

CHAPTER 323C

CENTRAL BANK OF BARBADOS

1972-6

This Act came into operation on 2nd May, 1972 by Proclamation (S.I. 1972 No. 77).

Amended by:

<i>1975-13</i>	<i>1982-22</i>	<i>1992-17</i>
<i>1977-32</i>	<i>1984-19</i>	<i>1997-3</i>
<i>1981-22</i>	<i>1988-2</i>	<i>2006-31</i>
<i>1981-32</i>	<i>1989-22</i>	<i>2007-33</i>

Law Revision Orders

The following Law Revision Order or Orders authorized the insertion and removal of pages as the case may be under the Law Revision Act Cap.2 now repealed:

1978	1995	2007
1985	1997	

Guide to symbols in historical notes:

- indicates an amendment made by an Act

/ indicates an amendment made by statutory instrument

CHAPTER 323C

**CENTRAL BANK OF BARBADOS
1972-6**

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**BARBADOS**

CENTRAL BANK OF BARBADOS

1972-6

An Act to provide for the establishment of a Central Bank of Barbados and for related matters.

[Commencement: 2nd May, 1972]

PART I

PRELIMINARY

Short title

1. This Act may be cited as the *Central Bank of Barbados Act*.

Interpretation

2. For the purposes of this Act,
“appointed day” means the day appointed by the Minister under section 19(1);
“Bank” means the Central Bank of Barbados established by section 3;
“bank” means a bank licensed to carry on banking business in Barbados under the *Financial Institutions Act*, Cap. 324A;

THE LAWS OF BARBADOS

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“Board” means the Board of Directors of the Bank constituted and appointed under Part IV;

“Corporation” means the Deposit Insurance Corporation established under the *Deposit Insurance Act*, Cap. 323;
[2006-31]

“Deputy Governor” means a Deputy Governor of the Bank;
[1989-22]

“Director” means a member of the Board;

“financial institution” means any person carrying on business who is so designated by the bank for the purposes of this Act;
[1977-32]

“Governor” means the Governor of the Bank;

“Minister” means the Minister responsible for Finance.

PART II CONSTITUTION

Establishment of Bank

3. There is hereby established a bank, which shall be known as the Central Bank of Barbados, to carry on business in accordance with this Act.

Status and Powers

4. The Bank shall be a body corporate and, subject to the limitations contained in this Act, section 21 of the *Interpretation Act*, Cap. 1 applies to the Bank.

Purposes

5. The purposes of the Bank shall be
- (a) to regulate the issue, supply, availability and international exchange of money;
 - (b) to promote monetary stability;
 - (c) to promote a sound financial structure;
 - (d) to foster the development of money and capital markets in Barbados; and
 - (e) to foster credit and exchange conditions conducive to the orderly and sustained economic development of Barbados.

Offices, branches, agents and correspondents

6. The Bank shall have its head office in the City of Bridgetown in Barbados, and may establish branches within Barbados, appoint agents and correspondents within Barbados and abroad and, with the approval of the Minister, establish offices abroad.

PART III

CAPITAL, PROFIT AND RESERVES

Capital

- 7.(1) The authorised capital of the Bank shall be \$5 000 000 and may be increased by such amounts as may be proposed by the Board and approved by the Minister.
- (2) There shall be paid up by the Government in respect of the authorised capital of the Bank upon the establishment of the Bank an amount of \$2 000 000 and such further amounts thereafter as may be proposed by the Board and approved by the Minister.

(3) All capital of the Bank, as and when subscribed, shall be for the sole account of the Government and shall not be transferable or subject to encumbrance, and no reduction of capital shall be effected except by an amendment of this Act.

(4) The Minister, notwithstanding any other provision of this Act, shall cause to be transferred to the ownership of the Bank nonnegotiable, non-interest-bearing securities issued by the Government for such an amount as is necessary for the purpose of preserving the paid-up capital from any impairment whenever, in the judgment of the Board, the assets of the Bank are less than the sum of its liabilities and paid-up capital.

[1977-32]

Profits

8. The net profits of the Bank for each financial year shall be determined after meeting all current expenditures for that year and after providing

- (a) for bad and doubtful debts, depreciation in assets, and contributions to staff and pension funds and such other contingencies and accounting provisions as are usually made by banks;
- (b) with the approval of the Minister, for such other purposes as the Board considers necessary.

