resold without authorization for the duration of its privilege.

Art. 13. Irrespective of the Reserve Funds referred to in Articles 10 and 12, any profits made by the Bank as provided for in Articles 161 and 162 shall be added to its funds.

Arts. 14-15. [Lapsed]⁴

SECTION II. ADMINISTRATION OF THE BANK

1. Management of the Bank

Art. 16. The management of the Bank's business shall be in the hands of a Governor.

Art. 17. The Governor shall be assisted by two deputies, who shall discharge the duties delegated to them by the Governor; they shall have the title of First Deputy Governor and Second Deputy Governor.

The Deputy Governors, in the order indicated by their titles, shall take over the duties of the Governor if his office should be vacant or if he is absent or sick.

Art. 18. The Governor and his two deputies shall be appointed by decree of the Council of Ministers.

Art. 19. The Governor shall take an oath before the President of the Republic that he will duly and faithfully manage the affairs of the Bank in conformity with the laws and statutes.

Art. 20. The offices of Governor and Deputy Governor of the Bank of France shall be incompatible with parliamentary office.

Art. 21. The Governor shall receive an annual salary from the Bank equivalent to that of the Vice-President of the Council of State; the two Deputy Governors shall each receive a salary equivalent to that of Section Presidents of the Council of State.

⁴ Art. 14 of this Law provided that dividends were to be declared by the General Council every six months. Since the nationalization of the Bank (on January 1, 1946), the General Council votes an annual dividend which is paid to the Government; see Art. 57, below.

Art. 22. The General Council shall fix a scale in terms of which the Governor and the two Deputy Governors shall receive representation allowances and the reimbursement of their exceptional expenses.

Art. 23. The Bank shall defray the cost of offices, lodging and furniture, and other expenses connected with the management of the Bank.

Art. 24. The daily presence of the Governor or the Deputy Governors is required at the Bank for it to carry on its business.

Art. 25. [Lapsed]

Art. 26. The Governor and his deputies may not present for discount any credit instrument bearing their signature or belonging to them.

Art. 27. During their term of office the Governor and the Deputy Governors may not take or accept any participation or interest of any kind, whether actively or in an advisory capacity, in any private industrial, commercial or financial enterprise.

Art. 28. A Governor or Deputy Governor who relinquishes his office shall continue to receive his salary for three years.

During this period he shall not be permitted, except by authorization of the Minister of Finance, to lend his services to private enterprises and to receive from them remuneration for his advice or work. In the case referred to above, the conditions under which he shall continue to receive all or part of his salary shall be determined by decision of the Minister of Finance.

If he is entrusted with a public office during the same period, the conditions under which salary received from such office will be added to the remuneration referred to in the first paragraph of this Article shall be laid down by decision of the Minister of Finance.

Art. 29. Eligible paper may be discounted only upon the recommendation of the General Council and with the formal approval of the Governor.

Appointment, dismissal and removal from their posts of officials of the Bank shall be by the Governor.

He alone shall sign, in the name of the Bank, all contracts and agreements; he shall sign all correspondence; in this matter and as regards endorsing and receipting assets of the Bank, he may, however, act through a deputy.

Legal proceedings shall be carried on in the name of the Councillors and the Governor; they shall be instituted by and entrusted to the Governor.

The Governor shall preside over the General Council and special committees and boards which he attends; in the name of the General Council he shall present the Bank's annual account of its operations to the President of the Republic; no resolution may be carried out without his signature; he shall see to it that the laws relating to the Bank, the statutes and the resolutions of the General Council are fully complied with.

Art. 30. The Deputy Governors shall advise, and have the right to vote in, the General Council; their rank among the Councillors shall be on the basis of the seniority of their appointment.

2. General Meeting of Shareholders

Arts. 31-43. [Lapsed]

3. General Council

Art. 44. The administration of the Bank shall be in the hands of twelve Councillors and shall be supervised by two Auditors; all must be French citizens. The Governor, the Deputy Governors, the Councillors and the Auditors shall together make up the General Council. The Auditors shall sit in an advisory capacity.

Art. 45. The two Auditors shall be chosen by the Secretary of State for Finance from among government officials holding at least the rank of Director.

Art. 46. The Councillors shall be chosen as follows:

(1) [Lapsed]

(2) One shall be elected by secret ballot by the staff of the Bank of France.

(3) Seven shall be appointed by the Minister of Finance on the recommendation of the competent Ministers:

Two representing commerce and industry in metropolitan France;

Four representing respectively agriculture, labor, French interests in the overseas territories and French interests abroad;

One representing general economic interests.

(4) Four shall be ex officio members:

The General Manager of the Deposit and Consignment Office [*Caisse de Dépôts et Consignations*];

The Governor of the Mortgage Loan Bank of France [*Crédit Foncier de France*];

The General Manager of the National Credit Bank [*Crédit National*];

The General Manager of the National Agricultural Credit Bank [*Caisse Nationale de Crédit Agricole*];

Art. 47. No member of Parliament may be a member of the General Council.

Art. 48. No Councillor of the Bank of France may be a director of financial institutions of countries at war with France.

Arts. 49-50. [Lapsed]

Art. 51. Councillors other than ex officio members shall be elected or appointed for a four-year term.

Every two years half the elected or appointed members shall retire; the term of office of outgoing Councillors shall be renewable.

Art. 52. The term of office of the Auditors appointed by the Secretary of State for Finance may be brought to an end at any time, at the discretion of the Secretary of State for Finance and, in any case, upon termination of their active service with the Finance Administration.

Art. 53. Auditors and Councillors elected or appointed as a consequence of death or retirement shall continue to discharge their functions only for the remainder of the term of office of their predecessors.

Art. 54. [Lapsed]

Art. 55. The offices of Councillor and Auditor shall be unpaid, except for attendance fees.

These fees shall be determined by the General Council.

Art. 56. The Governor and the Deputy Governors of the Bank shall not be entitled to any fee for attending meetings of the General Council and committees of the Bank.

Art. 57. The General Council of the Bank shall supervise all branches of the Bank's activities.

It shall formulate its special statutes [*statuts particuliers*] and internal regulations; it shall, upon the proposal of the Governor, decide on all general agreements and conventions.

It shall decide on the opening or closing of branches of the Bank, subject to the terms fixed in Article 78.

It shall select the credit instruments [*effets*] eligible for discounting; it shall determine the discount rate, the amounts to be made available for discounting and the maximum maturities for eligible paper.

It shall determine the rate of interest for advances and the securities against which advances may be made, pursuant to Article 129. Subject to the maximum fixed in Article 130, it shall also determine what proportion of the securities eligible to serve as a pledge may be used as collateral for advances, subject to the terms provided for in Articles 129 and following.

It shall decide on the creation and issue of bank notes payable to bearer and at sight; it shall likewise decide on their withdrawal and cancellation; it shall determine the form of such notes and specify the signatures they are to bear.

It shall decide how the Reserve Fund is to be invested, subject to the provisions of Article 12, and shall see to it that the Bank engages only in operations authorized by law and only as laid down by the statutes.

The appointment and salaries of officials and employees of the Bank, and its general administrative expenditures, shall be decided by the General Council each year in advance.⁵

The General Council shall fix the dividend on shares once each year. It shall draw up the annual account that is to be presented to the President of the Republic.

It shall formulate the Staff Regulations, subject to the provisions of Article 92.

All activities of the Bank shall be reported to it.

Art. 58. The General Council shall constitute a quorum only when at least nine voting members and one Auditor are present. Decisions shall be taken by an absolute majority of votes.

Art. 59. All decisions involving the creation and issue of bank notes shall require the approval of the Auditors.

The unanimous objection of the Auditors shall render such decisions null and void.

Art. 60. The Auditors shall supervise all operations of the Bank. They may ask to see accounts, books and portfolios at any time they see fit.

They shall attend meetings of the Supervisory Committee and of the special boards.

Art. 61. The Auditors shall not have the right to vote in the General Council.

They shall propose any measures they regard as necessary to the conduct and interests of the Bank.

If their proposals are not adopted, they may require that they be recorded in the minutes of the meeting.

Art. 62. The Auditors shall report to the President of the Republic on their supervision of the Bank's business and shall state whether regulations on discounting have been faithfully observed.

Art. 63. [Lapsed]

Art. 64. The General Council shall meet at least once a week.

4. Discount Board and Special Committees

Art. 65. In supervising the operations of the Bank, the General Council shall be assisted by the following two committees:

the Discount Committee;
the Supervisory Committee.

⁵ See also Art. 92, below.

Art. 66. Furthermore, a Discount Board shall be established consisting of fifteen members who are actively engaged in business in Paris or hold the position of director, general manager or manager of a commercial company having its head office in Paris or the Paris area. The fifteen members shall be appointed for three-year terms by the Auditors, and one third shall retire each year. Outgoing members may be reappointed.

