



**PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

---

**GEM TRADING BANK  
ACT, No. 51 OF 1993**

---

**[Certified on 21st October, 1993]**

*Printed on the Order of Government*

---

**Published as a Supplement to Part II of the Gazette of the Democratic  
Socialist Republic of Sri Lanka of October 22, 1993**

**PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA**

**TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO**

**Price: Re. 1.65**

**Postage: Re. 1.55**

*Gem Trading Bank  
Act, No. 51 of 1993*

[Certified on 21st October, 1993]

L. D.—O. 62/90

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE GEM TRADING BANK, FOR THE PURPOSE OF PROMOTING THE FLOW OF CREDIT TO, AND DEVELOPING, THE GEM INDUSTRY AND THE JEWELLERY INDUSTRY; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

- |   |   |
|---|---|
| 1. This Act may be cited as the Gem Trading Bank Act, No. 51 of 1993, and shall come into operation on such date (hereinafter referred to as the "appointed date") as the Minister may appoint by Order published in the <i>Gazette</i> . | Short<br>title<br>and<br>date of<br>operation |
|---|---|

PART I

ESTABLISHMENT OF THE GEM TRADING BANK

- |  |  |
|--|--|
| 2. There shall be established a Bank which shall be called the "Gem Trading Bank". (hereinafter referred to as "the Bank") and which shall consist of the persons who are shareholders thereof.  | Establish-<br>ment<br>of the<br>Gem<br>Trading<br>Bank.    |
| 3. The Bank shall by the name assigned to it by section 2 be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.  | Bank<br>to be a<br>body<br>corporat-                       |
| 4. The head office of the Bank shall be in Colombo. The branch offices of the Bank as the Board of Directors of the Bank may consider necessary may be established in places in Sri Lanka and abroad.  | Head<br>office<br>and branch<br>offices<br>of the<br>Bank. |
| 5. (1) The administration and management of the affairs of the Bank shall be vested in a Board of Directors (hereinafter referred to as the "Board") consisting of—<br>(a) two persons nominated by the Monetary Board, one of whom shall be the Chairman of the Board;<br>(b) the Chairman of the National Gem and Jewellery Authority established by the National Gem and Jewellery Authority Act, 1993;<br>(c) a person elected by the shareholding financial institution; and<br>(d) a person nominated by the Monetary Board, from among persons engaged in the gem industry or the jewellery industry. | Board of<br>Directors.                                     |

(2) The provisions of the Schedule to this Act shall have effect in relation to the term of office of the directors of the Board, the remuneration payable to such directors, meetings of the Board and the seal of the Bank.

(3) The Board shall exercise, perform and discharge all powers, duties and functions conferred or imposed on, or assigned to, the Bank by this Act.

Functions  
of the  
Bank.

6. The functions of the Bank shall be to promote the flow of credit to, and to develop, the gem industry and the jewellery industry of Sri Lanka and to provide re-finance facilities for commercial banks lending to the gem industry and the jewellery industry and to provide credit facilities to persons engaged in the gem industry and the jewellery industry.

Powers  
and  
duties  
of the  
Bank.

7. In discharging its functions the Bank may exercise and perform all or any of the following powers and duties:—

(a) to grant loans and other accommodation on securities and property (including gems, jewellery or precious metal) and to give credit to persons, or companies on such terms as it may deem expedient, either with or without security, for the development of the gem industry or the jewellery industry;

(b) to open, maintain and manage current, deposit, savings and other accounts;

(c) to buy, stockpile and sell, or enter into such other dealings in, gems, precious metals and jewellery, as may be necessary for the discharge of its functions;

(d) to subscribe to, purchase or underwrite, the issue of, stocks, shares, bonds and acceptable instruments, of any company engaged in the gem industry or the jewellery industry;

(e) to issue bid bonds and guarantees, in or outside Sri Lanka, on behalf of the gem industry or the jewellery industry;

(f) to accept, collect, discount, re-discount, sell or negotiate, in or outside Sri Lanka, bills of exchange or promissory notes arising out of transactions relating to the export or import of gems or jewellery, and to grant loans and advances, in or outside Sri Lanka, against such bills of exchange or promissory notes;