General Reserve

9.(1) The Bank shall establish a General Reserve to which shall be allocated at the end of each financial year of the Bank

- (a) fifty per cent of the net profits of the Bank whenever the General Reserve does not exceed the authorised capital of the Bank;
- (b) twenty-five per cent of the net profits of the Bank whenever the General Reserve exceeds the authorised capital of the Bank until the General Reserve is equal to twice the authorised capital of the Bank:

Provided that the General Reserve may be increased beyond such amount at such rate and to such extent as may be agreed between the Minister and the Bank.

- (2) After appropriate allocations have been made to the General Reserve under subsection (1)
- (a) fifty per cent of the remainder of the net profits for the financial year shall be applied to the redemption on behalf of the Government of any securities held by the Bank which have been issued in accordance with section 7(4) or section 30(2); and
[1977-32]
 - (b) out of the remaining balance of net profits for the year, suitable amounts to be determined by the Bank in consultation with the Minister may be transferred to special funds established under section 40 and the special Credit Trust established under section 41.
- (3) The balance of the net profits for the financial year remaining after all deductions under subsections (1) and (2) have been made shall be paid into the Consolidated Fund as soon as practicable after the end of each financial year.
- (4) No deductions under subsection (1) or (2)(a) shall be required to be made, nor shall any payment under subsection (3) be made if, in the judgment of the Board, the assets of the Bank are, or after the deductions or payment, would be, less than the sum of its liabilities and paid-up capital.

PART IV ADMINISTRATION

Board of Directors and General Manager

10.(1) There shall be a Board of Directors of the Bank, which shall be responsible for the policy and general administration of the Bank.

(2) The Board shall consist of a Governor, the Director of Finance and Planning and 5 other Directors.

[1988-2]

(3) There shall be 2 Deputy Governors of the Bank who shall perform the functions conferred on them by this Act and, under the supervision of the Governor, such other functions as may be conferred on them by the Board.

[1989-22]

(4) The Board may make by-laws regulating the conduct of the Bank's business and may make regulations and issue orders for the purpose of giving effect to the provisions of this Act.

(5) Before making any regulations under subsection (4) the Board may ascertain the views of interested parties by affording them an opportunity to comment thereon.

(6) Any by-laws, regulations or orders made or issued under subsection (4) shall be authenticated in such manner as the Board determines.

[1977-32]

(7) Notwithstanding section 16(1) of the *Interpretation Act*, Cap. 1, it shall not be necessary for by-laws made under subsection (4) to be published in the *Official Gazette*, and such by-laws, unless they otherwise provide, shall come into operation on the date on which they are made.

Governor

11.(1) The Governor shall be a person of recognised experience in financial matters and shall be appointed by the Minister by instrument in writing for a period not exceeding 5 years and shall be eligible for re-appointment; he shall be appointed on such terms and conditions as may be set out in his instrument of appointment, and such terms and conditions may not be altered to his disadvantage during his tenure of office.

(2) The Governor, or in case of his absence or disability, a Deputy Governor, shall

(a) preside as chairman at the meetings of the Board;

- (b) serve as chief executive officer of the Bank responsible to the Board for the execution of its policy and the management of the Bank;
- (c) except as may otherwise be provided in this Act, the by-laws of the Bank or the resolutions of the Board, have the power to act, contract, and sign instruments and documents on behalf of the Bank and, pursuant to the resolutions of the Board, delegate such power to other officers of the Bank.

[1989-22]

(3) The Deputy Governors may attend all meetings of the Board but, shall not have the right to vote at those meetings.

[1989-22]

(3A) Notwithstanding subsection (3) where a Deputy Governor presides as chairman under subsection (2)(a) he shall have the right to vote.

(4) The Governor and the Deputy Governors shall devote the whole of their professional services to the Bank and while holding office shall not without the approval of the Minister

- (a) receive any salary or supplementation thereto from any source other than the Bank;

- (b) occupy any other office or employment, whether remunerated or not.

[1989-22]

(5) Notwithstanding subsection (4), the Governor may

- (a) act as a member of any board, committee or commission established by the Government;

[1989-22]

- (b) become a governor, director, or member of the Board by whatever name called, of any international bank or international financial institution of which Barbados is a member,

[1989-22]

- (c) become a director of any corporation in Barbados in which the Bank is a participant in accordance with section 40.