Art. 67. The Auditors shall appoint the members of the Discount Board from a list of candidates submitted by the General Council containing three times as many names as there are vacancies to be filled.

No member of the Discount Board may lend his services, either in an active or an advisory capacity or as a director, to a banking institution.

Art. 68. [Lapsed]

Art. 69. The members of the Discount Board and the Councillors shall form the Discount Committee.

Those attending the meetings of the Committee shall be entitled to an attendance fee.

Art. 70. Except for the attendance fee, the members of the Discount Board shall serve without pay.

Art. 71. The Councillors and the members of the Discount Board forming the Discount Committee shall be appointed in an order of rotation drawn up by the General Council.

The Discount Committee shall meet every working day.

Art. 72. The members of the General Council and the Discount Board forming the Discount Committee shall examine, by sampling, paper presented for discounting.

They shall select paper that meets the required conditions and guarantee stipulations of the Bank.

Art. 73. The Supervisory Committee shall be composed of Councillors appointed by the General Council. Its members may remain in office until the expiration of their term as Councillors.

Art. 74. The Supervisory Committee shall periodically undertake an audit of the notes, accounts, books, portfolios and holdings of securities, or any other audits that the General Council may decide to request. It shall report to the General Council on the audits it has carried out.

The frequency, purpose and form of its audits shall be determined by the General Council.

Art. 75. The General Council shall appoint, replace or re-elect members of special committees and boards by an absolute majority of votes.

SECTION III. ESTABLISHMENTS OF THE BANK IN DEPARTMENTAL TOWNS

Art. 76. In addition to its Head Office, the establishments of the Bank shall comprise:

- (1) Branches,
- (2) Sub-offices,
- (3) Correspondent towns linked with its banking network for the collection of commercial paper [*villes rattachées*].

Art. 77. The Bank shall be required to maintain the branches, sub-offices and correspondent towns established or maintained by the laws extending its privilege.

Art. 78. Branches and sub-offices of the Bank may be opened or closed by virtue of a decree countersigned by the Minister of Finance and issued on the proposal of the Bank's General Council.⁶

Art. 79. The Bank of France may carry out over the counters of its branches and sub-offices transactions authorized by the laws and decrees determining its Statutes.

Art. 80. Each branch shall be headed by a manager.

The manager shall be assisted by from six to twelve councillors, depending on the size of the branch.

One auditor and one deputy auditor in each branch shall perform the supervisory functions specified in Article 74.

The councillors, auditor and deputy auditor must reside within the area in which the branch operates.

Art. 81. The manager of each branch shall be appointed by order of the Minister of Finance from a list of three candidates submitted to him by the Governor of the Bank.

Art. 82. The councillors of branches shall be appointed by the Governor in consultation with the General Council from a list of candidates containing at least twice as many names as there are vacancies to be filled.

The councillors shall be chosen from among persons especially qualified by virtue of their experience in commercial, industrial or agricultural activities in the area in which the branch operates.

Members of Parliament, and persons who lend their services to a banking institution in an active or an advisory capacity or as directors, shall, however, not be eligible.

⁶ A Chamber of Commerce must be consulted regarding the establishment of branches of the Bank of France within its territory (Art. 12 of the Law of April 9, 1898).

Art. 83. The councillors of branches shall be appointed for a three-year term.

One third shall retire each year.

They may be reappointed to their offices.

Art. 84. Auditors and deputy auditors of branches shall be appointed by the General Council on the recommendation of the Governor.

They shall be appointed for a three-year term.

They shall be eligible for reappointment.

Art. 85. [Lapsed]

Art. 86. The offices of councillor, auditor and deputy auditor of a branch shall be unpaid, except for an attendance fee, the amount of which shall be determined by the General Council.

Art. 87. The manager shall carry out the decisions of the General Council and follow the instructions issued by the Governor.

He shall sign all correspondence as well as endorsements and receipts of bills of exchange belonging to the Bank.

Legal proceedings shall be carried on in the name of the General Council of the Bank of France, at the request of the Governor, and shall be instituted by and entrusted to the manager.

Art. 88. A branch manager may not present for discounting any bill bearing his signature or belonging to him.

Art. 89. The branch councillors shall take turns in examining, by sample, eligible paper [*effets*] presented for discounting at the branch.

Eligible paper may be discounted only on their recommendation and with the approval of the manager.

Art. 90. The Inspectors of Finance, by order of the Minister of Finance, may audit the accounts of a branch.

SECTION IV. STAFF OF THE BANK AND EMPLOYEES' RESERVE FUND

Art. 91. Officials of the Bank must be French nationals. The appointment, removal and dismissal of these officials shall be carried out by the Governor, subject to the provisions of Article 81 on the appointment of branch managers.

Art. 92. Provisions governing the terms of recruitment, promotion and discipline of the staff shall be embodied in staff regulations [*statut réglementaire*]. These regulations, together with any future amendments, shall be formulated by the General Council and submitted by the Governor to the

Minister of Finance for approval.⁷ In case of disagreement, the Council of State shall decide.⁸

Art. 93. Salaries and wages of officials and staff of the Bank shall be determined each year in advance by the General Council.⁹

Art. 94. The Bank shall maintain a reserve fund for its employees. The reserve fund shall be composed of deductions from salaries.

The amount, employment and distribution of the reserve fund shall be decided on by the General Council and submitted to the Government for approval.¹⁰

Regulations pertaining to the reserve fund are contained in the Decrees of September 2, 1950, May 4, 1954 and February 23, 1957.¹¹

SECTION V. POWERS OF THE COUNCIL OF STATE

Art. 95. Upon information from the Minister of Finance, the Council of State shall take cognizance of infringements of laws and regulations governing the Bank and of disputes concerning its internal policy and administration.

In the case of disputes between the Bank and members of its General Council, its officials or employees, the Council of State shall pronounce final judgment, which may not be appealed, and may impose civil sanctions, including damages and even dismissal or termination of functions.¹²

Art. 96. The Council of State shall also settle disputes referred to in Article 92.¹³

⁷ Art. 6 of Decree No. 707 of August 9, 1953 amended by a Decree of June 22, 1960 on government control of national public enterprises provides as follows:

"All measures dealing with the salary scales, staff regulations, and pensions of the staff of national public enterprises shall be submitted before any decision is made to the competent Minister and to the Minister of Finance. The latter shall obtain the opinion of an interministerial committee, whose composition and operation shall be fixed by a joint decree of the Prime Minister, the Minister of Finance and the Minister of Labor. Such measures shall enter into force only after having been approved by the competent Minister and by the Minister of Finance."

⁸ See Arts. 95 and 96, below.

⁹ The staff of the Bank is covered by a special social security scheme (Decrees of May 25, 1938 and June 8, 1946).

¹⁰ In accordance with the Decree-Law of September 30, 1953 and the Implementing Decree of November 28, 1953, Art. 14, amended by Decree No. 60-1510 of December 27, 1960:

"The administrative tribunals shall in the first instance, and subject to appeal to the Council of State, settle all administrative disputes coming under generally applicable law;

"The Council of State shall retain its jurisdiction to pass judgment in the first and last instance on:

(1) appeals for action *ultra vires* made against regulatory decrees or individuals,

Art. 97. All other matters shall be brought before the competent courts.

TITLE II. ISSUING PRIVILEGE AND NOTES OF THE BANK OF FRANCE

Art. 98. The Bank of France shall have the exclusive privilege of issuing bank notes throughout metropolitan France, under the terms laid down by law.¹²

Art. 99. As indicated in Articles 57 and 59, the General Council shall make all decisions concerning the creation and issue of notes of the Bank payable to the bearer at sight [*payables au porteur et à vue*], and concerning their withdrawal from circulation and their cancellation; it shall determine the form of the notes and decide what signatures are to appear on them. All decisions dealing with the creation or issue of bank notes shall be approved by the Auditors; the unanimous objection of the Auditors shall render the decisions null and void.

Art. 100. The smallest denomination of notes of the Bank of France shall be five [old] francs.

Art. 101. The notes of the Bank shall be accepted as legal tender [*monnaie légale*] by public cash offices and by individuals.

The legal-tender status of a specific type of note may, at the Bank's request, be revoked by decree, in which case the Bank shall nevertheless remain obligated to guarantee the convertibility at sight and into gold of the notes concerned in accordance with the terms set forth in the Article which follows.

Except in the case referred to in the second paragraph of this Article, the legal-tender status of bank notes may be revoked only by law.

[**Art. 102.** The Bank of France shall be obligated to guarantee to the bearer the convertibility at sight and into gold of its bank notes.]

The Bank shall be authorized to guarantee such convertibility either by paying the equivalent value of the bank notes in legal-tender gold coin, or by exchanging them for gold at the legally established rate.

