

The Laws of Zambia

REPUBLIC OF ZAMBIA

THE BANK OF ZAMBIA ACT

CHAPTER 360 OF THE LAWS OF ZAMBIA

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THE BANK OF ZAMBIA ACT

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CHAPTER 360

BANK OF ZAMBIA

Act No.
43 of 1996
Statutory Instrument
191 of 1996

An Act to revise and consolidate the provisions of the Bank of Zambia Act; to revise the law relating to the composition, duties and powers of the Bank of Zambia and its Board; to revise and consolidate the law relating to the issuance of the currency of the Republic and the formulation and implementation of a monetary policy that will ensure the maintenance of price stability; and to provide for matters connected with or incidental to the foregoing.

[12th December, 1996

PART I

PRELIMINARY

1. This Act may be cited as the Bank of Zambia Act. Short title

2. In this Act, unless the context otherwise requires- Interpretation

"Bank" means the Bank of Zambia established under section *three*;

"bank" shall have the meaning assigned to it in the Banking and Financial Services Act; Cap. 387

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"banking business" shall have the meaning assigned to it in the Banking and Financial Services Act; Cap. 387

"Board" means the Board of Directors of the Bank established under section *twelve*;

"Deputy Governor" means the Deputy Governor of the Bank appointed under section *eleven*;

"financial institution" shall have the meaning assigned to it in the Banking and Financial Services Act; Cap. 387

"financial service" shall have the meaning assigned to it in the Banking and Financial Services Act; Cap. 387

"fine units" shall have the meaning assigned to it in the Fees and Fines Act; Cap. 45

"Governor" means the Governor of the Bank appointed under section *ten*;

"Ordinary revenue of the Government" means revenue from taxes, levies, royalties, fees, duties, rents, profits and income from any investment or any undertaking by the Government, its institutions and agencies, statutory bodies and local authorities, but does not include any funds raised by way of borrowing, grants in cash or in kind, or any other form of economic assistance.

PART II

BANK OF ZAMBIA

3. (1) The Bank of Zambia established under section *three* of the Bank of Zambia Act, 1985, is hereby continued as if established under this Act and shall be a body corporate with perpetual succession and a common seal, capable of suing and of being sued in its corporate name, and with power, subject to the provisions of this Act, to do all such acts and things as a body corporate may by law do or perform. Establishment of Bank Act No. 24 of 1985

(2) The headquarters of the Bank shall be in Lusaka.

(3) The Board may establish branches of the Bank within the Republic, and with the approval of the Minister, in any place outside the Republic.

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(4) The Board may appoint in Zambia or elsewhere agents and correspondents of the Bank, on such terms and conditions, as it may determine:

Provided that no fees, remuneration, commission or allowances paid to any agent or correspondent shall be computed by reference to the profits of the Bank.

4. (1) The Bank shall formulate and implement monetary and supervisory policies that will ensure the maintenance of price and financial systems stability so as to promote balanced macro-economic development. Functions of Bank

(2) Without prejudice to the generality of subsection (1) and subject to the other provisions of this Act the Bank shall-

- (a) licence, supervise and regulate the activities of banks and financial institutions so as to promote the safe, sound and efficient operations and development of the financial system;
- (b) promote efficient payment mechanisms;
- (c) issue notes and coins to be legal tender in the Republic and regulate all matters relating to the currency of the Republic;
- (d) act as banker and fiscal agent to the Republic;
- (e) support the efficient operation of the exchange system; and
- (f) act as adviser to the Government on matters relating to economic and monetary management.

5. The Minister may convey to the Governor such general or particular Government policies as may affect the conduct of the affairs of the Bank and the Bank shall implement or give effect to such policies. Powers of Minister

6. (1) The authorised capital of the Bank shall be ten billion kwacha. Capital

(2) The Bank may, increase the authorised capital by such amounts and in such a manner as the Board may determine, and may in like manner with the consent of the Minister reduce the authorised capital:

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Provided that no reduction shall be so effected as to reduce the amount of the authorised capital below ten billion kwacha.

(3) The Government shall be the sole subscriber to the paid-up capital of the Bank, and its holdings of the paid-up capital shall not be transferable in whole or in part or be subject to any encumbrance whatsoever.

(4) The amount of any increase in paid-up capital effected in accordance with subsection (2) shall be paid up in full by the Government.

(5) Whenever the Board certifies that the assets of the Bank are less than the sum of its capital and other liabilities, the Minister notwithstanding the provisions of any other written law, shall, on behalf of the Government cause to be transferred to the ownership of the Bank negotiable and interest bearing securities issued by the Government for such amount as is necessary for the purposes of preserving the capital of the Bank from any impairment.

7. (1) The net profit of the Bank for each financial year shall be determined by the Bank after- Profit and loss

- (a) allowing for the expenses of operations for that year;
- (b) making provision;
 - (i) for bad and doubtful debts, depreciation of assets and contingencies;
 - (ii) for pensions, gratuities and other benefits for its officers and employees; and
 - (iii) for such other items which are consistent with the Bank's mandate.

(2) Where the Bank makes a profit any amount left over after making transfers in accordance with section *six* shall be paid to the Government within sixty days following the auditor's certification of the Bank's financial statements.

(3) Where in any year, the Bank makes a loss on its profit and loss statement as certified by the auditors, the Minister, notwithstanding the provisions of any other written law, shall on behalf of the Government cause to be transferred to the ownership of the Bank cash or negotiable securities bearing market interest rates, and such securities shall be delivered to the bank within sixty days from the date of certification of the accounts by the auditors.

8. (1) The general reserve fund of the Bank established under section *twenty-two* of The Bank of Zambia Act, 1964, shall continue to be maintained in accordance with the provisions of this Act, and to this fund shall be transferred, at the end of each financial year of the Bank-

General reserve fund and other funds Cap. 699 of the old edition

- (a) twenty-five per centum of the net profits of the Bank as calculated in accordance with section *seven*, when the balance in the general reserve fund is less than three times the Bank's authorised capital; or
- (b) ten per centum of the net profit of the bank as calculated in accordance with section *seven*, when the balance in general reserve fund is three times the Bank's authorised capital, or more.

(2) The balance if any of the net profits remaining after transfers under subsection (1) shall be applied to the redemption on behalf of the Government of any securities issued and outstanding being securities issued against losses incurred by the Bank.

(3) No transfers shall be made under subsections (1) and (2) if the Board certifies that the assets of the Bank are, or after such transfer, will be, less than the sum of its capital and other liabilities.

9. (1) The Bank shall, in consultation with the Minister, within six months after the commencement of this Act, and at every six months interval thereafter publish in the Government *Gazette* a policy statement that shall contain:

Policy statement

- (a) a description and an explanation of the reasons for the monetary policies to be followed by the Bank during the following six months;
- (b) a description of the principles that the Bank proposes to follow in the formulation and implementation of monetary policy during the next two years or such other period of time as the Minister may decide; and
- (c) a review and assessment of implementation by, the Bank, of monetary policy during the period to which the last preceding six months policy statement relates.

(2) The Minister shall within the first sitting of the National Assembly next after the receipt of the report referred to under this section lay it before the National Assembly.

PART III

ADMINISTRATION

10. (1) Subject to section *fifteen* the President may, appoint, for a period not exceeding five years, a person with recognised professional qualifications and experience in financial and economic matters to be Governor of the Bank and the President may re-appoint the Governor upon the expiry of the Governor's term of office. Governor

(2) An appointment under subsection (1) shall be subject to ratification by the National Assembly.

(3) The Governor shall be the Chief Executive Officer of the Bank and shall be responsible to the Board for the execution of the policy and management of the Bank.

(4) The Governor may, with the approval of the Board, delegate any of his functions or powers to a Deputy Governor, or any other staff of the Bank.

(5) The terms and conditions of the Governor shall be determined by the Minister subject to the provisions of this Act, and shall not, during the Governor's term of office be altered to the Governor's disadvantage:

Provided that no salary, fee, wage, remuneration, commission or allowance to be paid to the Governor shall be computed by reference to the profits of the Bank.

(6) During the Governor's term of office the services of the Governor shall be at the disposal of the Bank and the Governor shall not, without the written approval of the President, receive any salary, allowance, contribution or supplementation from any source other than the Bank, or take up any other office or employment, whether remunerated or not, except as nominee of the Bank:

Provided that the Governor may serve on any board, committee or commission established by the Government or may become Governor, director or member of a board or any other body or of any international financial organisation of which Zambia is a member.

(7) The Governor may resign from office by giving three months notice to the President and may be removed by the President.