- (g) to open, issue, confirm or endorse, letters of credit and to negotiate or collect, bills of exchange and other documents drawn thereunder, pertaining to the gem industry or the jewellery industry ;
- (h) to grant loans and advances, within and outside Sri Lanka, to any person engaged in the gem industry or the jewellery industry ;
- (i) to finance the export or import of, machinery and equipment, on an outright or lease basis to be used, for the gem industry or the jewellery industry ;
- (j) to buy or sell, foreign exchange or enter into, dealings in foreign exchange, as may be necessary for the discharge of its functions, subject to the existing foreign exchange laws ;
- (k) to acquire or purchase any movable or immovable property, used for the gem industry or the jewellery industry ;
- (l) to convert a part or whole of its loans to bonds or debentures issued by companies engaged in the gem industry or the jewellery industry, and to subscribe to bonds and debentures issued by companies engaged in the gem industry or the jewellery industry ;
- (m) to open accounts in commercial banks or any other financial institutions, in or outside Sri Lanka, or to make any agency arrangement with, or act as an agent or correspondent of, any commercial bank or any other financial institution, within or outside Sri Lanka ;
- (n) to transfer for consideration, any instrument relating to loans or advances granted by it ;
- (o) to raise such sums of money, in or outside Sri Lanka, by way of loans or otherwise as may be necessary for discharging its functions ;
- (p) to hold stocks of gems and jewellery, for the purpose of trading, buffer stocks or otherwise or as may be otherwise necessary for the discharge of its functions ;
- (q) to subscribe to, invest in, or purchase, stocks, shares, bonds or debentures to the extent necessary for the enforcement of a lien, pledge or contractual right ;

- (r) to undertake and finance, research, surveys, technological or any other studies, in connection with the planning, promotion and development of the gem industry or the jewellery industry;
- (s) to provide technical, marketing, administrative and financial assistance of any kind to the gem industry and the jewellery industry;
- (t) to form such subsidiaries as are necessary for carrying out activities related to the discharge of the functions of the Bank;
- (u) to collect, compile and disseminate, market and credit information in respect of the gem industry or the jewellery industry;
- (v) to provide training facilities in marketing and valuation of gems and jewellery, banking and management, and allied subjects;
- (w) to provide re-finance facilities to any bank or financial institution approved by the Monetary Board, for the development of the gem or the jewellery industry;
- (x) to enter into and perform, all such contracts, whether in or outside Sri Lanka, as may be necessary for the exercise of the powers and the discharge of the functions of the Bank;
- (y) to acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any movable or immovable property;
- (z) to appoint a General Manager who shall be the chief executive officer of the Bank; and to appoint such other officers and servants as may be necessary for the discharge of the functions of the Bank;
- (aa) to establish a provident fund, and provide welfare and recreational facilities, houses, hostels and other like accommodation for officers and servants employed by the Bank;
- (bb) to make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control, conduct and the grant of leave to them;
- (cc) to make rules in respect of the administration of the affairs of the Bank; and
- (dd) to do all other things which, in the opinion of the Board are necessary to facilitate the proper discharge of the functions of the Bank.



PART II

FINANCE

8. (1) The authorised capital of the Bank shall be two thousand million rupees divided into twenty million shares of one hundred rupees each.

Capital of  
the Bank.

(2) The initial issued capital of the Bank shall be five hundred million rupees divided into five million shares of one hundred rupees each.

(3) The Bank may subject to subsection (1) from time to time, raise such sums of money as further contributions to the capital of the Bank, with the approval of the Monetary Board.

9. (1) The Monetary Board shall invite and receive applications for the initial issue of shares of the Bank and shall on receipt of such applications, allot shares to the Monetary Board, financial institutions and any public corporation or statutory institution in the following proportions:—

Issue of  
shares.

Monetary Board: fifty per centum of such issued share capital.

financial institutions thirty per centum of such issued other than public share capital.  
corporations:

public corporations or twenty per centum of such issued statutory institu- share capital.

tions other than financial institu-  
tions or the

Monetary Board:

(2) No allotment or transfer of shares of the Bank after the initial issue of shares, shall be made by the Bank except with the written approval of the Monetary Board.

(3) In granting approval for an allotment or transfer of shares under subsection (2), the Monetary Board shall subject to the provisions of subsection (4), endeavour to ensure that the proportions referred to in subsection (1) are maintained in the shareholding of the Bank.

(4) The Monetary Board may, after a period of two years from the appointed date offer its shares to the public in such manner as may be determined by the Monetary Board.

Liability  
of share-  
holders.