The Bank shall be authorized to make such payments or exchanges only at its Head Office and for minimum amounts to be fixed by agreement between the Minister of Finance and the Bank of France.]¹²

- (2) disputes involving the individual position of officials appointed by decree;
- (3) appeals against administrative actions whose field of application extends beyond a single administrative tribunal."

¹² Reaffirmed by Art. 2 of the Law of December 2, 1945 (see below).

¹² Application of the provisions of Art. 102 was suspended by Art. 1 of the Monetary Law of October 1, 1936; see Art. 170, below.

[**Art. 103.** The Bank of France shall be obligated to hold a stock of bullion and gold coin equal to at least thirty-five per cent of the aggregate of notes in circulation payable to bearer and current credit accounts.]¹³

Art. 104. Falsifying or counterfeiting bank notes; using, selling, peddling or distributing falsified or counterfeit bank notes; and bringing such bank notes within the limits of French territory shall be punishable under Articles 139 and 144 of the Penal Code.

Art. 105. The provisions of the Law of June 15, 1872 relating to bearer certificates that have been lost or stolen shall not be applicable to notes of the Bank of France.¹⁴

TITLE III. TRANSACTIONS OF THE BANK ARISING FROM THE ISSUE OF BANK NOTES

Art. 106. Transactions of the Bank arising from the issue of bank notes shall comprise:

- (1) Gold transactions;
- (2) Discount transactions;
- (3) Advances against government securities and transferable securities;
- (4) Permanent advances to the Government.¹⁵

¹³ Application of Art. 103 was suspended by a Decree-Law of September 1, 1939.

¹⁴ The Law of June 15, 1872 has been repealed; however, a similar provision is contained in Art. 38 of Decree No. 56-27 of January 11, 1956.

¹⁵ Art. 1 of the Decree-Law of June 17, 1938 Concerning the Extension of the Functions of the Bank of France provides as follows:

"With a view to influencing the volume of credit and regulating the money market, the Bank of France shall, in addition to the transactions enumerated in Article 106 of the Codification Decree of December 31, 1936, be authorized to buy on the open market, within the limits and under the conditions laid down by the General Council, short-term negotiable government paper and discountable private paper and to resell, without endorsement, such paper previously acquired. These transactions may in no circumstances be carried out for the benefit of the Treasury or the public authorities issuing such paper."

By order of the General Council of the Bank, the purchase and sale of negotiable government and private paper provided for in Art. 1 of the Decree-Law shall apply to the following:

- (1) Treasury bills;
- (2) Notes of the French Railways [SNCF];
- (3) Bank acceptances;
- (4) Paper unconditionally guaranteed by the National Office for the Financing of Government Purchases [*Caisse Nationale des Marchés de l'Etat*];
- (5) Paper in respect of export trade, guaranteed by a bank;
- (6) Paper bearing the signature of the Mortgage Loan Bank of France [*Crédit Foncier de France*];
- (7) Treasury certificates.

Art. 107. The Bank may not in any circumstances or for any reason carry on or undertake transactions other than those permitted by law and by the Bank's statutes.

Art. 108. The statutes of the Bank shall be approved by the President of the Republic in the form of a government regulation [*règlement*].

SECTION I. GOLD TRANSACTIONS

Art. 109. The Bank may not engage in trading other than in gold and silver.¹⁶

[**Art. 110.** The Bank of France shall be obligated to buy gold presented at the counters of its Head Office and of the branches of its choice at the rate established by law, without charging interest.

It shall be empowered to charge the seller for mintage at the rate of the Paris Mint. Assaying costs shall be at the expense of the seller.]¹⁷

[**Art. 111.** The Bank may grant advances against bullion or foreign gold and silver coin placed on deposit with it.]¹⁸

SECTION II. DISCOUNTING¹⁹

Art. 112. The Bank shall discount for any person bills of exchange and other commercial paper with fixed maturities not exceeding three months and drawn by traders, agricultural and other associations, mutual guarantee associations for small and medium-sized commerce and small and medium-sized industry, and by all other persons of known solvency.

Art. 113. [Lapsed]

Art. 114. No person having been legally declared a bankrupt shall be eligible for discounting unless rehabilitated.

¹⁶ The Bank no longer buys silver coin, the Law of June 25, 1928 having substituted gold monometallism for bimetallism.

¹⁷ Application of the provisions of Article 110 was suspended by Art. 1 of the Law of October 1, 1936; see Art. 174, below.

¹⁸ Application of this provision was suspended by the management of the Bank in June 1935.

¹⁹ By order of the General Council of the Bank, discount transactions shall extend to medium-term credit transactions (Order of September 23, 1965); to advances against commercial paper (Order of October 18, 1951); to advances against paper representing medium-term credits that in turn have been accepted as collateral or discounted by the Deposit and Consignment Office [*Caisse des Dépôts et Consignations*] (Order of March 18, 1954); and to advances against secured Treasury bonds (Order of May 20, 1954). For the text of the Orders of September 23, 1965 and October 18, 1951, see below, pp. 241-243.

Art. 115. The Bank shall accept for discounting, either in Paris or at its branches, only commercial paper [*effets de commerce*] that is stamped and guaranteed by at least three signatures of known solvency.

Art. 116. However, the Bank may accept for discounting, both in Paris and at its branches, upon ascertaining that they are secured by goods, credit instruments guaranteed by only two signatures of known solvency if, in addition to the guarantee of two signatures, a transfer is made of French Government securities or any other securities included among those against which the Bank is authorized to make advances.

Art. 117. Since transfers made in addition to a guarantee shall not be allowed to hinder proceedings against the signers of such paper, the Bank may, upon default of payment and after a protest, cover itself by disposing of the bills transferred to it.

Art. 118. The Bank of France and its branches may accept for discounting, in place of the third signature, receipts for merchandise deposits mentioned in the Decree of March 21, 1848.

Art. 119. The Bank may also accept warrants for discounting, especially agricultural warrants and warrants giving a lien on the chattels of a hotel, with the waiving of one of the signatures required by the Bank's statutes.

Art. 120. In conformity with the provisions of the Law of August 15, 1936 that brought about the establishment of a National Wheat Office [*Office National Interprofessionnel du Blé*],²⁰ the Bank of France shall:

(1) Discount warrants made out to the order of a wheat cooperative and guaranteed by the board of directors of the cooperative and by the National Wheat Office²⁰ in accordance with the conditions set down in Article 17 of the aforementioned Law;

(2) Rediscount credit instruments issued by wheat cooperatives that are guaranteed by the National Wheat Office²⁰ and that have been discounted by agricultural credit unions and the National Agricultural Credit Bank [*Caisse Nationale du Crédit Agricole*] in accordance with the terms set down in Article 23 of the aforementioned Law.

Art. 121. In the interests of French export industry and trade, the Bank of France shall discount, in accordance with the conditions prescribed by the General Council, credit instruments payable abroad.

²⁰ Now the National Cereal Office (*Office National Interprofessionnel des Céréales*).

Art. 122. All securities issued by the Treasury in respect of the floating debt and having a maximum of three months to run shall be accepted for rediscount without restriction, except for the benefit of the Treasury.²¹

Art. 123. The Bank of France shall refuse to discount any credit instruments arising from transactions that appear to be contrary to the security of the Republic, credit instruments resulting from illegal transactions and so-called "circulation" bills issued by collusion between the signatories and without real foundation or value.

Art. 124. Discount operations of the Bank shall be carried out every day except holidays.

Art. 125. The discount shall be charged on the basis of the number of days it is to run, even one day if need be.

Art. 126. Discounting shall be carried out everywhere at the same rate, unless some other ruling has been made by special authorization of the Government.

Art. 127. Persons who believe they have grounds for lodging a complaint against the operations of the Bank with respect to discounting shall address their complaints to the Governor and, at the same time, to the Auditors.

SECTION III. ADVANCES AGAINST GOVERNMENT PAPER AND TRANSFERABLE SECURITIES

Art. 128. The Bank may make advances against government securities submitted to it as collateral, provided that they have a fixed maturity.²²

Art. 129. The authority given to the Bank pursuant to the preceding Article shall be extended to all securities issued by French public authorities, without the requirement of a fixed maturity, and also to the following securities:

- Bonds of the French Railways;
- Bonds of the City of Paris;
- Bonds of French cities and Departments;
- Bonds of the Mortgage Loan Bank of France [*Crédit Foncier de France*];
- Bonds of the National Credit Bank [*Crédit National*];
- Bonds, bills and production shares guaranteed by the Government and issued by the Electric Power Utility of France [*Électricité de France*],

²¹ By virtue of the Law of June 26, 1957, these provisions were repealed in respect of Treasury bills deposited on current account; see also footnote 26, below.