11. (1) Subject to section *fifteen* the President, shall appoint up to two persons with recognised and appropriate professional qualifications and experience, to be Deputy Governors of the Bank for periods not exceeding five years. Deputy Governor

(2) The provisions of subsections (4) and (5) of section *ten* shall apply *mutatis mutandis* to a Deputy Governor.

(3) A Deputy Governor may resign from office by giving three months written notice to the President and may be removed by the President.

12. (1) There shall be a Board of Directors of the Bank in which shall vest all the powers of the Bank and which shall be responsible for the formulation of policy of the Bank. Board of Directors

(2) The Board may delegate to the Governor such of its functions as it considers necessary for the better administration of the Bank.

13. (1) The Board shall consist of, the following directors- Composition of Board

(a) the Governor, who shall be the Chairman of the Board; and

(b) not more than six other persons appointed by the Minister from amongst individuals with professional or academic experience in business or financial matters and who are not officials or employees of the Bank.

(2) The Board shall choose one of its members to be the Vice-Chairman.

(3) The Secretary to the Treasury in the ministry responsible for finance, shall be an ex-officio director of the Board and shall be entitled to attend and participate in any meeting of the Board but such person shall have no vote and shall not count for the purpose of a quorum.

(4) The Secretary to the Treasury in the ministry responsible for finance, may in writing, appoint a senior official in that ministry to be an alternate director to the Secretary to the Treasury and to attend any meeting of the Board which the Secretary to the Treasury is unable to attend, and when such alternate attends such meeting, the provisions of subsection (2) shall apply, *mutatis mutandis*, to such alternate.

(4) The director referred to in paragraph (b) of subsection (1) shall be paid such fees and allowances as the Minister may determine.

14. (1) Subject to the other provisions of this section, a director referred to in paragraph (b) of subsection (1) of section *thirteen* shall hold office for a period not exceeding three years and shall be eligible for re-appointment, on the expiry of such term, for a further three years. Tenure of office

(2) A director, other than the Governor and the Secretary to the Treasury, may be removed by the Minister at any time by notice in writing and may resign from the Board at any time.

15. (1) No person shall be appointed, re-appointed or continue to hold office of Governor, Deputy Governor or director if such person- Disqualifications

- (a) is or becomes a member of the National Assembly;
- (b) is a director, officer, employee or owner of, or shareholder in, any financial institution or bank which is under the regulatory jurisdiction of the Bank or of the Government, other than as a nominee of the Bank;
- (c) has been convicted of any offence involving dishonesty, or is an undischarged bankrupt, or has been convicted of a felony;
- (d) is detained, or his freedom of movement is restricted, under any law in force in Zambia for a period in excess of six months; or
- (e) is of unsound mind.

16. (1) Subject to the other provisions of this Act, the Board may regulate its own Proceedings of Board
procedure.

(2) The Board shall meet for the transaction of the business of the Bank at least once every three months at such places and at such times as the Governor may decide.

(3) Upon giving notice of not less than seven days, a special meeting of the Board may be called by the Governor at any time:

Provided that if the urgency of any particular matter does not permit the giving of such notice, a special meeting may be called upon giving a shorter notice.

(4) Four directors shall form a quorum at any meeting of the Board.

(5) Where the Chairman and the Vice-Chairman are absent from any meeting of the Board, there shall preside at that meeting such director as the directors present may elect for the purposes of that meeting.

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(6) A decision of the Board on any question shall be by a majority of the directors present and voting at a meeting and, in the event of equality of votes, the person presiding at the meeting shall have a casting vote in addition to his deliberative vote.

(7) The Board may invite any person, whose presence is in its opinion desirable, to attend and to participate in the deliberations of a meeting of the Board but such person shall have no vote.

(8) The validity of any proceedings, act or decision of the Board shall not be affected by any vacancy in the membership of the Board or by any defect in the appointment of any director or by reason that any person not entitled to do so took part in the proceedings.

(9) The Board shall cause minutes to be kept of the proceedings of every meeting of the Board and of every meeting of any committee established by the Board.

17. (1) The seal of the Bank shall be such device as may be determined by the Board and shall be kept by the Governor or an officer designated by him. Seal of Bank

(2) The Board may use a wafer or rubber stamp in lieu of the seal.

(3) The seal of the Bank shall be affixed to an instrument only on the authority of a resolution of the Board and in the presence of at least two directors who shall sign every instrument to which the seal of the Bank is so affixed in their presence.

(4) Any contract, or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be under seal, may be entered into or executed without seal on behalf of the Bank by the Governor or any other director generally or specifically authorised by the Board.

(5) Any document purporting to be a document under the seal of the Bank or issued on behalf of the Bank shall be received in evidence and shall be deemed to be so executed or issued, as the case may be, without further proof, unless the contrary is proved.

18. (1) The Board may, for the purpose of performing its functions under this Act, establish committees and delegate to any such committee such of its functions as it considers fit. Committees of Board

(2) The Board may appoint as members of a committee established under subsection (1), persons who are or are not directors of the Board and such persons shall hold office for such period as the Board may determine.

(3) Subject to any specific or general direction of the Board any committee established under subsection (1), may regulate its own procedure.

19. No action or other proceedings shall lie or be instituted against any director for or in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of such director's functions under this Act. Immunity of Directors

20. (1) No director shall act as representative of any commercial, financial, agricultural, industrial or other concern, or receive or accept directions therefrom in relation to such director's duties under this Act. Conflict of interest and disclosure of interest

(2) If any person is present at a meeting of the Board or any committee or the Board at which any matter, in which such person or his spouse is directly or indirectly interested in a private capacity, is the subject of consideration, such person shall, as soon as practicable after the commencement of the meeting, disclose such interest and shall not, unless the Board otherwise directs, take part in any consideration or discussion of, or vote on, any question touching such matter.

(3) A disclosure of interest made under this section shall be recorded in the minutes of the meeting at which it is made.

(4) Any person who contravenes any of the provisions of this section shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding thirty thousand fine units or to imprisonment for a term not exceeding three years, or to both.

21. (1) The Board may appoint, on such terms and conditions as it may determine, such staff as it may consider necessary for the conduct or operations of the business of the Bank: Staff of Bank

Provided that no salary, fee, wage, remuneration, commission or allowance to be paid to any staff of the Bank shall be computed by reference to the profits of the Bank.

(2) The Board may establish pension schemes and permit the Bank to grant loans to its staff or guarantee such loans from any financial institution.

(3) The Board may establish training facilities for the staff of the Bank.

22. (1) Every person appointed under this Act or employed by the Bank shall take and subscribe, before a Commissioner for Oaths, an oath of secrecy as set out in the Official Oaths Act, and the provisions relating to affirmation and duplication of oaths contained in that Act shall apply *mutatis mutandis*. Oath or declaration of secrecy
Cap. 5

(2) Any person to whom this section applies who, having complied with the provisions of subsection (1), does or omits to do any act in contravention of the oath of secrecy shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding thirty thousand fine units or to imprisonment for a term not exceeding two years, or to both.

23. (1) Except in compliance with an order or a court of competent jurisdiction or with the written consent given by or on behalf of the Board, no person appointed under this Act shall publish or disclose to any person, otherwise than in the course of that person's duties the contents of any document, communication or information, whatsoever, which relate to, and which have come to that person's knowledge in the course of, such person's duties under this Act.

Prohibition of publication of or disclosure of information to unauthorised persons

(2) Any person who knowingly contravenes the provisions of subsection (1), shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding thirty thousand fine units or to imprisonment for a term not exceeding two years, or to both.

(3) If any person having information which to his knowledge has been published or disclosed in contravention of subsection (1), unlawfully publishes or communicates any such information to any other person, that person shall be guilty of an offence and shall be liable, upon conviction to a fine not exceeding forty-five thousand fine units, or to imprisonment for a term not exceeding three years, or to both.

24. The financial year of the Bank shall be the period of twelve months ending on 31st December in each year.

Financial year

25. (1) The Board shall cause to be kept proper books of account and other records relating to the bank's accounts in conformity with generally accepted accounting principles.

Books of account

(2) Such books of account and other records shall, at all reasonable times, be open for inspection by the directors or any person authorised by the Minister.

26. The accounts of the Bank shall be audited annually by an auditor appointed by the Board.

Audit of accounts

27. (1) As soon as is practicable, but not later than six months after the expiry of each financial year, the Board shall submit to the Minister a report concerning its activities during such financial year.

Annual report

(2) The report referred to in subsection (1), shall include information on the financial affairs of the Board and there shall be appended thereto-

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- (a) an audited balance sheet;
- (b) an audited statement of income and expenditure; and
- (c) such other information as the Minister may require.

