



SWAZILAND  
GOVERNMENT GAZETTE  
EXTRAORDINARY

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VOL. XXVIII]

MBABANE, Tuesday, May 22nd., 1990

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SUPPLEMENT TO  
THE  
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THE FINANCIAL INSTITUTIONS (CONSOLIDATION) AMENDMENT BILL, 1990

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(Bill No. 6 of 1990)

(To be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Financial Institutions (Consolidation) Order, 1975 by -

- (a) amplifying the definitions "banking business"; and "financial institutions";
- (b) increasing the minimum of capital and reserve accounts;
- (c) prohibiting the serving by a director, officer or employee of a financial institution at the same time in such capacity with another financial institution;
- (d) prescribing appropriate method of computation;
- (e) providing for matters incidental thereto.

J.M. DLAMINI  
*Acting Attorney General*

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A BILL  
entitled

AN ACT to amend the Financial Institutions (Consolidation) Order, 1975 (hereinafter referred to as "the Order").

ENACTED by the King and the Parliament of Swaziland.

*Short title.*

1. This Act may be cited as the Financial Institutions (Consolidation) (Amendment) Act, 1990.

*Amendment of Section 2.*

2. Section 2 of the Order is amended by replacing the definitions "banking business" and "financial institution" with the following

- (a) "banking business means" -
  - (i) the business of receiving funds from the public or from members thereof through the acceptance of money, deposits of money payable upon demand or after a fixed period or after notice or any similar operation through the periodic sale or placement of bonds, certificates, notes or other securities and the use of such funds either in whole or in part for loans, advances, investments or any other operation authorized by law or customary banking practice, for the account and at the risk of the person doing such business;

- (ii) any other activity recognized by the Central Bank as customary banking practice which a financial institution may be authorized by the Central Bank to engage in -;
- (b) "financial institution means any person carrying on banking business or the business of a stockbroker or dealer in stocks, bonds or shares."

*Amendment of Section 18.*

3. Section 18 of the Order is amended as follows -

(a) in subsection (1) (a) -

- (i) in subparagraph (i) by replacing the words "one hundred thousand Emalangeni (E100,000.00)" with the words "one million Emalangeni (1,000,000.00)" and by deleting the word "and" after the semi-colon;
- (ii) in sub-paragraph (ii) by replacing the words "twenty-five per cent" with the words "ten per cent" and by adding the word "and" after the semi-colon; and
- (iii) by adding the following subparagraph -
  - "(iii) the sum of capital and reserve accounts together shall not be less than eight per cent of the sum of its risk assets computed in the manner prescribed by the Central Bank from time to time by Notice in the Gazette."
- (b) In sub-section (1) (b) (i) in the proviso by replacing the words "fifty thousand Emalangeni (E50,000.00)" with the words "five hundred thousand Emalangeni (E500,000.00)."
- (c) by replacing sub-section (2) with the following sub-section -

"(2) If -

- (a) the minimum capital of a financial institution, prescribed in reference to its liabilities, exceeds the amount of its unimpaired capital, such institution may, provisionally and subject to the approval of the Central Bank for such period as it may approve, include in the computation of its capital any unimpaired balance in its reserve account;
- (b) the sum of capital and reserve accounts of a financial institution, falls below eight per cent of the sum of its computed risk assets, such institution may, on application to the Central Bank, be granted a reasonable time not exceeding one year for compliance."

*Amendment of Section 22.*

4. Section 22 of the Order is amended in sub-section (3) by inserting after paragraph (c) the following paragraph -

"(cc) securities issued by the Central Bank and maturing within one hundred and eighty days".

*Amendment of Section 33.*

5. Section 33 of the Order is amended in sub-section (1) by deleting the words "after consultation with the Minister".

*Amendment of Section 40.*

6. Section 40 of the Order is amended by adding after sub-section (3) the following sub-section -

“(4) A person who is a director, auditor, officer or employee of a financial institution shall not serve at the same time as a director, auditor, officer or employee of any other financial institution except where the Central Bank after consultation with the Minister permits, in writing, such service in respect of not more than one such other institution”.

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