²² Advances against government securities with a fixed maturity are not subject to the provisions of Arts. 130-134.

the Gas Utility of France [*Gaz de France*] and the Coal Utilities of France [*Charbonnages de France*];

Unified borrowing certificates issued by Departments, communes, associations of communes [*syndicats de communes*], chambers of commerce, autonomous ports and institutions guaranteed by these public authorities, pursuant to Decrees No. 53-709 of August 9, 1953 and No. 55-632 of May 20, 1955;

Borrowing certificates issued by regional development associations; Bonds of the National Highway Office [*Caisse Nationale des Autoroutes*].

However, advances may be made against these securities only pursuant to a special resolution passed by the General Council of the Bank.

Advances made under this Article shall be subject to the provisions of Articles 130 through 134 below.

Art. 130. An advance may not exceed four fifths of the value of the securities submitted, at their cash price on the day before the advance is made. The securities shall be transferred to the Bank immediately.

Art. 131. The borrower shall enter into an agreement with the Bank to repay, within a period not exceeding three months, the money supplied to him.

Art. 132. This agreement shall, furthermore, contain a commitment on the part of the borrower to indemnify the Bank for the amount by which the market price of the securities transferred to it might drop, as soon as such a drop exceeds ten per cent.

Art. 133. If the borrower fails to fulfill the commitment entered into pursuant to the preceding Articles, the Bank shall have the right, through the intermediacy of an exchange agent, to sell on the stock exchange all or part of the securities transferred to it, as follows:

- (1) In default of cover, three days after giving formal notice by extrajudicial act;
- (2) In default of payment, on the day following the date fixed, without the need for formal notice or any other formality.

The Bank shall reimburse itself from the net proceeds of the sale in a sum equal to the principal amount of the advance, plus interest and expenses. The balance, if any, shall be returned to the borrower.

These conditions must be set forth and be accepted by the borrower in the agreement contained in Articles 131 and 132.

Art. 134. Notwithstanding decisions it might make, in conformity with Article 57, to fix the rate of interest for advances, the list of securities eligible as guarantee and the amount of the advances to be granted, the General Council shall determine the amount of cover to be provided by the borrower

in case of a drop in the market price of the securities during the term of the loan.

SECTION IV. LOANS TO THE GOVERNMENT

Art. 135. Permanent advances by the Bank of France to the Government, together with certain provisional advances, shall not exceed five billion four hundred and fifty million francs.

The Bank may not demand repayment of all or part of these advances for the entire duration of its privilege.

These advances shall bear no interest.²³ As guarantee for their repayment, Treasury notes shall be issued to the Bank of France upon termination of its privilege.²⁴

TITLE IV. OTHER OPERATIONS OF THE BANK

SECTION I. ASSISTANCE OF THE BANK IN FINANCIAL TRANSACTIONS OF THE GOVERNMENT

Art. 136. The Bank, concurrently with the public cash offices, shall make payment without charge and for the account of the Treasury on bearer coupons of French Government obligations [*rentes*] and securities issued by the French Treasury presented at its counters either in Paris or at its branches and sub-offices.

Art. 137. At the request of the Minister of Finance, the Bank shall open its counters without charge for the issue of French Government obligations [*rentes*] and securities of the French Treasury.

Art. 138. Offices of the Treasury may make deposits and withdrawals for the current account of the Treasury at the Bank's sub-offices as well as at its branches.

In correspondent towns the Bank shall, without charge and irrespective of maturity, undertake the collection of drafts drawn on Treasury accounts by Treasury officers, as well as the collection of drafts of tax debtors to the order of Treasury accounts.

Art. 139. The Bank of France shall effect payment without charge on checks and transfers drawn on the account of the Treasury by Treasury officers, and shall without charge lend the Government its assistance, on the terms laid down in the Decrees in force as of October 26, 1917, in facilitating the settlement by transfer of orders initialed and approved for payment and

²³ But see Art. 177 and footnote 36, below.

²⁴ It may be noted that Art. 4 of the Agreement of October 29, 1959 (approved by the Law of December 28, 1959) provides that renewable, non-interest-bearing Treasury bills with a maturity of three months may be issued in representation of loans and advances to the Government. For the text of this Agreement, see below, p. 210.

issued in behalf of creditors of the Government and the Departments who maintain accounts either at the Bank of France or at a banking establishment that has an account with the Bank of France.

The Bank shall lend its assistance to the Treasury on the same terms and without charge in order to facilitate the settlement, through transfers to the debit of the Treasury's current account, of orders passed on by Treasury officers and originally made out by communes and public institutions to their creditors maintaining accounts either at the Bank of France or at a banking establishment that has an account with the Bank of France.

The Bank shall cash without charge checks drawn or endorsed to the order of Treasury officers and tax offices.

Art. 140. The Bank shall be required to assay gold coins held at its branches and sub-offices and to transport to the Mint, at its own expense, those which the Minister has ordered replaced. New coins shall be delivered to the Bank at its Head Office.

SECTION II. TRANSACTIONS FOR ACCOUNT OF FOREIGN BANKS OF ISSUE

Art. 141. The Bank of France shall be empowered to undertake, for account of foreign banks of issue maintaining a current account on its books, the purchase of short-term credit instruments and securities. Interest on such investments shall be credited to the current account of the foreign bank of issue.

The Bank of France may rediscount, at the request of these institutions, the credit instruments and securities whose safeguarding it is authorized to guarantee.

SECTION III. REAL ESTATE TRANSACTIONS OF THE BANK

Art. 142. The Bank may, with the approval of the Government, acquire, sell, or exchange real property according to its staff requirements. Such expenditures may be made only out of the Reserve Funds.²⁵

SECTION IV. CURRENT ACCOUNTS²⁶

Art. 143. The Bank shall accept on current account sums deposited by individuals and public establishments and shall pay drafts made on it and commitments entered into on its premises up to the amount of the deposits.

²⁵ By Decree of August 28, 1949, such transactions by government departments and public utilities, government and nationalized enterprises, etc., were placed under the supervision of the Central Committee for the Supervision of Real Estate Transactions (*Commission Centrale de Contrôle des opérations immobilières*).

²⁶ The Bank of France opens current accounts in government securities for banks, financial institutions, and certain other bodies which, pursuant to an Ordinance of April 13, 1945, are required to deposit with the Bank short-term Treasury bills belonging to them.

By virtue of a Decree of the Minister of Finance of January 22, 1964, the

Art. 144. No attachment may be placed on funds held on current account at the Bank of France.

Art. 145. Holders of current accounts and of all other accounts lodged with the Bank shall be accorded the right to domicile payments on their credit instruments without charge at the Bank's offices and to make transfers, also without charge, between resident accounts in different localities.

SECTION V. COLLECTION OF BILLS

Art. 146. The Bank shall undertake, for the account of individuals and public establishments, the collection of credit instruments remitted to it that are payable in all cities in its banking network.

Art. 147. The Bank shall cash without charge and for all its accounts crossed checks drawn on banking places [*places bancables*] and checks drawn on banks belonging to a clearinghouse or on their correspondents.

SECTION VI. VOLUNTARY SAFE CUSTODY

Art. 148. The Bank of France shall maintain facilities for the voluntary deposit of securities, bullion and gold and silver coin of all kinds for safe custody.

Art. 149. The Bank shall give receipts for safe custody deposits placed with it.

Such receipts may not be transferred by means of endorsement.

Art. 150. For its safe custody services the Bank shall collect a fee, the amount of which shall be determined by the General Council.

Art. 151. The Bank shall reduce its safe custody fee by one fourth for registered securities placed in its safe custody.

Art. 152. [No longer relevant]

TITLE V. WEEKLY STATEMENTS AND BALANCE SHEET

Art. 153. Every week the Bank shall submit to the Minister of Finance a statement of account, which shall be published in the *Journal Officiel*. This weekly statement shall show the amount of cash and bullion in hand, the demand liabilities [and the cover ratio resulting from the relationship

Bank of France opens current accounts in Treasury certificates that are eligible to be used in the minimum portfolio of government securities that banks must maintain, and also current accounts in Treasury bills with a maturity of one year offered to all holders of current accounts in government securities.

between these two figures].²⁷ It shall furthermore show in detail the items on the assets side which have given rise to demand liabilities and which serve as cover for the latter.

The above provisions shall also apply to the annual balance sheet.

Art. 154. The Bank shall submit a statement of account to the Government on the outcome of its operations.²⁸

TITLE VI. OBLIGATIONS ASSUMED BY THE BANK OF FRANCE IN RETURN FOR ITS PRIVILEGE

Art. 155. The special obligations assumed by the Bank in return for its issuing privilege shall include, in addition to the permanent advances to the Government referred to in Article 135, the following:

- (1) Operations of the Bank for the account of the Treasury;
- (2) Privileges to be extended to the public;
- (3) [Repealed]
- (4) [Repealed]
- (5) Certain restrictions on the use and allocation of its profits;
- (6) The obligation to pay to the Government the balance not presented at its counters of certain types of notes withdrawn from circulation.