(3) The Minister may at any time request the Board, in writing, to submit to him such other reports, returns or statements, duly certified by an auditor, as he may consider necessary and the Board shall comply with such request.

28. (1) The Bank shall deliver to the Minister a return of its monthly assets and liabilities whenever he so requires. Reports on monthly assets and liabilities

(2) Within a period of thirty days, after the last working day of each month the bank make up, and cause to be published in the *Gazette* a return of its assets and liabilities as at the close of business on that day, and shall deliver that return to the Minister.

PART IV

MONETARY UNITS, NOTES AND COINS

29. (1) The units of currency of the Republic is the Kwacha (abbreviated as K). Currency of the Republic

(2) The denominations of money in the currency of the Republic are the Kwacha and the ngwee (abbreviated as N or as n).

(3) One ngwee is the one-hundredth part of the kwacha.

30. (1) The right to issue notes and coins in Zambia shall vest exclusively in the Bank. Right to issue currency

(2) Any person, other than the Bank, who issues in Zambia notes or coins (or other documents or token) which are payable to bearer on demand or purport to be the currency of the Republic or the currency of any other country shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding one million fine units or to imprisonment for a term not exceeding ten years, or to both:

Provided that this subsection shall be complementary to and not in derogation of the provisions of the Penal Code relating to forgery, coining, counterfeiting and similar offences. Cap. 87

31. (1) The notes and coins issued by the Bank shall be-

Denominations of notes and coins

(a) in such multiples or fractions of kwacha or ngwee as the Bank shall determine; and

(b) of such forms and designs as the Bank shall determine.

(2) The standard weight, composition and amount of remedy of coins issued by the Bank shall be determined by the Bank and shall be published in the *Gazette*.

32. The Bank shall have all such powers and make all such arrangements as may be necessary for the printing of notes, the minting of coins and for the issue, re-issue, exchange and destruction of notes and coins; and for the safeguarding thereof. Minting and issue

33. (1) A tender of payment of money shall be legal tender if it is in notes or coins that are made and issued by the Bank under this Act: Legal tender

Provided that the Minister may by regulation make restrictions as to any particular maximum amount considered as legal tender.

(2) Whenever the Board thinks desirable, the Bank may, with the approval of the Minister, issue coins or any denomination for purposes other than monetary use and designate the same to be legal tender within the Republic and every such issue shall be publicised in the *Gazette* and may be further published in such manner as the Minister may determine.

34. (1) Whenever the Bank intends to call in, for the purpose of withdrawing from circulation or payment of the face value thereof, any notes or coins which it has issued, it shall give prior notice in the *Gazette* and may further publicise its intention in such manner as it thinks fit. Powers of recall

(2) Any notes or coins called in under subsection (1) shall cease to be legal tender on a date or dates fixed by the Bank and shall not be redeemed at their face value after a set date or dates.

(3) Notification of the date or dates after which notes or coins shall not be deemed shall be published in the *Gazette*.

35. Subject to section *thirty-six*, the Bank shall exchange, on demand and without charge, any notes or coins, which the Bank has issued, for notes or coins of equivalent value and of such denomination as may be requested by any person or agent surrendering such notes or coins in accordance with section *thirty-four*:

Exchange of notes or coins

Provided that in the event of the denomination being requested, not being available, the Bank may deliver notes and coins of the nearest denomination available.

36. (1) No person shall be entitled to recover from the Bank the value of any lost or stolen notes or coins, except as may be provided under the terms of a waiver of risk expressly executed in respect of an assumption undertaken by the Bank for the shipment of notes and coins:

Lost and mutilated notes and coins

Provided that the Bank shall be liable for any loss suffered by any person in consequence of the negligence or misconduct of any director, staff or agent of the Bank committed in the course of such person's official duties.

(2) The Bank may determine and publish in the *Gazette* the conditions under which mutilated or otherwise damaged notes may be exchanged by the Bank.

(3) The Bank, except in its sole discretion, shall not exchange coins which have been perforated, cut, clipped, broken or otherwise marked or defaced or the design of which is not recognisable.

37. (1) It shall be the duty of the Bank to ensure or cause the enforcement, in the Republic, of any law relating to the forgery of notes or counterfeiting of notes and coins.

Counterfeit of notes and coins

(2) A certification by a duly authorised staff of the Bank that an item in question is or is not genuine shall be *prima facie* evidence of that fact in any legal proceedings in the Republic.

38. (1) Any person who wilfully-

Penalty for mutilation of currency

- (a) soils, tears, defaces or in any other way whatsoever mutilates any note issued by the Bank;
- (b) writes, paints, stamps or draws upon any such note; or
- (c) wilfully defaces, mutilates or pierces a coin issued by the Bank;

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shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding five thousand fine units or to imprisonment for a term not exceeding two months, or to both:

Provided that this section shall be complementary to, and not in derogation of, the provisions of the Penal Code relating to forgery, coining, counterfeiting and similar offences.

(2) A person shall not, without the prior approval of the Bank-

(a) make, design, engrave, print or reproduce; or

(b) use, issue or publish;

any article or thing resembling a bank note or coin or so nearly resembling or having such a likeness to a bank note or coin so as to likely be confused with, or mistaken for, such bank note or coin.

(3) Any person who contravenes subsection (1), shall be guilty of an offence and shall be liable upon conviction to a fine not exceeding thirty thousand fine units or to imprisonment for a term not exceeding two years or both.

(4) Where a person is convicted of an offence against subsection (2), a court may order the article or thing, any copy of it, any plates, block, dies, and other instruments used or capable of being used for printing or reproducing, in the possession of that person, to be destroyed.

PART V

INTERNATIONAL RESERVE, AND FOREIGN EXCHANGE OPERATIONS

39. (1) The Bank shall maintain, on such terms and conditions as the Board may determine, an international reserve which shall consist of all or any of the following: International reserves

(a) gold;

(b) foreign exchange in the form of notes or coins or bank balances held abroad, denominated in such currencies and located in such countries as the Board may approve;

(c) any internationally recognised reserve asset, including-

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- (i) the facilities to make reserve tranche purchases from the International Monetary Fund;
- (ii) holding of special drawing rights;
- (d) bill of exchange and promissory notes denominated and payable in such foreign currencies and in such places as the Board may approve;
- (e) treasury bills and other securities denominated in such foreign currencies, issued or guaranteed by such foreign governments and payable in such places as the Board may approve;
- (f) securities issued or guaranteed by international financial institutions specified by the Board; and
- (g) such other international reserve assets as the Board may approve.

(2) The Bank shall use its best endeavours to maintain the international reserves referred to in subsection (1), at a level which is adequate for achieving the objectives of the Bank.

40. (1) The Bank may, subject to such terms and conditions as the Board may determine-

Operations in gold and foreign exchange

- (a) buy, sell or deal in foreign currencies using any of the instruments commonly in use for the purpose;
- (b) buy, sell or deal in gold coin or bullion or other precious metals;
- (c) buy, sell or deal in treasury bills and other securities issued or guaranteed by foreign governments or international financial organisations;
- (d) open and maintain accounts with, and act as agent or correspondent for, international financial organisations, central banks, monetary authorities or financial institutions outside Zambia, and with the approval of the Minister, foreign governments or their agencies.

(2) In carrying out its functions under subsection (1), the Bank shall deal only with the Government, banks or other financial institutions in the Republic, foreign governments or their agencies, international financial organisations, central banks, monetary authorities or financial institutions outside the Republic.

PART VI

RELATIONS WITH BANKS AND FINANCIAL INSTITUTIONS

41. (1) The Bank may, by *Gazette* notice, determine-

Minimum liquidity ratios and reserve requirements

- (a) the minimum ratio of liquid assets which each financial institution is required to hold; and
- (b) the minimum reserve balance which each financial institution shall maintain with the Bank.

(2) The Bank may, by *Gazette* notice, determine the class or classes of assets which shall qualify to be liquid assets referred to under this section.

(3) The Bank may, by *Gazette* notice, specify the class or classes of liabilities against which the ratio requirement may be calculated.

(4) No bank or financial institution shall be required to maintain higher percentages than any other bank or financial institution.

(5) If the Bank at any time increases any of the ratios referred to in subsection (3), every bank or financial institution shall be allowed not less than ten days in which to comply.

(6) The Bank may require any bank or financial institution to furnish such information as the Bank may consider necessary to satisfy itself that the bank or financial institution concerned is complying with the provisions of this section.

(7) Where the Bank holds a balance in an account for a depositor who is subject to a regulation made pursuant to subsection (1)-

- (a) the Bank may pay interest on such balances, on such terms and conditions, as it considers appropriate;
- (b) where a bank or financial institution which is subject to subsection (1) fails to maintain a balance in its account with the Bank sufficient to comply with its duty under that subsection, the bank or financial institution shall pay to the Bank daily interest calculated on the amount that its balance is deficient at the rate determined by the Bank for that purpose.