10. The liability of any shareholder shall be limited to the amount, if any, unpaid, on his shares.

Funds of  
the Bank.

11. (1) All sums of money received by the Bank—

- (a) as subscriptions towards the capital of the Bank;
- (b) in discharging the functions of the Bank;
- (c) in exercising and performing the powers and duties of the Bank; and
- (d) in conducting the business and affairs of the Bank,

shall be credited to the funds of the Bank.

(2) The financial commitments or liabilities of the Bank arising from or incurred in connection with—

- (a) the discharge of the functions of the Bank;
  - (b) the exercise and performance of the powers and duties of the Bank; and
  - (c) the conduct of the business and affairs of the Bank,
- shall be charged on the funds of the Bank.

General  
borrowing  
powers of  
the Bank.

12. The Bank may raise such sums of money in or outside Sri Lanka, by way of loan or otherwise as may be necessary for discharging its functions and exercising and performing its powers and duties.

Borrowing  
from the  
Government.

13. The Bank may, from time to time, borrow from the Government and the Government may, from time to time, lend to the Bank from the Consolidated Fund any sum of money subject to such terms and conditions as may be determined by the Government.

Gem Reserve.

14. (1) The Bank shall establish a Gem Reserve for the purpose of—

- (a) preserving gems as collector's items;
- (b) stock piling gems for the purpose of trading and with a view to stabilizing the price of gems in the market.

(2) The Bank may, with the prior approval of the Monetary Board—

- (a) purchase for the purpose of preservation, any gems which, in its opinion are desirable to be acquired for the Gem Reserve;

(b) accept any gems from local or foreign organisations and the public, to be kept and preserved in the Gem Reserve ;

(c) sell, exchange or otherwise dispose of any gems referred to in paragraph (b) of subsection (1).

(3) The Board may make rules with the approval of the Monetary Board as regards the management and the administration of the Gem Reserve.

15. (1) The Bank may establish and maintain a Gem Reserve Fund (hereinafter referred to as the "Reserve Fund").

Gem Reserve Fund.

(2) There shall be paid into the Reserve Fund—

(a) any sums of money realized from the sale of any gems under section 14(2) (c) ;

(b) all grants made to the Reserve Fund and received by the Bank ; and

(c) all moneys transferred out of the funds lying to the credit of any other account.

(3) There shall be paid out of the Fund—

(a) all sums of money required for the acquisition of gems for the Gem Reserve ; and

(b) all sums of money required to defray any expenditure incurred by the Bank in maintaining the Gem Reserve.

(4) (a) The stock of gems of the Gem Reserve shall be valued at the end of each financial year and any revaluation profits realized or any revaluation losses incurred by such valuation shall be credited to or debited to a special account to be maintained by the Board which shall be named "Gem Reserve Revaluation Account".

(b) The Board may make rules with the approval of the Monetary Board in respect of the administration and management of the Reserve Fund and the Gem Reserve Revaluation Account.

16. (1) The Board shall, every three years, appoint such number of fit and proper persons as it may deem fit to constitute a panel of valuers.

Panel of  
valuers



- (2) The duty of each members of such panel shall be to—
- (i) inspect and value the gems that are to be purchased by the Bank under section 14 ;
  - (ii) value the gems and jewellery that are offered as security in respect of any loan or other accommodation to be obtained from the Bank, and submit reports in respect of such gems and jewellery to the Board when required to do so.

(3) A member of the panel of valuers shall, unless he dies or is removed from, or resigns from he panel, earlier, remain as a member of the panel for a period of three years from the date of his appointment.

(4) Rules may be made by the Board governing—

- (a) the appointment of members, the resignation and removal of members from the panel of valuers and the remuneration payable to such members ;
- (b) the submission of the valuation reports to the Board.

Financial  
year of  
the Bank.

17. The financial year of the Bank shall be the calendar year.

Audit.

18. (1) The Auditor-General shall audit the accounts of the Bank at such intervals not exceeding a period of twelve months as the Board may determine.

(2) The Auditor-General may appoint a qualified auditor or auditors to audit the accounts of the Bank and shall inform such auditor or auditors that he proposes to utilize his or their services for the performance and discharge of the Auditor-General's duties and functions in relation to the Bank and thereupon such auditor or auditors shall act under the direction and control of the Auditor-General.

(3) Every qualified auditor appointed under the provisions of subsection (2) shall submit a report to the Auditor-General.