SECTION I. OPERATIONS OF THE BANK FOR ACCOUNT OF THE TREASURY

Art. 156. The operations for the account of the Treasury for which the Bank is responsible shall be the following:

- (1) Maintaining without charge the Treasury's current account on the books of the Bank;
- (2) Making payment without charge on bearer coupons of French Government obligations [*rentes*] and securities issued by the French Treasury, under the terms fixed in Article 136.
- (3) Opening the Bank's counters without charge for the issue of French Government obligations [*rentes*] and securities of the French Treasury, in accordance with the provisions of Article 137.
- (4) Providing without charge its fiscal agency services for Treasury accounts, as called for by the provisions of Articles 138 and 139.
- (5) Cashing without charge checks drawn on or endorsed to the order of Treasury officers and tax offices, under the terms laid down in Article 139.
- (6) Undertaking in the towns of its network the collection without charge of drafts drawn on Treasury accounts by Treasury officers as well as

²⁷ By virtue of a Decree-Law of September 1, 1939, application of the first paragraph of Art. 4 of the Monetary Law of June 25, 1928 requiring the Bank to maintain a gold cover equal to at least 35 per cent of its demand liabilities was suspended. Cover ratio data are no longer published.

²⁸ Once a year the Bank submits a detailed report to the President of the Republic on the outcome of the previous fiscal year.

- the collection of drafts of tax debtors to the order of Treasury accounts, in accordance with the provisions of Article 138.
- (7) Making settlement by means of book transfers of orders approved for payment under the terms fixed in Article 139.
 - (8) Assaying gold coins held at its branches and sub-offices and transporting to the Mint at its own expense those which are to be replaced in accordance with the provisions of Article 140.²⁹

SECTION II. PRIVILEGES TO BE EXTENDED TO THE PUBLIC

Art. 157. The privileges that are to be extended to the public shall include the following:

- (1) The Bank's obligation to accept, under the terms fixed in Article 145, the domiciling at its counters without charge of payments on credit instruments of its account holders and to make transfers, also free of charge, between accounts located in different localities.
- (2) The obligation, in accordance with the provisions of Article 147, to cash without charge and for all its accounts crossed checks drawn on banking places and checks drawn on banks belonging to a clearing-house or on their correspondents.
- (3) The obligation to reduce its safe custody fee by one fourth for registered securities placed in its safe custody, in conformity with the provisions of Article 151.
- (4) [No longer relevant]

SECTION III. DUTIES PAID TO THE GOVERNMENT

Arts. 158-159. [Lapsed]

SECTION IV. SUPPLEMENTARY DUTIES PAID TO THE GOVERNMENT³⁰

Art. 160. [Lapsed]

SECTION V. RESTRICTIONS IMPOSED ON THE BANK IN THE DISPOSAL AND DISTRIBUTION OF ITS PROFITS

Art. 161. When circumstances make it necessary to raise the discount rate above five per cent, the resulting proceeds to the Bank shall be allocated as follows: one fourth shall be added to the funds of the Bank and the remainder shall accrue to the Government.

²⁹ By virtue of a letter dated October 31, 1896 from the Governor of the Bank to the Minister of Finance regarding the changes to be made by the Bank in its internal rules and regulations in connection with the renewal of its privilege, the Bank undertook to carry out at its own expense transfers between its branches and sub-offices and its Head Office of subsidiary coins available at its counters that may be requested by the Minister to provide cash for Treasury offices.

³⁰ See footnote 31, below.

Art. 162. When circumstances make it necessary to raise the interest rate on advances above six per cent, the resulting profits of the Bank shall be added to its funds.

SECTION VI. PAYMENT TO THE GOVERNMENT FOR NOTES OF AN OLD SERIES WITHDRAWN FROM CIRCULATION

Art. 163. The Government alone shall be entitled to the proceeds resulting from part of the notes of a series withdrawn from circulation not being presented for reimbursement.

TITLE VII. TAXATION OF THE BANK³¹

Art. 164. [Lapsed]

SECTION I. DEDUCTION OF DUTIES FROM TAXES

Art. 165. [Lapsed]

SECTION II. STAMP TAX ON NOTES IN CIRCULATION

Art. 166. [Lapsed]

TITLE VIII. SPECIAL AND TRANSITIONAL PROVISIONS

The General Council and the Standing Committee

Arts. 167-168. [Lapsed]

Establishments of the Bank in Departmental Towns

Art. 169. [Lapsed]

Issuing Privilege and Notes of the Bank of France

Art. 170. In conformity with the provisions of Article 1 of the Monetary Law of October 1, 1936, application of the provisions of Article 102 [above] relating to the convertibility of bank notes into gold is hereby suspended.

Art. 171. The terms of the convertibility into gold of notes of the Bank of France shall be fixed by a decree of the Council of Ministers.³²

Art. 172. The new gold parity of the franc shall be fixed by a decree of the Council of Ministers. The terms for the convertibility into gold of notes of the Bank of France shall also be fixed by a decree of the Council of Ministers. Until the first of the decrees mentioned above enters into force,

³¹ With effect from January 1, 1946, the Bank of France pays taxes on the terms set forth under generally applicable law (as provided by Arts. 46 and 47 of the Law of May 24, 1951).

³² This decree has not been issued.

an Exchange Stabilization Fund shall have as its purpose the equalization of rates between the franc and foreign currencies.³³

The Exchange Stabilization Fund shall be administered by the Bank of France for the account of and under the responsibility of the Treasury. The terms governing its operation shall be decreed by the Governor of the Bank of France on the basis of general directives issued by the Minister of Finance.³⁴

The Bank of France shall be empowered to buy from, and sell to, the Exchange Stabilization Fund gold and foreign currency.

Art. 173. The import and export of gold in bars and bullion and of gold coins without authorization by the Bank of France shall be prohibited. Violations of this prohibition shall be punishable by penalties provided for in the Customs Code.

When the decree fixing the new gold parity of the franc has entered into force, the provisions of this Article may be repealed by decree.³⁵

Gold Transactions

Art. 174. In conformity with the provisions of Article 1 of the Monetary Law of October 1, 1936, application of the provisions of Article 110 relating to the Bank's obligation to purchase gold over the counter is hereby suspended.

Discounting

Arts. 175-176. [No longer relevant]

Provisional Advances to the Government

Art. 177. Without prejudice to the permanent advances referred to in Article 135, the Bank of France shall grant to the Government non-interest-bearing provisional advances to a maximum amount of five billion francs.³⁶

Arts. 178-179. [No longer relevant]

³³ These decrees have not been issued.

³⁴ The Exchange Stabilization Fund's cash holdings in francs are kept on current account with the Bank of France; its requirements in francs are met by means of non-interest-bearing advances granted by the Bank of France (Agreement of June 27, 1949 approved by the Law of July 22, 1949; see below, p. 244-245).

³⁵ See Art. 172, above.

³⁶ These are shown in the balance sheet under the item "Advances to the Government"; see Art. 189, below.

As reimbursement for expenses incurred in connection with advances by the Bank to the Government, the Treasury undertakes to pay to the Bank an amount equivalent to a certain percentage of the non-profit-yielding note circulation. As of November 1965 this commission was 0.125 per cent per annum.

Art. 180. In return for advances granted pursuant to the provisions contained in Article 177 above, the Bank of France shall receive non-interest-bearing Treasury bills with a maturity of three months renewable until the said advances are repaid.³⁷

Bills of the Autonomous Amortization Office Held by the Bank

Arts. 181-183. [Lapsed]

Weekly Statements and Balance Sheet

Art. 189. The balance sheet of the institute of issue shall contain separate lines for the following:

- (1) Loans to the Government;
- (2) Advances to the Government;
- (3) Agricultural credit instruments and warrants guaranteed by the Wheat Office and discounted by the Bank, as provided for in Article 120;
- (4) [No longer relevant]

Duties Paid to the Government

Arts. 190-191. [Lapsed]

Stamp Tax on Notes of the Bank of France

Art. 192. [Lapsed]

³⁷ Art. 4 of the Agreement of October 29, 1959 (approved by the Law of December 28, 1959) provides that non-interest-bearing renewable Treasury bills with a maturity of three months may be issued in representation of loans and advances to the Government. For the text of this Agreement, see below, p. 210.

The Law of December 2, 1945¹

TITLE I. NATIONALIZATION OF THE BANK OF FRANCE

Art. 1. As from January 1, 1946, the Bank of France shall be nationalized. It shall continue to exercise the exclusive privilege of issuing bank notes in the entire territory of metropolitan France.