42. (1) The Bank may operate accounts for banks and other financial institutions on such terms and conditions, as the Board may determine.

Accounts for banks and other financial institutions

(2) In respect of any account operated in accordance with subsection (1), the Bank may-

- (a) purchase, sell, discount or rediscount any treasury bills or other securities issued or guaranteed by the Government, forming part of a public issue and their acquisition by the Bank;
- (b) grant, for a period not exceeding six months, advances secured by:
 - (i) instruments specified in paragraph (a);
 - (ii) other securities issued or guaranteed by the Government and forming part of a public issue; and
 - (iii) holdings of any assets which the Bank is permitted to buy, sell or deal in under section *thirty-nine*.

(3) Where the Bank is of the opinion that an advance is necessary in order to-

- (a) meet liquidity requirements; or
- (b) forestall insolvency to safeguard the financial system;

of a holder of any account operated in accordance with subsection (1), the Bank may make an unsecured advance or an advance secured by such assets; and on such special terms and conditions as the Board may determine.

43. (1) The Bank may determine, and make public its rates for discounts, rediscounts and advances.

Bank rates for discounts, rediscounts and advances

(2) The Bank may determine different rates for different classes of transactions or maturities.

44. The Bank may, in conjunction with other financial institutions, organise facilities for the clearing of their cheques and other instruments for effecting payments; and for this purpose organise a clearing system in Lusaka and elsewhere:

Clearing facilities

Provided that only commercial banks at the discretion of the Bank may be permitted to maintain settlement accounts with the Bank.

PART VII

RELATIONS WITH GOVERNMENT

45. The Bank shall-

Banker, fiscal agent
and adviser to the
Government

- (a) be the banker to and fiscal agent of the Government; and
- (b) through the Minister act as financial adviser to the Government and render advice and furnish reports on matters relating to the functions of the Bank and on other matters likely to affect such functions.

46. (1) The Bank shall be the official depository of Government funds:

Depository of
Government funds

Provided that the Government may maintain accounts with, and generally use the services or, any bank or financial institution.

(2) When the Bank performs services for the Government pursuant to this Act or at the request of the Government, the Government shall pay the Bank such fees as may be agreed between the Bank and the Minister.

47. The Bank shall, on such terms and conditions as the Minister may determine, issue and manage Government loans or loans guaranteed by the Government which form a public issue.

Management of
Government loans

48. The Bank shall act as agent for the Government for such purposes and on such terms and conditions as the Minister may determine.

Agency functions

49. The Bank shall not advance funds to the Government except in special circumstances and on such terms and conditions as may be agreed upon between the Bank and the Minister.

Advances to
Government

50. (1) Except as provided in section *forty-nine* and in subsection (4), the Bank shall not directly or indirectly, at any time, give credit to the Government by way of short term advances, purchases or securities in a primary issue, or any other form or extension of credit that exceeds fifteen percent of the ordinary revenue of Government in the previous financial year. Limitations on lending to Government

(2) If in the opinion of the Bank the limitation provided for in subsection (1), is likely to be exceeded, the Bank shall submit to the Minister a report stating-

- (a) the details of the amounts then outstanding of the funds advanced and credit facilities extended by the Bank and the Bank's holding of securities referred to in subsection (1);
- (b) the causes which are likely to lead to such limitation being exceeded; and
- (c) its recommendation to forestall or otherwise remedy the situation.

(3) The Bank shall continue to make further reports and recommendations on the matters referred to in subsection (2), at intervals of not more than six months until such time as, in its opinion, the situation has been rectified.

(4) Where the limitation provided for in subsection (1) is exceeded, the Bank shall forthwith advise the Minister of that fact and shall not allow any further increase, whether directly or indirectly, in the aggregate amount of the funds advanced and credit facilities extended by the Bank and the Bank's holding of securities referred to in subsection (1).

51. In respect of any dealings with any international financial organisation of which Zambia is a member, the Minister may designate the Bank to be the depository of any funds and the fiscal agency through which such dealings shall be conducted. Depository and fiscal agency for international financial organisations

52. The Bank may underwrite, purchase, sell or deal in securities issued or guaranteed by the Government which form part of a public issue. Transaction with Government securities

PART IX

GENERAL

53. Except as otherwise expressly authorised by this Act, the Bank shall not- Prohibited business

The Laws of Zambia

- (a) engage in trade, purchase stocks or shares of, or otherwise have a direct interest in any commercial, agricultural, industrial, financial or like undertaking, save as the Bank may acquire as security for, or in satisfaction of, debts due to it, and any interest so acquired shall be disposed of at the earliest convenient opportunity;
- (b) accept for discount, or as security for any advance, bills or notes signed by a director or by a member of the staff of the Bank;
- (c) acquire by purchase, lease or otherwise, any right in, or to, any immovable property except in so far as the Bank shall consider necessary or expedient for providing premises for the conduct of its business and requirements incidental to the functions or business of the Bank;
- (d) make unsecured advances or advances secured otherwise than is provided for under this Act.

54. (1) For the purpose of carrying out its functions under this Act, the Bank may require any person to provide such information as it may specify. Right to call information

(2) Where the Bank believes that any information or data supplied by any person pursuant to subsection (1), is, or maybe, inadequate or inaccurate, it may, by notice in writing to that person, require that information or data to be audited by an auditor approved by the Bank.

55. The Bank shall carry out, periodically or at such times as the Bank may consider necessary, an inspection of any bank or financial institution in accordance with the provisions of the Banking and Financial Services Act. Inspection Cap. 387

56. (1) The Bank shall be exempt from payment of any taxes, levies or duties in respect of its profits, operations, capital, property or documents or any transaction, deed, agreement or promisory note to which it is a party. Exemptions from taxes, etc.

(2) The Bank shall be exempt from the payment of taxes or any duties in respect of notes or coins issued as currency under this Act.

57. (1) The Minister may, by statutory instrument, make regulations for the better carrying out of the purposes of this Act. Regulations

(2) Without prejudice to the generality of subsection (1), the Minister may, on the recommendation of the Bank, make rules or regulations prescribing any matter which the Bank is authorised by this Act to formulate, regulate or determine.

The Laws of Zambia

(3) Regulations or rules made under this Act may provide in respect of any contravention thereof that the offender shall be liable to a fine not exceeding one hundred thousand fine units or to a term of imprisonment not exceeding ten years, or to both.

58. The Bank may construct, purchase or lease or otherwise acquire for the conduct of its business or, for the residence of its staff, property and may manage, insure, sell, lease or otherwise dispose of that property. Property

59. Notwithstanding anything to the contrary contained in any written law, where any judgement or order has been obtained against the Bank, no execution or attachment, or process in the nature thereof, shall be issued against the Bank or against any property or asset of the Bank; but the Bank shall cause to be paid such amounts as may, by the judgement or order, be awarded against the Bank to the person entitled thereto. Restriction on execution against property and assets of the Bank

60. The Bank may charge fees and recover expenses incurred in the carrying out of its duties or operations under this Act. Fees and recovery of expenses

61. The Bank shall not be subject to the Banking and Financial Services Act except in so far as that Act imposes a duty on the Bank. Exemption from Banking and Financial Services Act Cap. 387

62. (1) Any assets, liabilities, obligations, rights, interests of or anything belonging to or pertaining to or attached to, the Bank established under section *three* of the Bank of Zambia Act, 1985, shall continue to vest in the Bank. Savings

(2) The present staff of the Bank shall continue in service in accordance with any contracts of employment or conditions of service existing or in force before the commencement of this Act.

63. (1) The Bank of Zambia Act, No. 24 of 1985 is hereby repealed. Repeal of Act No. 24 of 1985

(2) Section 6 of the Currency Act which was repealed by the Bank of Zambia Act, may, notwithstanding that repeal, be resorted to for the purposes of money expressed in pounds, shillings and pence in any law, deed, instrument, security for money or other document made before the 16th of January, 1968, or in any contract or agreement, whether in writing or not, entered into prior to that date. Cap. 598 of the 1972 edition
Cap. 699

(3) Notwithstanding subsections (1) and (2), every regulation, order, rule, notice or directive made or given under the Bank of Zambia Act, 1985, or the Currency Act, which stand repealed, and in force at the commencement of this Act shall remain in force, so far as it is not inconsistent with this Act, until the same is repealed and shall be deemed for all purposes to have been made or given under this Act. Act No. 24 of 1985
Cap. 699

SUBSIDIARY LEGISLATION

SECTION 64-THE BANK OF ZAMBIA (FOREIGN CURRENCY)
REGULATIONS.