[1989-22]

[1989-22]

[1989-22]

Other Directors

12.(1) The five other Directors of the Bank, who shall be persons of recognised standing and experience in business, professional or academic matters, shall be appointed by the Minister by instrument in writing.

(2) Such Directors shall hold office for 3 years and be eligible for re-appointment: but of the first 5 Directors to be appointed under this section, one shall be appointed for 1 year, two shall be appointed for 2 years and two shall be appointed for 3 years.

(3) Such directors shall be entitled to fees and allowances as may be prescribed by the Board and approved by the Minister.

Disqualification and resignation

13.(1) No person shall be appointed, or, as the case may be, remain, a Director or a Deputy Governor if

- (a) he is a director, officer or employee of or the owner of or a shareholder in any bank under the regulatory jurisdiction of the Bank;
- (b) he has been convicted by a court of an arrestable offence or other offence involving dishonesty;
[1992-17]
- (c) he has been adjudged or otherwise declared bankrupt under any law in force in Barbados;
- (d) he is a person certified to be insane or otherwise adjudged to be of unsound mind under any law in force in Barbados; or
[1989-22]

- (e) the appointing authority, on the recommendation of the Board, finds
- (i) that he is incompetent or otherwise incapable of carrying out his duties, or
 - (ii) that he is guilty of serious misconduct in relation to his duties.

[1989-22]

(1A) No person shall remain a Director if he has been absent without leave of the Board from 3 or more consecutive regular meetings of the Board.

[1989-22]

(2) Subject to subsection (3), a Director may resign his office on giving to the Minister in writing

- (a) in the case of the Governor, not less than 3 months' notice; or

[1989-22]

- (b) in the case of any other Director, not less than one month's notice.

[1989-22]

(3) The Minister may waive the period of notice required by subsection (2).

[1989-22]

Appointment to fill a vacancy

14.(1) If a Director dies, resigns or otherwise vacates his office before the expiry of the term for which he has been appointed, another person shall be appointed in his place, in the manner provided by section 12(1), for the unexpired period.

(2) The Minister, on the finding of the Board of the temporary absence or incapacity of a Director, may appoint in the manner provided by section 12(1) a substitute to serve until the expiry of the term or a determination by the Board that such state has ceased, whichever is the earlier.

[1989-22]

[1989-22]

Meetings of the Board

15.(1) The Board shall meet as often as the business of the Bank requires but not less frequently than 10 times in each year; but there shall not be an interval greater than 2 months between one meeting of the Board and the next meeting.

(2) Pursuant to the by-laws, the Board may provide for regular meetings, for which no notice shall be necessary; and for special meetings, to be convened at the written request of the Governor or any 2 Directors, for which notice shall be required.

(3) Four Directors, of whom one shall be the Governor or, in case of his absence or disability, a Deputy Governor, shall form a quorum at any meeting; and decisions shall be adopted by a simple majority of the votes of the members present, except that in the event of an equality of votes the chairman shall have and exercise a second or casting vote.

[1989-22]

(4) All acts done by a person acting in good faith as a Director shall be as valid as if he were a Director, notwithstanding that some defect in his appointment or qualification be afterwards discovered.

[1989-22]

Power to appoint officers, agents and correspondents

16.(1) The Board may appoint and employ, at such remuneration and on such terms and conditions as it may prescribe, such officers and employees, agents and correspondents as the Board considers necessary for the efficient functioning of the Bank.

(1A) Subject to subsection (1), the Deputy Governors shall be appointed by the Board with the approval of the Minister on such terms and conditions as the Board with the approval of the Minister may prescribe.

(2) No salary, fee, wage, allowance or other remuneration paid by the Bank shall be computed by reference to the net or other profits of the Bank.

(3) Where a public officer is seconded or temporarily transferred for duty to an office in the Bank from a pensionable office within the meaning of section 2(1) of the *Pensions Act*, Cap. 25, the period during which he serves in the Bank shall, unless the Governor-General otherwise decides, count for pension under that Act as if the officer had not been so seconded or temporarily transferred.

(4) Where

(a) a public officer is transferred to any office in the service of the Bank;
or

(b) an officer of the Bank is transferred to an office in the public service, the *Pensions Act* shall apply to him as if his service with the Bank were other public service within the meaning of that Act, and the *Pensions Regulations, 1947* shall apply to him accordingly as if the Bank were a Scheduled Government within the meaning of regulation 8(1) of those Regulations.