The shares of the Bank shall be transferred to the State, which shall hold them in ownership. The Councillors [*conseillers*] and Auditors [*censeurs*]

¹ Loi du 2 décembre 1945 relative à la nationalisation de la Banque de France et des grandes banques et à l'organisation du crédit (Law of December 2, 1945 Regarding the Nationalization of the Bank of France and the Large Banks and Regarding the Organization of Credit). As amended through February 1, 1966. The value figures given here are in terms of the monetary unit established on January 1, 1960 (see below, p. 236).

appointed by the shareholders shall cease to exercise their functions as of December 31, 1945.

Art. 2. The shareholders shall receive registered negotiable bonds delivered by the Bank, the redemption value of which shall be equal to the liquidation value of the share as determined by a commission composed of the president of the financial section of the Council of State, as chairman, a counsel at the Court of Accounts, and a representative of the shareholders appointed by the Minister of Finance. The redemption value, however, shall not exceed the average quoted price during the period September 1, 1944 to August 31, 1945; also, it shall not exceed the buying price for shares traded on the stock exchange between September 1, 1945 and the date on which the redemption value shall have been fixed.

The specifications of the bonds and the conditions under which they are to be amortized in not more than fifty years shall be fixed by a decree of the Minister of Finance. However, the rate of interest allowed may not exceed three per cent.

Payment of interest shall be assured by the Bank under the guarantee of the Treasury. Amortization shall be at the charge of the Treasury.

The same status, subject to the same conditions, shall be conferred on bonds delivered in exchange for shares which had been classified as real property.

In all cases in which legislative or regulatory provisions authorize the investment or reinvestment of funds in shares of the Bank of France, such investment or reinvestment may be effected in bonds issued under the present Article.

Art. 3.² The Bank shall continue to be governed by the principles of commercial law insofar as these principles do not conflict with the laws and statutes ³ governing the Bank.

TITLE II. CREDIT INSTITUTIONS

Art. 4. There shall be three categories of banks: deposit banks, business banks [*banques d'affaires*] and long- and medium-term credit banks.

Enterprises requesting to be entered on the list of banks shall indicate the category in which they expect to be placed. The decision by which the

² Under the first paragraph of Art. 3 of the Law (not reproduced here) the following matters were to be regulated by law before February 28, 1946: (1) the composition of the General Council; (2) the statutes of the Bank of France, that is, the Codified Statutes as originally incorporated into the 1936 Law (see above, p. 175, footnote 1); and (3) the regime of taxes and royalties applicable to the Bank. On the provisions governing the composition of the General Council, see Art. 46 of the Codified Statutes, 1936, as amended (p. 179, above). The Bank of France pays taxes on the terms set forth under generally applicable law, as provided by Arts. 46 and 47 of the Law of May 24, 1951. Up to February 1, 1966 no parliamentary action to amend and consolidate the 1936 Codified Statutes had been taken.

³ On the meaning of "statutes" in this context, see footnote 2, above.

National Credit Council registers a bank shall explicitly state the classification assigned to that establishment.⁴

The National Credit Council shall decide on all requests for changes in classification.

The National Credit Council may, in connection with a new registration or a change in classification, grant to the enterprise requesting it the necessary time to conform to regulations applying to the relevant category.

Art. 5. Deposit banks are banks whose principal activity consists in carrying out credit transactions and receiving from the public demand or time deposits.

They may not own participations in enterprises other than banks, financial institutions, or companies necessary for carrying on their business and that are responsible for the management either of real property or research and technical services connected with the banking profession in amounts exceeding ten per cent of the capital.

Furthermore, the total amount of such participations, including firm subscriptions to issues of stocks and shares, may not exceed seventy-five per cent of their own resources.

Deposit banks shall be prohibited from exceeding the limits referred to in the previous two paragraphs, and also from any use of their demand deposits and their term deposits of less than two years for acquiring an interest or investing in real estate, unless a specific and temporary waiver of this regulation is granted by the Banking Control Commission.

Deposit banks whose main business is to deal in the money and exchange markets may receive deposits from the public only up to a proportion of their capital and reserves fixed by the National Credit Council.

Business banks are banks whose principal activity, in addition to granting credits, consists in acquiring and managing participations in businesses already in existence or in process of being formed.

They may not invest in such businesses funds received as demand deposits or term deposits of less than two years.

Long- and medium-term credit banks are banks whose principal activity consists in granting credit for a period of at least two years. They may not accept deposits, except by authorization of the Banking Control Commission, for a term of less than two years.

They shall be subject to the same restrictions as deposit banks with respect to their participations, unless they are granted a waiver by the Banking Control Commission.

The provisions of this Article shall not be applicable to State-controlled credit institutions whose activities are carried on in conformity with regulations laid down by law. However, government regulations [*règlements d'administration publique*] may make them subject to all or part of these provisions.

⁴ On the National Credit Council, see below, Arts. 12-14.

Art. 6. The Crédit Lyonnais, the Société Générale pour Favoriser le Développement du Commerce et de l'Industrie en France, the Comptoir National d'Escompte de Paris, and the Banque Nationale pour le Commerce et l'Industrie shall be nationalized, subject to the conditions set forth in Articles 7-10 below.

TITLE III. NATIONALIZATION OF THE LARGE DEPOSIT BANKS

Art. 7. As from January 1, 1946, the full ownership of the banks named in Article 6 of the present Law, with all their assets, shall be transferred to the State, which shall indemnify the shareholders in the manner provided in Article 8 below.

On the same date, the powers of the boards of directors [*conseils d'administration*] shall end and new directors appointed in accordance with Article 9 of the present Law shall begin to exercise their functions.

For the period between the date of the promulgation of the present Law and January 1, 1946, the Minister of Finance shall appoint for each of the nationalized banks a Government Commissioner who shall attend all the meetings of the board of directors and of the committees appointed from its membership, as well as any general meetings of the shareholders. He shall have the right of absolute veto over all decisions of the board of directors or of the committees appointed from its membership.

Art. 8. The shares of the nationalized institutions shall be transferred to the State as of January 1, 1946.⁵

Art. 9. As from January 1, 1946, the nationalized banks shall be managed by boards of directors composed as follows:

(a) Four directors shall be appointed by the Minister of Finance upon the advice of the Ministers in charge of the Department of Trade and Industry and the Department of Agriculture, from among persons actively engaged in industry, commerce or agriculture, upon nomination by the most representative professional organizations.

(b) Four directors shall be appointed by the most representative of the big labor unions, under conditions determined by an order of the Ministers of Finance and Labor. Two of these shall be staff members or employees of the nationalized bank.

(c) Two directors shall be appointed by the Minister of Finance to represent the Bank of France or the public or semi-public credit institutions, and two others shall be chosen by him from among persons having extensive banking experience.

The Minister of Finance shall give his approval to the choice of the chairman elected by the board of directors and of the general manager, if there is one.

⁵ For special provisions governing the issue of registered dividend-bearing scrip [*parts bénéficiaires nominatives*] to former shareholders of the nationalized institutions, see Art. 8 of the 1945 Law as amended by the Law of May 17, 1946, in Dalloz, *Code de commerce* (Paris, 1964), p. 706.

No member of Parliament shall be a director of a nationalized bank. The same restriction shall apply to government officials in active service, except as regards the directors in category (c) above. No one shall be a director in more than one nationalized bank. A person who has served as a member of the Government may not be named director if he has performed government functions in the last five years.

The directors shall assume the responsibilities and the obligations set forth in the laws in force concerning joint-stock companies. They shall receive remuneration in accordance with the statutes of the companies of which they are directors.

Art. 10. The nationalized institutions shall continue to operate under commercial law and shall be subject to the taxes applicable to the banking business in particular and to joint-stock companies in general.

Auditors [*commissaires aux comptes*] other than those named by the employees' committee [*comité d'entreprise*] shall be appointed by the Minister of Finance.

Subject to the foregoing provisions, the powers of the general meetings of shareholders in respect of reports by the boards of directors and the auditors shall be exercised by the Banking Control Commission.

TITLE IV. CONTROL OF BUSINESS BANKS

Art. 11. A Government Commissioner shall be appointed by the Minister of Finance, having heard the advice of the National Credit Council, for each business bank which is organized in the form of a joint-stock company the total of whose balance sheet and memoranda liabilities [*engagements hors bilan*] exceeds twenty million francs. A Government Commissioner may be named in the same manner for banks or financial institutions over which these business banks have or acquire control.

The Commissioner shall be assisted by a Control Committee composed of:

A representative of the most representative of the commercial and industrial organizations;

A representative of the most representative of the big labor unions;

A representative of public or semi-public financial institutions, appointed jointly, on the proposal of the aforementioned organizations, by the Minister of Finance and the Minister of Labor.