(4) The auditor shall examine the accounts of the Bank and ascertain the correctness of the balance sheet and any other accounts and report to the Board—

- (a) whether or not he has obtained all the information and explanations he has required ; and

(b) whether in his opinion the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the Bank's affairs according to the best of his information and explanations given to him as and shown by the books of the Bank.

(5) For the purpose of ascertaining the correctness of the balance sheet and any other account the Auditor-General may, with the sanction of the Board accept in respect of any branch of the Bank, any copies or abstracts from the books of accounts of such branch which have been transmitted to the head office of the Bank and which have been certified to be correct by the officer of the Bank authorized in that behalf by the Board.

(6) In this section "qualified auditor" means—

(a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by Law, possesses a certificate to practise as an accountant: or

(b) a firm of accountants, each of the resident partners of which being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practise as an accountant issued by the Council of such institute.

19. (1) The Board shall on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister and all the share-holders:—

Documents to be transmitted to the Minister to be laid before Parliament.

(a) the Auditor-General's report;

(b) the balance sheet;

(c) the profit and loss account; and

(d) the report of the Chairman of the Board giving an account of the work of the Bank.

(2) The Minister shall lay copies of the documents transmitted to him under subsection (1) before Parliament.

20. Any moneys belonging to the Bank may be invested by the Board in such manner as the Board may determine.

Investment of moneys of the Bank.

## PART III

## GENERAL

Declaration  
of secrecy.

21. Every director of the Board and all officers and servants of the Bank, shall before entering upon his duties, sign a declaration pledging himself to observe strict secrecy in respect of all matters connected with the affairs of the Bank, and shall by such declaration pledge himself not to reveal any matter which may come to his knowledge in the performance or discharge of his duties and functions except—

- (a) when required to do so by a court of law or by any person or body of persons to whom such matters relate; and
- (b) in order to comply with any of the provisions of this Act.

Protection  
for action  
taken under  
this Act or  
on the  
direction of  
the Board.

22. (1) No suit or prosecution shall lie against any director, officer, servant or agent of the Bank for any act which in good faith is done or purported to be done, by him under this Act, or on the direction of the Board.

(2) Any expenses incurred by the Bank in any suit or prosecution brought by or against the Bank before any court shall be paid out of the funds of the Bank and any costs paid to, or recovered by, the Bank in any such suit or prosecution shall be credited to the funds of the Bank.

(3) Any expenses incurred by any such person as is referred to in subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or is purported to be done by him under this Act or on the direction of the Board shall, if the court holds that such act was done in good faith, be paid out of the funds of the Bank, to such person, unless such expense is recovered by him in such suit or prosecution.

Certain  
written law  
not to apply  
to the Bank.

23. Nothing in the Debt Conciliation Ordinance shall apply to any debt due to the Bank.

Special  
provisions  
relating to  
the share-  
holders.

24. (1) Notwithstanding anything in section 117 of the Monetary Law Act, the Monetary Board is hereby empowered to subscribe to the capital of the Bank, and to purchase, guarantee or accept as security, any share promissory note or other security of the Bank.

(2) Every financial institution, public corporation and statutory institution shall be deemed to have the power to subscribe to the capital of the Bank, notwithstanding anything to the contrary in any law or instrument establishing such financial institution, public corporation or statutory institution.

25. The Bank shall be deemed to be a credit institution for the purposes of the Monetary Law Act and accordingly the Bank may borrow from the Medium and Long Term Credit Fund of the Central Bank, such sums as the Board may from time to time determine.

The Bank  
deemed to be  
a credit  
institution.

26. No writ against person or property shall be issued against any director of the Board in any action brought against the Bank.

No writ to  
issue against  
person or  
property of  
a director  
of the Bank.

27. (1) The Board may make rules, which are not inconsistent with the provisions of this Act in respect of all or any of the matters in respect of which rules are authorised or required by this Act to be made.

Powers of the  
Board to  
make rules.

(2) No rule made by the Board under subsection (1) shall have effect until it has been approved by the Minister and approved by Parliament.

28. (1) Every person who—

Offences and  
penalties.

(a) contravenes the provisions of this Act or any rule made thereunder ;

(b) being a director, officer or servant of the Bank discloses any information obtained by him in or in connection with the exercise of his powers or the performance of his duties under this Act, to any person for any purpose other than a purpose for which he is authorized to disclose such information by this Act,

shall be guilty of an offence under this Act.