[1947-20]

(5) The Bank and the Corporation may make appropriate arrangements for the transfer or secondment of any officer in the service of the Bank to the service of the Corporation or from the service of the Corporation to the service of the Bank.

[2006-31]

(6) Where a transfer or secondment is effected pursuant to subsection (5), the Bank or the Corporation, as is appropriate, shall make such arrangements as may be necessary to preserve the rights of the officer so transferred or seconded, to any pension, gratuity or other allowance to which he would have been eligible had he remained in the service of the Bank or the service of the Corporation, as the case may be.

[2006-31]

[1917-32; 1989-22]

Conflicts of interest

17.(1) No Director shall act as a delegate of any commercial, financial, agricultural, industrial or other interests, or receive or accept directions therefrom in respect of duties to be performed under this Act.

(2) All Directors shall fully disclose to the Board any commercial, financial, agricultural, industrial or other interests with which they may at any time directly or indirectly be connected, and shall refrain from voting on any matter related thereto which becomes the subject of Board action; but such an interest, if so disclosed, shall not disqualify the interested party for the purpose of constituting a quorum.

[1989-22]

(3) No Director nor any officer or employee of the Bank shall accept any gift or advantage for himself, or, in his behalf, for persons with whom he may have family, business, or financial connections if the acceptance thereof would result, or give the appearance of resulting, in a diminution of his impartial devotion to his duties under this Act.

[1989-22]

Secrecy

18.(1) Except for the purpose of the performance of his duties or the exercise of his functions or when lawfully required to do so by any court or under the provisions of any law, no Director, officer or employee of the Bank shall disclose to any person any material information relating to the affairs of the Bank or of any other bank or financial institution or other person, firm, company or organisation which he has acquired in the performance of his duties or the exercise of his functions.

(2) For the purposes of this section, “employee” includes any person who is engaged in employment with the Bank under a contract of service.

[1977-32]

(3) Any person who contravenes subsection (1) is guilty of an offence and liable on summary conviction to a fine of \$500 or to imprisonment for 6 months or to both.

[1977-32]

PART V CURRENCY

Currency

19.(1) From and after such date as the Minister may appoint* by order for the purpose, the unit of currency of Barbados shall be the Barbados dollar divided into 100 cents.

*[The appointed day was 3rd December, 1973 (see S.I. 1973 No. 175).]

(2) Notwithstanding any enactment to the contrary, an order under subsection (1) shall be published in the *Official Gazette* and in one newspaper circulating in Barbados.

(3) With effect from the appointed day, the East Caribbean dollar shall cease to be the unit of currency of Barbados, and any reference in

- (a) any enactment; and
- (b) a contract, document, sale, payment, bill, note, instrument or security for money and every transaction, dealing, proceeding, matter and thing whatsoever related to money or involving the payment of money or the liability to pay money, in the absence of an express agreement not invalid or unlawful by virtue of any enactment involving the payment of money or the liability to pay money which is the currency of or legal tender in a country other than Barbados

shall be deemed to be expressed in terms of the Barbados dollar at the conversion rate declared by the Bank for this purpose by notice published in the *Official Gazette*.

[1981-32]

Parity of Barbados dollar

20.(1) The par value of the Barbados dollar shall be 0.444335 grammes of fine gold, and any change thereof shall be determined by the Minister after considering the recommendation of the Bank.

(2) In the determination of any change of the par value, the Minister shall have due regard for the obligations which Barbados has assumed in accordance with the provisions of any international monetary agreements to which it is a party or to which it has adhered.

(3) Notice of any change of the par value shall be published in the *Official Gazette*.

Sole right to issue currency notes and coins and power to recall them

21.(1) With effect from the appointed day, the Bank shall have the sole right of issuing currency notes and coins in Barbados, whether on its own account or as agent of an international financial authority, which are legal tender in Barbados.

(2) Neither the Government nor any other person shall issue currency notes, bank notes, or coins or any documents or tokens payable to bearer on demand, being documents or tokens having the appearance of or purporting to be currency notes or coins.

(3) Currency notes issued by the Bank shall be legal tender in Barbados at their face value for the payment of any amount.

[1981-32]

(4) Coins issued by the Bank on its own account

(a) in denominations of \$10 or more shall be legal tender in Barbados at their face value for the payment of any amount;

(b) in denominations of less than \$10 shall be legal tender in Barbados at their face value for the payment of any amount not exceeding \$10.