The Government Commissioner shall attend all meetings of the board of directors and of committees constituted within the board, as well as all general meetings of shareholders. He shall have access to all records of the bank. He may exercise his veto over any decision contrary to the national interest which is taken by the board of directors, by one of its committees, or by the general meeting. He may present to the board of directors any measures which seem to him to be in the general interest and, in particular, those which conform to the wishes or decisions of the National Credit Council.

The bank may, within eight days, appeal a decision of the Government

Commissioner to the National Credit Council, which is required to render its opinion within ten days.

No bank may invoke the presence of the Government Commissioner to escape civil or penal liabilities which it may have incurred.

No law suit may be brought against the Government Commissioner by third persons unless fault can personally be imputed to him, in which case the matter shall be referred to the competent administrative authority.

On the recommendation of the National Credit Council, the Commissioner appointed by the Minister of Finance may be given full powers.

TITLE V. MANAGEMENT OF CREDIT

Art. 12. There shall be created a National Credit Council under the presidency of the Minister of Finance, who may delegate his powers to the Governor of the Bank of France, the ex officio vice-president.

In addition to the president and the vice-president, the National Credit Council shall be composed of forty-two members, namely:

Eleven appointed by the Minister of Finance: of these, two on the proposal of the General Confederation of Agriculture; one on the proposal of the agricultural cooperatives; one on the proposal of the Association of Consumer Cooperatives; one on the proposal of the Association of Producer Cooperatives; one on the proposal of the National Council of French Employers; one on the proposal of the Assembly of Presidents of the Craft Guilds [*chambres de métiers*]; two—one of whom shall represent industry—on the proposal of the Assembly of Presidents of Chambers of Commerce and Industry; one on the proposal of the Union of Chambers of Maritime Commerce and Industry and French Ports; and one on the proposal of the General Conference of the Savings Banks of France.

Eight on the proposal of the big labor unions: of these, four appointed by the Minister of Finance to represent the general interests of these organizations; and four appointed by the Minister of Labor to represent the officers and employees of banks.

Eight representatives of public administrations: of these, one representative of the Minister of Finance; one representative of the Minister of Industry; one representative of the Minister of Public Works and Transportation; one representative of the Minister of Agriculture; one representative of the Minister of Construction; one representative of the Minister for Overseas Departments and Territories; the Commissioner General of Equipment and Productivity Planning or his representative; and the Director of the Finance Department of the Ministry of Posts and Telecommunications.

Eight members appointed by the Minister of Finance on the basis of their competence in finance and banking: of these, three representatives of the nationalized banks; two representatives of the non-nationalized banks on the proposal of the Bankers Association; one representative of financial institutions on the proposal of the Professional Association of Financial Enterprises; one representative of institutions for financing

foreign trade; and the President [*Syndic*] of the Paris Stockbrokers' Association.

Seven members who hold or have held executive positions in public or semi-public credit institutions, namely, the General Manager of the Deposit and Consignment Office; the Governor of the Mortgage Loan Bank of France; the President-General Manager of the National Credit Bank; the General Manager of the National Agricultural Credit Bank; the General Manager of the Central Office for Economic Cooperation; the President of the Crédit Populaire de France; and one person chosen by the Minister of Finance.

The National Credit Council shall set up five committees, namely, the Deposit Committee, the Short-Term Credit Committee, the Medium- and Long-Term Credit Committee, the Foreign Trade Committee, and the Banks and Financial Institutions Committee.

The Head of the Treasury Department shall attend all meetings of the National Credit Council and of its committees.

For deliberations on matters concerning the Overseas Departments or the Overseas Territories, respectively, the competent Minister may designate separate representatives, each entitled to speak and vote only on matters falling within his area of competence.

For scrutiny of matters affecting the Principality of Monaco, there shall sit on the National Credit Council and its committees, with the right to speak and vote, a member or his alternate appointed by the Government of Monaco.

Art. 13. The National Credit Council shall recommend to the Minister of Finance all measures designed to encourage bank or savings bank deposits, to discourage the hoarding of currency, to promote the use of deposit money [*monnaie scripturale*] and to mobilize liquid funds in the general interest.

It shall participate in the working out of all plans aimed at a concentration of banking and a reduction in the general expenses of the banking business, through improved organization and methods. It shall propose a scale of service charges for private and for nationalized banks.

It shall propose to the Minister of Finance the allotment of available funds to be reserved for the needs of the Treasury, and for the capital issues intended for metropolitan France, the Overseas Territories, and foreign countries.

It shall propose measures designed to guarantee deposits and safeguard investments.

It shall be consulted on all questions affecting the State's direct or indirect financial assistance, such as participations, subsidies, tax privileges, guarantees of successful outcome, and letters of approval.

It shall study the means and techniques to be used in the State's financial transactions, with due regard to the nature of the projected transactions.

It shall be consulted by the Minister of Finance regarding general credit policy, with a view especially to the financing of reconstruction and of the

plan for the modernization of the national economy and of import and export plans.

For this purpose it shall receive from the Minister of Finance, and from the bodies entrusted with the preparation of the plan for the modernization of the national economy, all information necessary to enable it to draw up suitable investment plans as well as to establish priorities to be given to long-term issues and investments raised by public subscriptions. It shall control the activities of statistical and information services in the field of credit.

It shall give advice on all directives concerning the distribution of credit and on all questions submitted to it by the Minister of Finance.

It may propose to the Minister of Finance the establishment of regional credit councils, the composition and powers of which shall be determined by decree.

It shall study the nationalization of the banks which, by virtue of the expansion of their deposits or of their business or by the extension of their network of branches to cover the entire territory, have assumed the same characteristics as the banks nationalized by the present Law. It shall invite the Government to submit to Parliament a plan to nationalize banking institutions other than those named in Article 6 of the present Law.

It shall exercise, through the intermediacy of the Bank of France, all powers formerly entrusted to the Permanent Committee on Banking Organization, which shall be dissolved on the date of the promulgation of the present Law.⁶

The National Credit Council shall obtain from all the ministerial departments, from the Banking Control Commission and from the Bank of France all documents necessary for the performance of its functions.

It shall be required to meet once a month at the call of its president or vice-president. It shall submit to the Minister of Finance, in the course of the first quarter of each year, a report on the credit situation and all problems relating thereto.

Art. 14. A decree of the Minister of Finance shall be issued within three months, on the proposal of the National Credit Council, setting forth the basic rules governing the operation of the nationalized banks.⁷

A second decree issued in the same manner shall set forth the basic rules governing the operation of banking institutions in the private sector.⁷

The above two decrees shall provide, in particular:

- Rules for setting up and publishing balance sheets of credit institutions;
- Rules applicable to banking operations;
- Rules governing the composition of banking portfolios;
- Obligations of credit institutions in connection with the issue and conversion of public securities;
- Incompatibilities that may result from the carrying on of the banking profession in regard both to the members of the required management organs and the personnel of the credit institutions.⁷

⁶ See also footnote 1 to the Law of June 13, 1941, below.

⁷ For the text of the relevant decrees, see below, pp. 227-235.

Art. 15. The composition of the Banking Control Commission shall be as follows:

The Governor of the Bank of France, president; the president of the Financial Section of the Council of State; the Head of the Treasury Department in the Ministry of Finance; or their alternates appointed by an order of the Minister of Finance.

One representative of the banks or his alternate, appointed by an order of the Minister of Finance on the nomination of the Bankers Association.

One representative of the staffs of the banks or his alternate, appointed by an order of the Minister of Finance on the nomination of the most representative labor unions.

For deliberations on matters concerning financial institutions, an additional member shall sit on the Banking Control Commission to represent these institutions; he or his alternate shall be appointed by the Minister of Finance on the nomination of the Professional Association of Financial Institutions.

For deliberations on matters affecting the Principality of Monaco, there shall sit on the Banking Control Commission, with the right to speak and vote, a member or his alternate appointed by the Government of Monaco.

Sanctions imposed by the Control Commission shall be valid only if the parties concerned or their representatives were invited to appear and if at least four members of the Commission or their alternates were present. When called to appear before the Control Commission, the parties concerned shall have the right to be represented or assisted by a counsel from the Council of State or the Court of Appeal or by a counsel duly registered at the Bar or by a member either of the Bankers Association or of the professional association to which the parties concerned belong or by the head of a parent organization of these associations.

Other rules of procedure are set forth in the Order of the Minister of Finance of June 5, 1950.

The Banking Control Commission shall exercise all powers of investigation, supervision and discipline set forth in the Laws of June 13 and 14, 1941.⁸ Its powers shall extend to financial institutions.