(2) Every person who commits an offence under this Act shall on conviction after trial before a Magistrate, be liable to a fine not exceeding one hundred thousand rupees or to imprisonment for a period not exceeding three years or to both such fine and imprisonment.



(3) Where an offence under this Act is committed by a body of persons, then—

(a) if that body of persons is a body corporate, every director or officer of that body corporate;

(b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence:

Provided however that a director or an officer of such body corporate or partner of such firm shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he used all such diligence to prevent the commission of such offence.

(4) The Board may, having regard to the circumstances in which an offence under subsection (1) was committed, compound such offence for a sum not exceeding fifty thousand rupees. All sums received by the Board in composition for an offence under this section shall be credited to the funds of the Bank.

Bank  
deemed  
to be a  
licensed  
commercial  
bank.

29. The Bank shall be deemed to be a licensed commercial Bank within the meaning of the Banking Act, No. 30 of 1988.

Monetary  
Board  
to give  
directions.

30. The Monetary Board may from time to time give general or special directions in writing as to the performance of the duties and the exercise of the powers of the Bank and it shall be the duty of the Bank to comply with such directions.

Officers  
and  
servants  
of the Bank  
to be  
deemed  
public  
servants.

31. Every Director of the Board and every officer or servant of the Bank shall be deemed to be public servants within the meaning, and for the purposes, of Chapter IX of the Penal Code.

Persons  
authorised  
to act on  
behalf of  
the bank.

32. No person other than a director or a person expressly authorized by the Board, shall sign and execute any documents required to be signed or executed by the Board in the exercise, discharge or performance of any powers, functions or duties conferred or imposed on, or assigned to, the Bank under this Act.

(2) Receipts signed by a director or by any person expressly authorized by the Board to sign such receipts shall be an effectual discharge of the amounts paid to the Bank.



33. Notwithstanding anything in the Stamp Duty Act, No. 43 of 1982, any instrument required or authorized to be made or executed by the Bank or any instrument made or executed in connection with the business of the Bank by the Bank, and any instrument made or executed by any other person in favour of the Bank in respect of any security for a loan, shall be exempt from the payment of duty under that Act.

Exempt  
from  
stamp  
duty.

34. Every donation made of money or otherwise to the Bank shall, for the purposes of paragraph (b) of subsection (2) of section 31 of the Inland Revenue Act, No. 28 of 1979, be deemed to be a donation made in money or otherwise to a fund established by the Government.

Exemption  
from  
certain  
taxes

35. In this Act, unless the context otherwise requires—

Interpre-  
tation.

“accommodation” means any loan or overdraft or any commitment to grant any loan or overdraft or advance, including a commitment to accept a contingent liability ;

“Central Bank” means the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422) ;

“Development Finance Corporation of Ceylon” means the Development Finance Corporation established by the Development Finance Corporation of Ceylon Act (Chapter 165) ;

“finance company” means a company registered under the Finance Companies Act, No. 78 of 1988 to carry on finance business ;

“financial institution” means—

- (a) a licensed commercial bank,
- (b) a finance company,
- (c) The National Savings Bank,
- (d) The National Development Bank of Sri Lanka,
- (e) State Mortgage and Investment Bank,
- (f) Development Finance Corporation of Ceylon ;

“gem” includes a precious stone or a semi-precious stone, and a product of any gem or any such stone ;

"gem industry" means any trade or business of all or any of the following classes or descriptions:—

- (a) mining for gems or gemming;
- (b) importing gems into, or exporting gems from, Sri Lanka;
- (c) selling, purchasing, or supplying gems;
- (d) valuing gems;
- (e) cutting, polishing, engraving or carving of gems;
- (f) heat treatment of gems and any other method of enhancing the value of gems;
- (g) examination and certification of gems and assaying of precious metals; and
- (h) lapidary training;

"jewellery" means any ornament made from precious metals or precious stones for personal adornment or any curio made out of such metal or such stone;

"jewellery industry" means any trade or business relating to the assaying of precious metals or the manufacture of ornaments from precious metals or precious stones for personal adornment or the export of such ornaments;

"licensed commercial bank" means a licensed commercial bank within the meaning of the Banking Act, No. 30 of 1988 authorised to carry on banking business;