[1975-13]

(5) The Bank may, on giving not less than 3 months' notice in the *Official Gazette* and, notwithstanding any enactment to the contrary, in at least one newspaper in general circulation in Barbados, call in any currency notes and coins which it has issued, on payment of their face value, and any such notes or coins shall, on the expiration of such notice, cease to be legal tender; but the holders of such notes and coins shall be entitled thereafter to claim payment from the Bank in accordance with such regulations as it may issue.

Denomination and other aspects of currency

22.(1) Currency notes and coins issued by the Bank shall be in such denominations and in such forms and designs as shall be determined by the Bank with the approval of the Minister.

(2) The printing of such currency notes and the minting of such coins shall be the duty of the Bank, which shall be responsible for the security and safe keeping of unissued stocks of currency and for the custody and destruction, as necessary, of plates, dies and retired currency.

(3) The standard weight and composition of coins issued by the Bank, and the amount of remedy and variation, shall be determined by the Bank with the approval of the Minister.

Issuance, re-issuance and exchange

23.(1) The Bank shall issue currency notes and coins, and shall re-issue and exchange, on demand, currency notes and coins which it has issued.

(2) The Bank may, with the approval of the Minister, prescribe by notice published in the *Official Gazette*, and by written notice to each bank at its principal place of business in Barbados, such fees that may be charged for the services referred to in subsection (1).

(3) Where a requested denomination is temporarily unavailable, the Bank may discharge its obligation by delivering currency notes and coins of available denominations which most nearly approximate to those requested.

[2006-31]

Refunds

24.(1) No person shall be entitled to recover from the Bank as of right the value of any lost, damaged or mutilated currency note or coin.

(2) The circumstances in which, and the conditions and limitations subject to which, the value of lost, damaged or mutilated currency notes or coins may be refunded as of grace shall be determined by the Bank.

Mutilation and defacing currency notes

25.(1) Any person who without lawful authority or excuse (the proof whereof shall lie upon the person accused) mutilates, cuts, tears or perforates with holes any currency note which is legal tender in Barbados or in any way defaces any such note, whether by writing, printing, drawing or stamping thereon or by attaching or affixing thereto anything in the nature or form of any advertisement, is guilty of an offence and liable on summary conviction to a fine of \$500.

(2) The Bank shall assist in the enforcement of any law relating to the forgery or counterfeiting of currency which is legal tender in Barbados, and the certificate of a duly authorised officer of the Bank that an item in question is or is not genuine shall be *prima facie* evidence of the fact certified in any legal proceedings in Barbados.

PART VI
RESERVE OF EXTERNAL ASSETS

Reserve of External Assets

26.(1) The Bank shall maintain a Reserve of External Assets consisting of all or any of the following on such terms and conditions as the Board prescribes

- (a) gold;
- (b) foreign exchange in the form of currency, cash or bank balances held abroad;
- (c) any internationally recognised reserve asset, including
 - (i) the ability of Barbados to make a gold tranche purchase in the General Account of the International Monetary Fund;
 - (ii) the holding of any special drawing rights in the International Monetary Fund by Barbados;
- (d) bills of exchange and promissory notes denominated in foreign currency and payable at any place outside Barbados;
- (e) treasury bills issued by foreign governments specified from time to time by the Board;
- (f) securities issued or guaranteed by foreign governments or international financial institutions specified from time to time by the Board.

(2) The Bank shall use its best endeavours to maintain the Reserve of External Assets at a level adequate for the international transactions of Barbados.

(3) If the Reserve of External Assets has declined, or in the judgment of the Board appears to be in danger of declining, so as to jeopardise the adequacy of such Reserve, the Bank shall submit to the Minister a report on the reserve position and the causes which have led or may lead to such a decline, together with its recommendations concerning the measures it considers necessary to forestall or otherwise remedy the situation.

(4) The Bank shall make further reports and recommendations at intervals not exceeding 6 months until such time as, in the judgment of the Board, the situation is rectified.

PART VII

FOREIGN EXCHANGE OPERATIONS

Operations in gold and foreign exchange

27. The Bank may

- (a) buy, sell, or deal in gold coins or bullion or other precious metals;
- (b) buy, sell, or deal in foreign exchange, using for these purposes any of the instruments commonly used by bankers;
- (c) buy, sell, or deal in treasury bills and other securities issued or guaranteed by foreign governments or international financial institutions;
- (d) open and maintain accounts abroad;
- (e) open and maintain accounts and act as agent or correspondent for foreign banks, foreign governments and foreign government institutions and international financial institutions.