It may appoint a liquidator for all enterprises and institutions which have been struck from the list of banks or which cease to be registered, or which, without having been inscribed on the list of banks or registered, have been notified of a decision requiring them to terminate their operations within a given time.

Whenever, for any reason, the direction or the management of a bank or of a financial institution can no longer be carried out by the persons duly authorized to do so, the Commission or, subject to its approval, its president may appoint for the bank or financial institution concerned a temporary administrator to whom shall be transferred all powers necessary for its direction or management.

The Banking Control Commission shall assume with respect to nationalized banks the functions referred to in the last paragraph of Article 10 of

⁸ See below, pp. 211-227.

the present Law. For this purpose it shall be joined by three members of the National Credit Council elected by the Council, and the representative of the banks shall be replaced by the president of the section responsible for credit matters in the Audit Commission for public and nationalized enterprises set up under Article 56 of Law No. 48-24 of January 6, 1948.

The Banking Control Commission shall furthermore, with respect to the Bank of France and the nationalized deposit banks, be entrusted with the powers vested in the section responsible for credit matters in the Audit Commission set up under Article 56 of Law No. 48-24 of January 6, 1948. For this purpose the Control Commission shall be composed in the manner provided for in the preceding paragraph. However, for the examination of the accounts of the institutes of issue, the Governor of the Bank of France shall not take part in the Commission's deliberations, which shall be presided over by the president of the Financial Section of the Council of State or, if he is unable to attend, by the president of the section of the Audit Commission that is responsible for credit matters.

The Banking Control Commission shall prepare every year, for each bank and the institutes of issue, a report in which it shall set down its observations and proposals regarding the activities, results, methods of management, structure and organization of the enterprise audited.

These reports shall be sent simultaneously to the Minister of Finance and the Audit Commission for public and nationalized enterprises within six months after the end of the fiscal year. Attached to the report shall be the accounts and balance sheet, the report of the general council or the board of directors and the reports of the auditors and censors.

The Audit Commission for public and nationalized enterprises shall discuss in plenary session the observations and proposals of the Banking Control Commission. It shall present in its annual general report, prepared in accordance with the provisions of Article 58 of Law No. 48-24 of January 6, 1948, its conclusions on the suggestions for improvement and reform.

It may request the Banking Control Commission to make a special examination of such matters as it shall specify.

All decisions of the Banking Control Commission shall be reported to the National Credit Council.

TITLE VI. MISCELLANEOUS PROVISIONS

Art. 16. The Government shall be authorized within a period of six months, by a decree in the form of a public administrative regulation adopted on the proposal of the Minister of Finance and the Minister of National Economy upon the advice of the National Credit Council, to take all measures necessary to organize the distribution of long-term credits required for the modernization of the nation's equipment in industry, commerce, agriculture and the crafts. To this end it may in particular either promote the creation of new institutions, medium- or long-term, or provide for the amendment of the statutes or the reorganization of existing institutions, particularly of the National Credit Bank, the Caisse Nationale des Marchés de l'Etat and the National Agricultural Credit Bank.

Art. 17. The Government shall be authorized within a period of six months, by a decree in the form of a public administrative regulation adopted on the proposal of the Minister of Finance and the Minister of National Economy upon the advice of the National Credit Council, to take any measures designed to improve the conditions of credit and of credit insurance necessary to develop the foreign trade of France. For this purpose it may in particular provide for the creation of new special agencies for export or import credits, and propose to Parliament the amendment of the statutes or the reorganization of existing agencies, with particular reference to the Banque Nationale Française du Commerce Extérieur and to all administrative or government-subsidized bodies concerned with export and import credit insurance.

Art. 18. Notwithstanding the provisions in Articles 7 and 8 above, the shareholders of the nationalized deposit banks shall hold a general meeting in the course of the year 1946, on convocation of the board of directors in office until December 31, 1945, with the sole purpose of receiving the reports of the board and the commissioners, of approving the accounts for 1945, of fixing the dividend for that year without, however, being able to distribute any reserve, and of discharging from further liability the management whose powers terminate on December 31, 1945.

Art. 19. No change shall be made in the status of the employees of the nationalized banks, including the Bank of France, as to the manner of recruitment and of dismissal and to remuneration.

In case of dismissal owing to changes resulting from the application of the present Law, the personnel, in addition to their claim to retirement pension, may receive compensation for discharge.

Before March 31, 1946, the manner of reclassifying the personnel so released shall be prescribed by a public administrative regulation.

All persons who participate in any way in the direction, management or supervision of the nationalized banks, or in the supervision of non-nationalized banks, shall be held to professional secrecy.

Art. 20. All acts and conventions adopted in connection with the implementation of the present Law shall be exempt from stamp and registration taxes.

Art. 21. All measures incompatible with the present Law are hereby repealed.

Art. 22. Decrees in the form of public administrative regulations adopted on the proposal of the Minister of Finance shall set forth specific rules on the application of this Law.

Agreement of October 29, 1959¹

CONSIDERING Article 1 of the Agreement of December 26, 1958, approved by Ordinance No. 58-1374 of December 30, 1958,

The following has been agreed:

Art. 1. On December 31, 1959 the entries for loans to the Government and those for advances to the Government shall be shown on two separate lines in the balance sheet of the Bank of France.

Art. 2. Up to a maximum of six hundred and fifty billion [old] francs,² the following three items shall be entered under the heading "Loans to the Government":

Non-interest-bearing loans to the Government;

Special temporary advances to the Government on August 25, 1940 and July 20, 1944;

Temporary advances to the Government.

The provisions of Article 8 of the Agreement of November 12, 1938 shall be applicable to "Loans to the Government."

Art. 3. Up to a maximum of five hundred billion [old] francs,³ the following two items shall be entered under the heading "Advances to the Government":

Special advances to the Government;

Fixed-term advances to the Government.

The provisions of Article 2 of the Agreement of June 26, 1957, as amended by Article 3 of the Agreement of January 9, 1958, shall be applicable to "Advances to the Government."

Art. 4. Loans and advances made in conformity with Articles 2 and 3 of this Agreement shall be represented by the delivery of non-interest-bearing Treasury bills that are renewable and have a maturity of three months.

Art. 5. This Agreement shall be exempt from stamp taxes and the formality of registration.

¹ Convention entre les soussignés: M. Antoine Pinay, Ministre des Finances, d'une part, et M. Wilfrid Baumgartner, Gouverneur de la Banque de France, dûment autorisé par délibération du Conseil Général en date du 29 octobre 1959, d'autre part (Agreement between the undersigned: Mr. Antoine Pinay, Minister of Finance, on the one hand, and Mr. Wilfrid Baumgartner, Governor of the Bank of France, duly authorized by a decision of the General Council dated October 29, 1959, on the other). The Agreement was approved by a Law of December 28, 1959.

² Equivalent to F 6,500 million in terms of the monetary unit established on January 1, 1960. By virtue of the Agreement of May 3, 1962 between the Minister of Finance and the Governor of the Bank of France (approved by a Law of December 7, 1962), this maximum amount was lowered to F 5,450 million.

³ Equivalent to F 5,000 million in terms of the monetary unit established on January 1, 1960.

The Constitution¹

ARTICLE 34

All laws shall be approved by Parliament.

Laws shall establish the rules governing:

—the basis, the rate and the methods of collecting taxes of all types; the issue of currency.

Laws shall likewise determine the rules governing:

—the nationalization of enterprises and the transfer of the property of enterprises from the public to the private sector.

Laws pertaining to national planning shall determine the objectives of the economic and social action of the State.

¹ La Constitution. Adopted by the referendum of September 28, 1958 and promulgated on October 4, 1958.

The Law of June 13, 1941¹

TITLE I. REGULATION OF BANKING PROFESSION

DEFINITION OF BANKS; PROHIBITIONS

Art. 1. Enterprises or institutions whose customary business is to accept from the public, in the form of deposits or otherwise, funds which they use for their own account in discount, credit or financial transactions shall be regarded as banks.²

¹ Loi du 13 juin 1941 relative à la réglementation et à l'organisation de la profession bancaire (Law of June 13, 1941 on the Regulation and Organization of the Banking Profession). As amended through February 1, 1966. For the sake of clarity, provisions which have ceased to be applicable—because of their transitional nature or as the result of reforms in banking legislation—have been omitted, even though they have not been explicitly repealed. Likewise, the term National Credit Council has been substituted for Permanent Committee on the Professional Organization of Banks and Financial Enterprises and Establishments, since the powers granted to the latter by the Law of June 13, 1941 were transferred to the former by the Law of December 2, 1945 (Art. 13: see above, p. 206). The value figures given here are in terms of the monetary unit established on January 1, 1960 (see below, p. 236).

² Art. 5 of the Law of December 2, 1945 divides banks into three categories, for which it sets forth basic rules (see above, p. 201).