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LEGAL NOTICE NO. 165 OF 2001

THE CENTRAL BANK ORDER, 1974
(Order No. 6 of 1974)

THE CENTRAL BANK OF SWAZILAND BY-LAWS, 2001
(Under Section 9(2))

In exercise of the powers conferred upon it by Section 9(2) of the Central Bank Order, 1974 the board of directors of the Central Bank of Swaziland hereby makes the following by-laws:-

Citation

1. These By-Laws may be cited as the Central Bank of Swaziland By-Laws, 2001.

Interpretation

2. In these By-Laws, unless the context otherwise requires-

“Bank” means the Central Bank of Swaziland;

“board” means the board of directors of the Bank;

“Building Societies Act” means the Building Societies Act No.1 of 1962;

“director” means a member of the board of directors of the Bank;

“Financial Institutions Order” means the Financial Institutions (Consolidation) Order No. 23 of 1975;

“Minister” means the Minister responsible for Finance;

“Order” means the Central Bank of Swaziland Order No. 6 of 1974;

“Secretary” means the secretary to the board.

Notice of disqualification of directors

3. (1) The board shall be informed if the governor, deputy governor or any director to whom the provisions of Section 13 and 14 of the Order apply, shall become subject to any of the disqualifications specified therein.

(2) The obligation to inform the board shall rest on each individual concerned and on any member of the board or the Secretary who becomes aware of such disqualification on the part of any other member.

- (3) The board shall forthwith inform-

(a) the King through the Minister in the case of the governor; or

(b) the Minister in the case of other directors;

of such disqualification.

Indemnity of directors and officials

4. (1) A director, official or other employee shall be indemnified by the Bank against all costs, losses and expenses incurred by him or for which he has become liable, by reason of any contract entered into or act or deed done, in the proper and careful discharge of his duties.

(2) The Bank shall pay all such costs, losses and expenses, unless such cost, loss or expense has been incurred as a consequence of his own negligence or willful default in the execution of his duties.

(3) A director, official or other employee shall not be liable to the Bank for any loss or expense occasioned to the Bank by the –

(a) insufficiency or deficiency of value of, or title to, any property or security acquired by or taken on behalf of the Bank; or

(b) insolvency, bankruptcy or wrongful act of any customer or debtor of the Bank;

unless such loss or expense has been incurred as a consequence of his own negligence or willful default in the execution of his duties.

Secretary to the board

5. The board shall appoint an officer of the Bank to be the secretary to the board.

Meetings of the board

6. (1) The board shall ordinarily hold meetings at the Head Office of the Bank at least on the last Wednesday of every other month.

(2) The date and venue of such ordinary meetings may be varied by the board.

(3) It shall not be necessary to give notice of an ordinary meeting, except where the board has varied the date or venue of an ordinary meeting.

(4) The board may hold special meetings, after giving reasonable notice to every director.

(5) The proposed agenda and papers for discussion at an ordinary board meeting shall be sent to each director at least five days before the date of the meeting.

(6) The agenda and papers, if any, for discussion at a special meeting shall be delivered to each director so as to reach him in reasonable time before the meeting.

(7) A meeting shall not take place or continue unless a quorum, as prescribed in Section 17(3) of the Order, is present.

(8) No person other than the directors and the Secretary, or in his absence, the person designated by the Chairman to record the minutes, shall attend a meeting of the board;

Provided that the chairman of the meeting may, with the approval of the board, request the presence of any official of the Bank, or invite any other person to be present at a board meeting, when technical matters within the knowledge of that official or person are under consideration.

Minutes of meetings

7. (1) The Secretary shall be responsible for the presentation and the safe custody of the minutes of meetings of the board.

(2) The minutes shall record in respect of every meeting-

- (a) the names of all persons present or absent;
- (b) the items of the agenda;
- (c) where the chairman considers appropriate, the substance of the discussion;
- (d) where any director so requires at any meeting, the opinion of that director relating to any such item; and
- (e) the decision taken on any such item.

(3) The Secretary shall deliver the draft minutes to the directors no later than two (2) weeks after each meeting.

(4) The minutes of any meeting shall be presented for adoption by the board at the next subsequent ordinary meeting and shall be signed as a correct record by the chairman of such subsequent meeting and the Secretary.

(5) The minutes of all meetings of the board shall be made available for inspection upon request by the external auditors of the Bank, or by the Auditor General within the terms of Section 51(3) of the Order.

(6) Extracts of the minutes of any meeting containing details of discussions and resolutions shall be given to heads of departments of the Bank by the Secretary when the governor considers appropriate.

Powers of the Governor

8. (1) Except as may be provided in these By-Laws or by decision of the board, the governor shall have power to transact any of the authorized business of the Bank which is not expressly reserved to the board under the several provisions in the Order.