Statutory Instrument
44 of 1994
190 of 1996

Regulations by the Minister

PART I

PRELIMINARY

1. These Regulations may be cited as the Bank of Zambia (Foreign Currency) Regulations. Title
2. In these Regulations- Interpretation
- "bureau de change" means a company licensed under these Regulations to carry on a business of buying and selling foreign currency;
- "commercial bank" has the meaning ascribed to it in the Banking and Financial Services Act. Cap. 387
- "foreign currency" includes the Unit of Account of the Preferential Trade Area (UAPTA);
- "ZCCM" means Zambia Consolidated Copper Mines Limited.

PART II

OFFENCES RELATING TO FOREIGN CURRENCY

3. (1) Subject to subregulation (2), all income obtained by ZCCM or any of its subsidiaries in the form of foreign currency shall be disposed of in accordance with directions given in writing by the Bank. Sale of foreign currency by ZCCM

The Laws of Zambia

(2) Notwithstanding sub-regulation (1), the directions given by the Bank under that subregulation shall be given only for the purpose of carrying out its responsibilities in the management of the foreign exchange of the Republic and shall not confer on the Bank any direct or indirect property or third party beneficiary interests or any other legal or beneficial interest whatsoever in income obtained by ZCCM or any of its subsidiaries in the form of foreign exchange or otherwise.

(3) The interest referred to in subregulation (2) may be obtained by the Bank only through the purchase by the Bank of foreign exchange from ZCCM for kwacha, in a manner and at a price to be determined in accordance with the law applicable.

(4) If ZCCM or any of its subsidiaries contravenes sub-regulation (1), every person who is a director of, or who is concerned in the management of, ZCCM or any of its subsidiaries shall be deemed to have committed the same offence if the person knowingly authorised or permitted the act or omission constituting the offence.

(As amended by S.I. No 190 of 1996)

4. (1) Payments for the servicing of any foreign currency debt contracted by any person before 29th January, 1994 shall be made only in accordance with arrangements approved by the Bank.

Servicing of foreign
currency debts

(2) A person who makes a payment in contravention of this regulation shall be guilty of an offence.

5. Any person, other than a commercial bank or a bureau de change, who carries on a business of buying or selling foreign currency shall be guilty of an offence.

Unlicensed currency
business

PART III

LICENSING OF BUREAUX

6. (1) A company registered under the Companies Act may apply to the Governor for a licence as a bureau de change.

Application for licence
Cap. 388

(2) The application shall be made in a form prescribed by the bank and shall be accompanied by a nonrefundable application fee of five hundred United States Dollars or its equivalent in kwacha at the Bank's ruling rate of exchange.

The Laws of Zambia

7. (1) Within thirty days after receipt of an application for a licence, the Governor Shall cause an inspection to be made of the place where the applicant company proposes to carry on its business. Determination of applications

(2) If the Governor is satisfied that the premises comply with the requirements of these Regulations he shall, on payment to the Bank by the company of a licence fee of one thousand five hundred United States Dollars, issue the company with a licence to carry on business as a bureau de change.

(3) A licence shall not be issued to any company that-

(a) is bankrupt or in liquidation or has entered into a composition or a scheme of arrangement with its creditors by which it is still bound; or

(b) was, within a period of five years immediately preceding the date of the application, convicted of an offence under the Exchange Control Act (as in force at any time before 29th January, 1994) or the Banking Act.

Cap. 700 of the 1971 edition

8. (1) A licence authorises its holder to carry on a business of buying and selling foreign currency at the place or places of business specified in the licence. Scope and duration of licence

(2) The licence shall remain in force for a period of twelve months from the date of issue.

9. The Governor may, on application made in the form prescribed by the Bank, and on payment of the fee prescribed by paragraph (2) of regulation 7, renew the licence for a further period of twelve months. Renewal of licence

10. (1) A licence shall not be transferred, assigned or incumbered any manner.

Licence not transferable

(2) Any purported transaction in contravention of this regulation is void and of no effect.

11. (1) Where-

Revocation of licence

(a) after issue of a licence, it is found that the application for the licence was false or misleading in a material particular; or

(b) there has been a serious or persistent failure by a bureau to comply with the requirements of these Regulations or the conditions of its licence;

the Governor may, by notice in writing, require the bureau to show cause, within seven working days, why its licence should not be revoked.

(2) If the bureau fails to respond to such a notice, or if the Governor is not satisfied with the cause shown, he may revoke the licence, and shall so inform the bureau in writing.

PART IV

MODE OF OPERATION OF BUREAUX

12. (1) A bureau de change may-

Authorised
transactions

- (a) buy and sell foreign currency in cash or travellers cheques; and
- (b) buy personal cheques, bank drafts and other inward transfers, but not sell them.

(2) The bureau shall, for every sale or purchase of foreign currency, issue an accurate official receipt in such form as the Bank may prescribe, and shall not issue such a receipt for a purpose other than to cover an actual purchase or sale of foreign currency.

(3) The bureau shall not, nor shall any of its officers or staff-

- (a) deposit or accept kwacha with intent to obtain or supply the foreign currency equivalent either wholly or in part at a date more than two days later; or
- (b) deposit or accept foreign currency with the intent of obtaining or supplying the kwacha equivalent either wholly or in part at a date more than two days later.

13. A bureau de change shall display, in a conspicuous place at any premises at which it carries on business, its foreign currency buying and selling rates.

Display of exchange
rates

14. (1) A bureau de change shall not refuse to sell foreign currency to any customer at the indicated price if the currency required by the customer is available at the bureau or in its account with a commercial bank.

Duty to sell foreign
currency

The Laws of Zambia

(2) Without limiting the generality of regulation 11, a failure to comply with this regulation shall constitute grounds for action by the Governor under that regulation.

15. (1) The maximum open foreign currency position, consisting of currency available at the bureau and the balances in its foreign currency accounts with any commercial bank or banks, that a bureau de change may maintain at the close of business on any day shall be one hundred thousand United States Dollars.

Sale of excess foreign
currency

(2) The Bank may direct a bureau to sell any foreign exchange above the open position prescribed by this regulation.

PART V

MISCELLANEOUS

16. A bureau de change shall submit to the Bank returns of purchases and sales of foreign currency, and of open foreign currency position, in a form and manner determined by the Bank.

Submission of returns

17. (1) The Governor, or any officer of the Bank authorised by him, may at any time cause an inspection to be made of any bureau de change and its books and accounts at any place where the bureau carries on business.

Powers of inspection

(2) The bureau shall cause its books and accounts to be produced to the Bank's inspector and shall ensure that its staff furnish such information as the inspector may reasonably require for the purposes of his investigation.

(3) A person who obstructs or hinders any such inspection of a bureau de change or its books and accounts shall be guilty of an offence.

18. If ZCCM or any other body corporate is convicted of an offence under these Regulations, every person who is a director of, or who is concerned in the management of, the body corporate shall be deemed to have committed the same offence if the person knowingly authorised or permitted the act or omission constituting the offence.

Offences by bodies
corporate

19. A person who commits an offence under these Regulations shall be liable on conviction-

Penalty

(a) In the case of a body corporate, to a fine not exceeding on hundred penalty units; and

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- (b) in the case of an individual, to a fine not exceeding one hundred penalty units or to imprisonment for a term not exceeding twelve months, or to both.

(As amended by Act No. 13 of 1994)

PART VI

PROVISIONS RELATING TO FORMER BUREAUX

20. (1) In this Part-

Interpretation

"former bureau" means a company that, on 28th January, 1994, was licensed as a bureau de change under the former Rules;

"the former Rules" means the Exchange Control (Bureau de Change) Rules, 1992, as in force on 28th January, 1994.

21. A former bureau shall be deemed to hold a licence under these Regulations until the date when the licence last issued to it would, under the former Rules, have expired.

Former bureaux deemed to be licensed under these Regulations

22. A former bureau may surrender its licence by delivering the same to the Governor together with a notice in writing stating that it does not desire to carry on trading as a bureau.

Surrender of licence

23. (1) On surrender of its licence, the former bureau shall be entitled to a refund of an amount that bears to the amount of the bureau's last licence fee the same proportion as the unexpired portion of its licence (as at the date of surrender) bears to twelve months.

Refund of portion of licence fee

(2) In this regulation, "last licence fee" means the fee last paid by the former bureau for the issue or renewal, as the case may be, of its licence.