"Monetary Board" means the Monetary Board of the Central Bank of Sri Lanka constituted under section 8 of the Monetary Law Act;

"National Development Bank of Sri Lanka" means the National Development Bank established by the National Development Bank Act, No. 2 of 1979;

"National Savings Bank" means the National Savings Bank established by the National Savings Bank Act, No. 30 of 1971;

"public corporation" means any corporation board or other body which was or is established by or under any written law other than the Companies Ordinance, with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise;

"State Mortgage and Investment Bank" means the State Mortgage and Investment Bank established by the State Mortgage and Investment Bank Act, No. 13 of 1975;

"statutory institution" means any body or institution established by a Statute, not being a public corporation and includes a company established under the Companies Act, No. 17 of 1982 in which more than fifty per centum of the share capital is owned by the Government of Sri Lanka.

36. In the event of any inconsistency between the Sinhala and the Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala  
text to  
prevail  
in case of  
inconsistency.

#### SCHEDULE

[Section 5 (2)]

##### PROVISIONS RELATING TO THE BOARD OF DIRECTORS

1. A person shall be disqualified from being nominated, elected or continuing as a director of the Board—

- (a) if he is or becomes a Member of Parliament any Provincial Council or any local authority;
- (b) if he is not, ceases or to be a citizen of Sri Lanka; or
- (c) if he is under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind; or
- (d) if he is serving or served a sentence of imprisonment imposed by any court in Sri Lanka or any other country.

2. Except the Chairman and the director referred to in section 5(1) (b), every other directors shall, unless he vacates office earlier by death, resignation or removal hold office for a term of three years and shall be eligible for re-nomination, or re-election as the case may be:

Provided that a director nominated or elected in place of a director who had vacated office by death, resignation or removal, shall hold office for the unexpired term of office of the director whom he succeeds.

The director referred to in section 5(1) (b) shall hold office for so long as he is the Chairman of the National Gem and Jewellery Authority.

3. If any director is temporarily unable to perform his duties of his office during any period due to ill-health or absence from Sri Lanka, or for any other cause, another person may be nominated or elected to act in his place.

4. A director referred to in section 5(1)(a) may be removed from office for reasons assigned by the Monetary Board.

5. The directors (other than the Chairman) and the director referred to in section 5(1)(b), may resign his office by letter addressed to the Chairman and such resignation shall take effect upon it being accepted by the Chairman.

6. The Directors may be paid such remuneration out of the funds as may be determined by the Monetary Board.

7. (1) The Board shall meet at least once a month and also as frequently as necessary for the purpose of discharging its functions under this Act.

(2) The quorum for any meeting shall be three directors, and subject to the other provisions of this Act, the procedure to be followed in regard to the transaction of business at meetings of the Board shall be as determined by rules made by the Board.

(3) All questions for decision at any meeting of the Board, shall be decided by the vote of the majority of the directors present. In the case of an equality of votes, the director presiding shall have a casting vote.

8. No act or proceeding of the Board shall be deemed to be invalidated by reason only of the existence of a vacancy among the directors or of any defect in the appointment of any such director.

9. (1) The seal of the Bank shall be in the custody of the Chairman.

(2) The seal of the Bank may be altered in such manner as may be determined by the Board.

(3) The seal of the Bank shall not be affixed to any instrument or document except with the sanction of the Board and in the presence of two directors who shall sign the instrument or document in token of their presence.

(4) The Board shall maintain a register of the instruments and documents to which the seal of the Bank has been affixed.

10. (1) The term of office of the Chairman shall, subject to the provisions of subsection (3), be four years commencing on the date of his appointment as Chairman.

(2) In the event of the vacation of office of the Chairman before the expiration of his term of office the Monetary Board shall in terms of section 5(1)(a) appoint another person to hold office for the un-expired part of the term of office of the Chairman so vacating office.

(3) The Chairman may resign his office by a letter addressed to the Monetary Board and such resignation shall take effect on it being accepted by the Monetary Board.

(4) The Chairman shall preside at every meeting of the Board. In the absence of the Chairman, the Monetary Board shall nominate a Chairman from among other directors.

11. Every director who is interested in any loan or contract proposed to be obtained or made by the Bank shall disclose the nature of his interest at a meeting of the Board. The disclosure shall be recorded in the minutes of such meeting and such director shall not take part in any deliberation or decision of such Board with respect to such loan or contract.