(2) In the exercise of his powers, he shall obtain the approval of the board, in the following matters-

- (a) open branches authorized under Section 5 of the Order;
- (b) demonetization of any issue of notes or coins under Section 25 of the Order;
- (c) determination of, or changes in, the conditions for exchange of mutilated or otherwise damaged notes under Section 26(3) of the Order;
- (d) determination of rates for discounts, rediscounts and advances under Section 38 of the Order;
- (e) prescription of minimum reserve ratios under Section 40 of the Order;
- (f) regulation of interest and credit under Section 41 of the Order;

- (g) submission of advice or recommendations to the Government on matters involving monetary or fiscal policy provided under Section 43 of the Order;
- (h) underwriting or acquisition of government securities under Section 45 and 46 of the Order;
- (i) preparation and submission of the annual report of the Bank under Section 52(1) of the Order; or
- (j) formulation of the Bank's views on any regulations proposed to be issued by the Minister under Section 57 of the Order:

Provided that, if the governor finds it necessary to take urgent decisions in the Bank's interest before being able to obtain the approval of the board, the board shall be informed at the earliest opportunity.

(3) In performing the duties and functions of Registrar of Financial Institutions as provided in Section 11(3)(d) of the Order, the governor shall obtain the approval of the board in the following matters-

- (a) granting, refusal or revocation of licences under Section 11, 14 and 15 of the Financial Institutions Order;
- (b) granting approvals under Sections 13 of the Financial Institutions Order;
- (c) prescription of specified investments, minimum local assets and minimum liquid assets under Section 20, 21 and 22 of the Financial Institutions Order;
- (d) action for seizure and judicial winding-up under Section 45 and 55 of the Financial Institutions Order; or
- (e) granting approval for voluntary winding up under Section 54 of the Financial Institutions Order:

Provided that if the governor finds it necessary to take urgent decisions in the Bank's interest before being able to obtain the approval of the board, the board shall be asked for ratification at the earliest opportunity.

(4) In performing the duties and functions of Registrar of Building Societies, as provided in Section 11(3)(c) of the Order, the governor shall obtain the approval of the board in the following matters-

- (a) recommendation to the Minister, for granting or not, of permission for a society to be registered as a building society under Section 10 of the Building Societies Act;
- (b) cancellation or suspension of registration under Section 14 of the Building Societies Act;
- (c) permission to vary liquidity requirements under Section 42 of the Building Societies Act; or
- (d) imposition of a penalty under Section 80 of the Building Societies Act 1962.

Committees of the Bank

9. (1) The board shall appoint an executive committee of the Bank to be composed of the governor, who shall be the chairman, deputy governor, who shall be the vice chairman, senior director operations, senior director technical, director of research, director of investment and exchange and the secretary to the board who shall be the secretary.

(2) The executive committee shall assist the governor in the general administration of the Bank and in the formulation of policy proposals for submission to the board and in particular, it will consider matters in which the Governor is required to obtain the approval of the board under By-Law 8, and in such other matters as may be specifically referred to it from time to time by the board, subject to report to the board in all cases.

(3) If, in the opinion of the board or the executive committee, any matter within the competence of the executive committee merits consideration and final decision by the full Board, that matter shall be submitted to the Board by the executive committee with its recommendation.

(4) The executive committee shall appoint an administrative committee of the Bank under the chairmanship of the senior director operations and other members to include the director of administration, one other department director, human resource manager and at least one other member of the managerial staff.

(5) The senior director operations or, in his/her absence, the director of administration shall preside at the meetings of the administrative committee and the human resource manager shall act as secretary to the committee.

(6) The administrative committee shall have such executive functions as delegated to it by the executive committee and shall also advise and submit recommendations to the executive committee on all staff and related matters.

(7) Minutes of meetings of the administrative committee shall be circulated to members of the executive committee within one week after each meeting and shall be available to the board if required.

(8) The executive committee shall have powers to appoint sub-committees as it may consider necessary for the day to day administration of the Bank.

Signing Powers

10. (1) The governor may sign instruments and documents on behalf of the Bank except in any case where such instrument or document is required by law or common practice to be given under seal, and he may delegate this power to other officers of the Bank under Section 11(3)(c) of the Order.

(2) All complaints, written statements, affidavits and other documents connected with legal proceedings may be signed and verified on behalf of the Bank by any officer empowered by or under this By-law to sign documents on behalf of the Bank.

Common Seal of the Bank

11. (1) The Secretary shall have custody of the common seal of the Bank and shall ensure its proper use and safety.

(2) The common seal shall be affixed to instruments of the following description, namely-

- (i) powers of Attorney granted by the Bank; or
- (ii) any other instrument which may be required by law or common practice to be given under seal.

(3) The common seal shall not be affixed to any instrument except in the presence of the governor or deputy governor and the Secretary or the director administration, or such officers to whom the board have delegated powers to sign on behalf of the Secretary and the director of administration, who shall sign their names to the instrument in token of their presence and such signing powers shall be independent of the signing of any person who may sign the instrument as a witness.

(4) Unless the instrument is signed in accordance with sub-by law (3) it shall be of no validity.

(5) The Secretary shall keep a record of the documents which have been affixed with the common seal.

Appointment and dismissal of staff

12. (1) The appointment of staff at managerial level and above shall be made by the board at the recommendation of the governors.

(2) The appointment of staff below managerial level shall be made by the governor.

(3) The dismissal of staff at managerial level and above shall be made by the board.

(4) The dismissal of staff at supervisory grades and below shall be made by the governor.

Conditions of service

13. (1) The board shall approve conditions of service for all staff of the Bank.

(2) All members of staff shall be required to sign and make an undertaking that they will comply with such terms and conditions of service.

MARTIN G. DLAMINI
Governor - Central Bank of Swaziland