SECTION 9 (2)-DETERMINATION OF STANDARD WEIGHT, COMPOSITION AND REMEDY OF COINS

Statutory Instrument
133 of 1982

Determination by the Minister on the recommendation of the Bank of Zambia

The Laws of Zambia

It is hereby determined*(1) that the standard weight and composition and the amount of remedy of coins issued by the Bank shall be as specified in the Schedule hereto.

*This Determination made under the repealed Act continues in operation under section 15 of the Interpretation and General Provisions Act.

SCHEDULE

Denomination	Standard Composition	Standard Weight		Amount of Remedy	
		Imperial Grains	Metric Grains	Weight	Composition
Fifty ngwee	Seventy-five per cent copper, twenty-five per cent nickel Copper clad steel, copper cladding 5 per cent of	180,00	11.66	A weight not exceeding the weight of one piece in: 100 pieces	Nickel $\pm 1\%$ Copper $\pm 1\%$
Two ngwee		64.816	4.2	100 pieces	-
One ngwee		32.408	2.1	100 pieces	-

* This Determination made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act.

The Laws of Zambia

SECTION 29 (2)-STANDARD WEIGHT, COMPOSITION AND REMEDY OF COINS

Statutory Instrument
115 of 1968

Determination by the Minister on the recommendation of the Bank of Zambia

It is hereby determined*(2) that the standard weight and composition and the amount of remedy of coins issued by the Bank shall be as specified in the Schedule.

*This determination made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act.

SCHEDULE

Denomination	Standard Composition	Standard Weight		Amount of Remedy	
		Imperial Grains	Metric Grains	Weight	Composition
Twenty ngwee	Sixty per cent. copper Twenty. per cent. nickel Twenty per cent, zinc	174.54545	11.31036	A weight not exceeding the weight of one piece in: 175 pieces	Copper \pm 1%
Ten ngwee		87.27272	5.65518	150 pieces	Nickel \pm 1%
Five ngwee		43.63636	2.82759	125 pieces	

* This Determination made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act.

The Laws of Zambia

SECTION 29-THE BANK OF ZAMBIA (MINIMUM LIQUIDITY RATIOS AND RESERVE REQUIREMENTS) NOTICE.

Statutory Instrument
77 of 1978

Notice by the Bank

1. This Notice may be cited as the Bank of Zambia (Minimum Liquidity Ratios and Reserve Requirements) (No. 2) Notice*(3), and shall come into operation on the 9th day of May, 1978. Title and commencement

*This Notice made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).

2. Every commercial bank shall maintain with the Bank of Zambia- Reserve requirements

(a) a minimum reserve balance to the extent of-

(i) fifteen per centum of its demand deposit liabilities; and

(ii) eight per centum of its time deposit liabilities; and

(b) special reserves equal to one hundred per centum of its liabilities to customers relating to arrears of external payment, and such reserves shall not qualify as liquid assets for purposes of the Act.

3. Every commercial bank shall hold the minimum amount of liquid assets to the extent of thirty per centum of its liabilities to the public, excluding liabilities relating to arrears of external payment. Liquidity ratio

THE BANK OF ZAMBIA (CREDIT GUARANTEE SCHEME) REGULATIONS

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Statutory Instrument
52 of 1987
86 of 1989

Regulations by the President

PART I

PRELIMINARY

1. These Regulations may be cited as the Bank of Zambia (Credit Guarantee Scheme) Regulations.*(4) Title

*These Regulations made under the repealed Act continue in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).

2. In these Regulations, unless the context otherwise requires- Interpretation

"advance" means a loan repayable on demand during or on expiry of a fixed or determinable period and includes an overdraft or a purchase or discount of bills and any other credit facility;

"amount in default" means an amount in respect of a guaranteed advance remaining unpaid on the date on which a guarantee is invoked including overdue interest and other charges recoverable in accordance with normal banking practice;

"approved institution" means an institution listed in the First Schedule;

"enterprise" means an undertaking engaged in manufacture, agriculture or in the provision of services;

"guarantee" means a guarantee issued pursuant to these Regulations;

"guaranteed amount" or "guaranteed advance" means the amount of advance covered by guarantee;

"manufacture" means the process of commercial transformation of raw materials or semi-processed materials into finished or semi-finished products and includes the assembly of inputs into finished or semi-finished products, repairing and packing, but does not include mining or recovery of minerals;

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"scheme" means the credit guarantee scheme provided for under these Regulations;

"service" means any service for the supply of provision of goods, commodities, facilities or amenities for reward or otherwise, which is performed by physical or mechanical means;

"SIDO" means the Small Industries Development Organisation established under the Small Industries Development Act, 1981; Act No. 18 of 1981

"Small Scale Enterprise" means an enterprise having capital assets not exceeding one and half million kwacha or such higher amount as may be prescribed from time to time;

"VIS" means the Village Industry Service, a service registered under the Societies Act; Cap. 119

(As amended by S.I. No. 86 of 1989)

PART II

THE SCHEME

3. The Bank may provide a guarantee to an enterprise if the enterprise- Qualifying enterprises

- (i) is a "small scale enterprise";
- (ii) is engaged in manufacturing or in the provision of a service; and
- (iii) is engaged in a sector approved by the Bank.

(As amended by S.I. No. 86 of 1989)

4. Notwithstanding regulation 3, the Minister may direct that the Bank guarantee an advance by an approved institution to a small enterprise. Exemptions

5. No guarantee will be issued unless the Bank is satisfied that- Qualification on period of repayment of advance

The Laws of Zambia

- (i) in the case of an advance in the form of a loan repayable over a fixed period, such period of repayment does not exceed ten years; and
- (ii) in the case of any other form of advance, the repayment period does not exceed two years.

6. (1) Where an approved institution intends to increase an advance which is guaranteed by the Bank, application for such proposed increase should be made to the Bank in Form CGS 1 of the Second Schedule. Enhancement of guarantee

(2) If the Bank approves the increase referred to in sub-regulation (1), the approval shall be communicated to the approved institution in Form CGS 2 of the Second Schedule.

7. (1) Unless prior notice is given to the Bank for the Approval of the extension of the guarantee, the Bank's liability shall not apply to such an extended period of repayment. Extension of guarantee

(2) Application for the extension of a guarantee by an approved institution shall be made in Form 3 of the Second Schedule at least thirty days before the due date of expiry of the guarantee.

(3) The Bank's approval referred to in sub-regulation (1) shall be communicated to the approved institution in Form CGS 2 of the Second Schedule.

8. If the total advance eventually utilised by the small enterprise is lower than the guaranteed amount, the approved institution may communicate that fact in writing to the Bank for a refund, on a *pro rata* basis, of the guarantee fee specified under regulation 9. Advance less than guaranteed amount

9. (1) An approved institution shall pay to the Bank at the time of lodging an application for a guarantee under this scheme, a fee equal to one per centum of the amount of the advance intended to be guaranteed. Guarantee fee

(2) Every subsequent year during which a guarantee is in force, a fee at the rate of one per centum of the guaranteed amount shall be paid to the Bank by the approved institution on the anniversary date of the approval of the guarantee.

(3) If the approved institution does not pay to the Bank the fee as provided for in sub-regulations (1) and (2), the guarantee issued by the Bank shall be void *ab initio*.

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- 10.** Any advance by an approved institution to a small scale enterprise whether that advance is for purposes of financing acquisition of fixed assets or capital equipment, or for providing working capital, may be covered under the scheme. Eligibility
- 11.** The following advances shall not be eligible for cover under the scheme: Disqualification
- (i) an advance that has been, or is intended to be, guaranteed by the Government;
 - (ii) an advance that has already been guaranteed by some other person;
 - (iii) an advance to an existing defaulter appearing in the books of an approved institution; and
 - (iv) an advance intended for onward lending.
- 12.** (1) An approved institution shall be entitled to recover from the Bank seventy per centum of the amount on which default has occurred or the amount guaranteed, whichever is the lesser. Extent of guarantee
- (2) Where a small scale enterprise has borrowed from various approved institutions severally, the amount recovered by the approved institution from the Bank under sub-regulation (1) shall be distributed to the approved institutions on a *pro rata* basis.
- (3) Where an advance was approved to a small enterprise by approved institutions acting jointly, the amount recovered from the Bank under sub-regulation (1) shall be paid to the approved institution involved in arranging the advice.

(As amended by S.I. No. 86 of 1989)

PART III

APPLICATION AND CLAIMING PROCEDURE

- 13.** Application for guarantee under the scheme shall be made by completing Form CGS 4 of the Second Schedule in triplicate and submitting that application to the Bank through an approved institution's head office. Application procedure

The Laws of Zambia

14. The approved institution shall attach to Form CGS 3 of the Second Schedule confirmation- Supporting confirmations

- (a) that it is satisfied with the viability of the proposed project from a technical point of view and that a reasonable return may be realised from the investment.

(As amended by S.I. No. 86 of 1989)

15. The Approval of the Bank shall be communicated to an approved institution by the issuance of a Guarantee Certificate in Form CGS 5 of the Second Schedule. Approval of Bank

16. (1) An institution shall be entitled to recall an advance if the small scale enterprise has not yet utilised such advance notwithstanding that a guarantee had already been issued by the Bank. Recall to advance

(2) Whenever an approved institution recalls an advance it shall inform the Bank of this action and shall state-

- (a) the name of the small enterprise;
- (b) the amount of the advance; and
- (c) the reasons for such recall.

(3) Where an advance is recalled, the Bank shall refund to the approved institution the guarantee fee paid to it in accordance with the provisions of these regulations.

17. (1) An approved institution may invoke a guarantee issued in respect of an advance if it can satisfy the Bank that it took all reasonable steps a prudent lender would have taken to procure repayment of the advance. Invocation of guarantee

(2) When it appears to an approved institution that a small enterprise is bound to default in repayment of an advance and it is likely that it will invoke the guarantee, the approved institution shall give notice of such default to the Bank as soon as is reasonably practicable in Form CGS 6 of the Second Schedule and submit it to the Bank.

(3) An approved institution shall attach to Form CGS 6 of the Second Schedule all correspondence that was exchanged between the small scale enterprise and the approved institution showing that the approved institution drew to the attention of the small scale enterprise the likelihood of or actual default in repayment.

(4) Notwithstanding the service of the notice of default on the Bank an approved institution shall continue to make reasonable efforts to recover the amount in default from the small scale enterprise and may for that purpose dispose of any other security obtained in respect of the advance.

(5) When an approved institution has made reasonable efforts to recover the amount in default, the approved institution shall lodge its claim with the Bank by submitting to it Form CGS 7 of the Second Schedule.

(6) As soon as the Bank is satisfied as to the validity of the claim submitted to it by an approved institution, it shall effect payment.

(7) The amount received by an approved institution from the Bank under sub-regulation (6) shall not be deposited to the advance account of the small scale enterprise but the approved institution shall continue to exercise necessary diligence in recovering the amount in default in all the ways open to it as it might have exercised if no guarantee had been given by the Bank.

(8) All recoveries made by an approved institution on account in respect of which it had invoked the guarantee shall be shared between the Bank and the approved institution, *pro rata*, to the loss incurred by the Bank and the approved institution.

(9) The Bank's share of recoveries specified under sub-regulation (8) shall be remitted to the Bank not later than seven days after the date of recovery.

(10) The balance of the amount in default in respect of which a claim has been paid by the Bank shall not be written off by an approved institution except with the prior approval of the Bank.

18. (1) Upon payment being effected under the guarantee pursuant to sub-regulation (6) of regulation 17 the Bank shall be discharged from all its liability under the guarantee.

Discharge of
guarantee

(2) If within six months of the receipt of Form CGS 6 of the Second Schedule the Bank has not received Form CGS 7, it will be presumed that the approved institution has recovered the advance and the Bank shall be discharged from all its liabilities under the guarantee.

(3) Upon discharge from all the liabilities of the Bank under guarantee issued by it, an approved institution shall submit to the Bank the Guarantee Certificate issued under regulation 15 for cancellation.

PART IV

ACCOUNTS AND RETURNS

19. (1) The Bank shall submit every quarter of a year to the Minister an income and expenditure account of the scheme together with a written report of the performance of the scheme and may make recommendations, if any, to the Minister as it considers fit. Accounts of scheme

(2) Notwithstanding the provisions of sub-regulation (1) the Minister may at any time direct the Bank to submit an income and expenditure account of the scheme.

20. (1) An approved institution shall submit to the Bank, in Form CGS 9 of the Second Schedule, particulars of its advances guaranteed by the Bank as at June 30 and December 31. Returns by approved institution

(2) An approved institution shall submit to the Bank every quarter of a year returns-

- (a) in Form CGS 8 of the Second Schedule in respect of advances where a guarantee has been invoked; and
- (b) in Form CGS 10 of the Second Schedule giving a summary of activities of advances referred to in paragraph (a) and a written statement showing recoveries, if any, made since a guarantee was invoked.

(3) Every approved institution shall furnish to the Bank such receipts, certificates and any other documents relating to the scheme as the Bank may require.

(4) All returns mentioned in this regulation shall be submitted to the Bank not later than thirty days of the end of the period to which such returns refer.

(5) Failure to comply with the provisions of this regulation shall discharge the Bank of its liabilities under the guarantees which such return ought to have covered.

PART V

MISCELLANEOUS

The Laws of Zambia

21. The Bank shall through its inspectors carry out at such time as it considers fit an inspection of the accounts of an approved institution to which provisions of these Regulations relate. Inspection

22. The Bank may from time to time issue written instruction to approved institutions on operational matters of the scheme and such instruction shall bind the approved institutions. Instructions to approved institutions

23. The Bank shall have the right to reject an application for a guarantee without assigning any reason therefor. Right to reject application

FIRST SCHEDULE
(Regulation 2)

APPROVED INSTITUTIONS

1. African Commercial Bank Limited
2. Bank of Credit and Commerce (Zambia) Limited
3. Barclays Bank of Zambia Limited
4. Citibank (Zambia) Limited
5. Grindlays Bank International (Zambia) Limited
6. Indo-Zambia Bank Limited
7. Obsolete
8. Small Scale Enterprises Promotion Limited
9. Standard Chartered Bank (Zambia) Limited
10. Zambia Agricultural Development Bank
11. Zambia National Commercial Bank Limited
12. Zambia State Insurance Corporation Limited
13. Small Industries Development Organisation
14. Finance Bank Limited
15. Obsolete
16. Lima Bank Limited
17. Development Bank of Zambia
18. Manifold Investment Bank Limited
19. Zambia State Finance Company

(As amended by S.I. No. 86 of 1989)

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SECOND SCHEDULE
(Regulations 6, 7, 13, 14, 15, 17 and 18)

PRESCRIBED FORMS

FORM CGS 1

APPLICATION FOR ENHANCEMENT IN GUARANTEE COVER

The Laws of Zambia

Name and address of approved institution

.....
.....
.....

Application No

Date

The General Manager
Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka

Dear Sir,

CREDIT GUARANTEE SCHEME

We have found it necessary to increase from K to
K the credit facility granted to

.....
(name of borrower)

guaranteed by you under your Guarantee Certificate No
dated and we hereby apply for an enhancement of the
guarantee. The final repayment of the enhanced loan is due on

.....

The reasons for the need to increase the credit facility are:

.....
.....
.....

We certify that the existing advance is being/has been* properly utilised and that the enhancement is being granted to enable the borrower meet the needs of the project.

We understand that the terms of the Scheme and the instructions issued thereunder by the Bank shall apply to the enhanced guarantee and shall be binding on us.

Yours Faithfully,

.....
(name of approved institution)

Signature

Name
(in block letters)

Designation

*Delete whichever is inapplicable.

EXTENSION OR ENHANCEMENT

Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka

Ref. No

Name and address of approved institution

.....
.....
.....
.....

Date

Dear Sir,

ENDORSEMENT TO GUARANTEE CERTIFICATE ON EXTENSION/ENHANCEMENT*
OF CREDIT FACILITY

We write to acknowledge receipt of your application No
dated for an extension/enhancement* of the guarantee
given to you under our Guarantee Certificate No
dated in respect of the credit facility of K
granted to
(name of borrower)
the last repayment of which is due on but which on
extension is due on on enhancement amount
to K and is due on

We certify that the guarantee has been extended/enhanced* according to the terms of your application.

.....
Signature

Name
(in block letters)

Designation

Place

*Delete whichever is inapplicable.

APPLICATION FOR EXTENSION OF GUARANTEE

Name and address of approved institution

.....
.....
.....

Date

Application No

The General Manager
Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka

Dear Sir,

CREDIT GUARANTEE SCHEME

We hereby apply for extension of the guarantee given to us under your

Guarantee Certificate No dated

in respect of the credit facility K granted to

.....
(name of borrower)

the last repayment of which is due on but which, on

extension, will now be due on

The need for the renewal of the loan arises from the following facts:

.....
.....
.....

We certify that the operations of the borrower in respect of the facility earlier guaranteed have been satisfactory and that there is justification for extending the facility.

We understand that if this application for extension is granted, the terms of the Scheme and the instructions issued thereunder by the Bank shall be binding on us.

For and on behalf of

.....
(name of approved institution)

Signature

Name
(in block letters)

Designation

The Laws of Zambia

APPLICATION FOR GUARANTEE

Name and address of approved institution

.....
.....
.....

Date

The Laws of Zambia

Application No
The General Manager
Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka
Dear Sir,

CREDIT GUARANTEE SCHEME

We hereby apply under the above Scheme for guarantee in respect of
a loan of K
..... (amount in words)
granted in accordance with the particulars given below.

1. Name of borrower
2. Business address of borrower
.....
.....
3. Residential address of borrower
.....
.....
4. Type of borrower
(Individual, partnership, private/public company, co-operative society/ union, etc.)
5. Names and addresses of proprietors/partners/directors/trustee, etc.
 - (a)
 - (b)
 - (c)
 - (d)
 - (e)
6. Type of industrial activity of borrower
(manufacturer, engineering, etc.)
7. Description of the location of the project
.....
.....
8. Particulars of the credit facility:
 - (a) Nature of facility
(advances, overdraft, loan, etc.)
 - (b) Limit sanctioned
 - (c) Rate of interest
 - (d) Purpose for which sanctioned
.....
 - (e) Date of first disbursement
 - (f) Duration of the loan
 - (g) Repayment of the first instalment due on

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GUARANTEE CERTIFICATE

Bank of Zambia
Bank Square
P.O. Box 300 80
Lusaka

Certificate No

We refer to your application for guarantee No of
..... (date) and certify that subject to the provisions of the
Credit Guarantee Scheme as provided for in the Bank of Zambia Act and the Regulations and instructions issued
thereunder by the Bank and in consideration for the loan granted by your commercial bank as specified in the Schedule
below, the Bank hereby agrees to make good to yourselves, in the event of the borrower's default, 70 per cent of the
amount in default net of the amount realised from the sale, where possible, of any security held by you subject to the
Bank's maximum liability of K100,000 (one hundred thousand kwacha).

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SCHEDULE

Name of approved institution

Branch of approved institution

Name of borrower

Type of facility

Amount

Purpose for which granted

Period for which granted

Date of final repayment

Dated this day of 19

Signature

Name
(in block letters)

Designation

Place

Amount realised from the sale of security K

Percentage guaranteed per cent

Amount claimed in terms of the Guarantee

General remarks (if any)

.....

.....

Yours faithfully,

For and on behalf of

.....
(name of approved institution)

Signature

Name
(in block letters)

Designation

Please attach copy of the statement of accounts of the borrower for the past one year (or shorter period as appropriate).

NOTICE OF DEFAULT

Name and address of approved institution

.....
.....
.....
.....

Ref. No.

Date

The General Manager
Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka

Dear Sir,

NOTICE OF DEFAULT

We write to inform you that a default has occurred in the instalment/final*

repayment of the loan granted to
..... and
(name of borrower)

Guaranteed by you under your Guarantee Certificate No dated
..... and that we may soon be putting up a claim.

The amount outstanding in the account is K
and the following steps were taken by us to recover the amount:

.....
.....
.....

For and on behalf of

.....
(name of approved institution)

Signature

Name
(in block letters)

Designation

*Delete whichever is inapplicable.

The Laws of Zambia

GUARANTEE CLAIM

(To be issued from the Head Office of the approved institution and forwarded to the address below)

Name and address of approved institution

.....
.....

Application No

.....

Date

The General Manager
Bank of Zambia
Bank Square
P.O. Box 30080
Lusaka

Dear Sir,

CREDIT AND EXPORT GUARANTEE SCHEME

We refer to our "Note of Default" Ref. No dated
in respect of the loan guaranteed by you under your Guarantee Certificate
No dated As we have taken
all necessary steps and have not been able to recover the whole amount in default we hereby invoke the guarantee
under the terms of the Scheme as stated in the Regulations and instructions thereunder and request the payment
to us of the sum of K in respect of the amount
guaranteed.

The relevant details are given below:

Name of borrower

Address of borrower

Purpose for which credit facility was granted

Amount due from the borrower as at the date of this claim:

Principal.....K

Interest.....K

Total.....K

Particulars of steps taken to recover the amount and the outcome of such steps:

.....
.....
.....

The Laws of Zambia

The Laws of Zambia

RETURN OF ADVANCES IN RESPECT OF WHICH GUARANTEE HAS BEEN INVOKED FOR

21ST MARCH/30TH JUNE/30TH SEPTEMBER/31ST DECEMBER 19.....

Name of approved institution Address

Serial Number	Name of borrower	Nature of Advance	Guarantee Certificate			Amount outstanding at the time of claim	
			Number	Date	Date of Guarantee claims	Principal	Interest

For and on behalf of.....

Signature.....

Name.....

Designation

Date

The Laws of Zambia

Return of Advance Guaranteed under the Credit Guarantee Scheme During the Period
 30th June/31st December, 19

Name of approved institution Address

Number	Guarantee Certificate		Remarks							
	Date	Name of Borrower								

Note: State in Remarks Column:

- (1) Where there is an ENDORSEMENT relating to a Guarantee Certificate, state the number and date of endorsement.
- (2) State whether " Notice of Default" or " Guarantee Claim" is being or has been submitted.

The Laws of Zambia
Form CGS 10

Return of Activities Regarding the Credit Guarantee Scheme During the Quarter Ended 31st March-30th June-30th
September-31st December, 19.....

Name of approved institution

Address

.....

1. No. of loan applications received

2. No. approved

3. No. rejected

4. No. of applications for guarantee submitted

5. No. of Guarantee Certificates issued

(i) Drawings/disbursement during the month K

(ii) Drawings/disbursement to date K

(iii) Interest charged in the month K

(iv) Total interest charged to date K

(v) Total repayments to date K

6. No. of guaranteed loans finally repaid

7. Amount of guaranteed loans outstanding K

8. No. of "Notice of Default" issued

9. No. of Guarantee Claims issued

10. Total amount claimed K

11. Total amount of claims received K

The Laws of Zambia

For and on behalf of
(*name of approved institution*)

Signature

Name
(*in block letters*)

Designation

Date

SECTION 33-THE BANK OF ZAMBIA (CALL IN AND SURRENDER OF CURRENCY)
REGULATIONS.

Statutory Instrument
154 of 1993
191 of 1993

Regulations by the President

1. These Regulations shall be cited as the Bank of Zambia (Call in and Surrender of Currency) Regulations.*⁽⁵⁾

Short title

* These Regulations made under the repealed Act are continued in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).

2. In these regulations, unless the context otherwise requires-

Interpretation

"dealer" means a commercial bank registered under the Banking Act;

Cap. 360

"new kwacha currency notes and coins" means currency notes in K20, K50, K100, K500 denominations issued by the Bank under section *twenty-eight* of the Act, which do not bear the portrait of the former President, Kenneth David Kaunda;

"old kwacha currency notes and coins" means the kwacha currency notes in K2, K5, K10, K20, K50, K100 and K500 and coins in 1n, 2n, 5n, 10n, 20n, 50n, and K1 denominations bearing the portrait of the former President, Kenneth David Kaunda;

"surrender" means the tendering of old kwacha currency notes and coins for exchange with new kwacha currency notes and coins and includes depositing the value of the old kwacha currency notes and coins into the owner's account maintained with a dealer;

3. (1) All old kwacha currency notes and coins are hereby called in for purposes of surrender.

Surrender of old
currency

(2) Any person holding or having in his possession old kwacha currency notes and coins may surrender such notes and coins to a dealer.

4. The old kwacha currency notes and coins may be surrendered to a dealer during normal banking hours and dealers are authorised to commence accepting the surrendered notes and coins as from Tuesday the 30th November, 1993 to Monday the 31st January, 1994.

Date of surrender of
old currency

(As amended by S.I. No. 191 of 1993)

The Laws of Zambia

5. The old kwacha currency notes and coins shall cease to be legal tender on Monday the 31st January, 1994. Date when old kwacha currency ceases to be legal tender

(As amended by S.I. No. 191 of 1993)

6. The Bank may issue, from time to time, such directions or instructions as it may consider necessary for the implementation of these Regulations by dealers. Directions by the Bank

7. The Bank of Zambia (Call in and Surrender Currency) Regulations, 1989 are hereby revoked. Revocation of S.I. No. 88 of 1989

Endnotes

1 (Popup - Popup)

* This Determination made under the repealed Act continues in operation under section 15 of the Interpretation and General Provisions Act.

2 (Popup - Popup)

* This determination made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act.

3 (Popup - Popup)

*This Notice made under the repealed Act is continued in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).

4 (Popup - Popup)

*These Regulations made under the repealed Act continue in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).

5 (Popup - Popup)

* These Regulations made under the repealed Act are continued in operation under section 15 of the Interpretation and General Provisions Act (Cap 2).