Power to hedge

27A.(1) In addition to the operations enumerated in section 27 the Bank may effect contracts for the purpose of reducing or managing the financial risk arising from changes in interest rates, currency exchange rates or other factors of a financial or commercial nature which affect its business or relate to borrowings made by the Government of Barbados.

(2) The Bank shall obtain the approval of the Minister before effecting a contract referred to in subsection (1) that relates to borrowings made by the Government of Barbados.

[1997-3]

Limitations on operations of foreign exchange

28.(1) The Bank may, in connection with the operations enumerated in section 27, deal only with banks doing business in Barbados, the Government, its institutions, agencies and statutory boards, foreign central and commercial banks, foreign governments and government institutions and international financial institutions.

(2) Notwithstanding subsection (1), the Bank, with the approval of the Minister, may deal with other persons under such terms and conditions as the Board deems appropriate.

Determination of buying and selling rates of gold and foreign exchange

29.(1) The Bank shall determine and make public the rates at which it will buy, sell or deal in gold and foreign currencies.

(2) For the purposes of section 29(1) of the *Exchange Control Act*, Cap. 71, the Bank may determine and make public the rates at which gold and foreign currencies may be bought, sold or dealt in under the authority of that Act.

[1977-32]

Revaluation Reserve Account

30.(1) The gains arising from any change in the valuation of the Bank's assets in, or denominated in, gold or foreign currencies as a result of alterations of the parity of Barbados currency, or of any change in the values, parities, or exchange rates of such assets with respect to Barbados currency shall be credited to a Revaluation Reserve Account and neither they nor the losses arising from any

such change shall be included in the computation of the annual profits and losses of the Bank.

(2) The losses arising from any such change shall be set off against any credit balance in the Revaluation Reserve Account and, notwithstanding any other provisions of this Act, if such balance is insufficient to cover such losses, the Government shall issue to the Bank non-negotiable, non-interest-bearing securities to the extent of the deficiency.

(3) Any credit balance in the Revaluation Reserve Account at the end of each financial year of the Bank shall be applied first to the redemption on behalf of the Government of any outstanding securities issued under subsection (2) and thereafter to the redemption of any outstanding securities issued under section 7(4).

[1977-32]

(4) If the credit balance remaining after such application as is referred to in subsection (3) exceeds 5 per cent of the Bank's liabilities on account of currency issued and remaining outstanding as at the end of the financial year, then, subject to subsection (5), an amount equal to

(a) 1/5th of that remaining balance; or

(b) 5 per cent of such liabilities,

whichever is the greater, shall be paid into the Consolidated Fund.

[1977-32]

(5) If the credit balance does not exceed 5 per cent of the liabilities referred to in subsection (4), an amount equal to the total sum of the balance shall be paid into the Consolidated Fund.

[1977-32]

(6) No credits or debits shall be made to the Revaluation Reserve Account except in accordance with this section.

PART VIII

RELATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Opening accounts for banks and other financial institutions

31.(1) The Bank may open accounts for, and accept deposits from, banks and other financial institutions operating in Barbados under such terms and conditions as the Board determines.

(2) The Bank may

- (a) open accounts for, and accept deposits from, the Corporation;
- (b) lend to the Corporation pursuant to the *Deposit Insurance Act*, Cap. 323 such amounts as may be required by the Corporation to meet its obligations under the *Deposit Insurance Act* on such terms and conditions as the Board and the Corporation may agree.

[2006-31]

Operations with account holders

32. The Bank may

- (a) purchase from, sell to, discount and re-discount for, account holders of the Bank bills of exchange and promissory notes drawn or made for *bona fide* commercial, industrial or agricultural purposes, bearing 2 or more good signatures and maturing within 90 days from the date of their acquisition by the Bank:

Provided that bills of exchange and promissory notes drawn or made for the purpose of financing seasonal agricultural operations or marketing of crops may mature within 270 days from the date of their acquisition;

- (b) purchase from, sell to, discount and re-discount for, account holders of the Bank any Treasury bills of the Government forming part of a public issue;
- (c) grant to account holders of the Bank advances for periods not exceeding 180 days
 - (i) secured by
 - (A) instruments specified in paragraphs (a) and (b),
 - (B) warehouse warrants and documents of title issued in respect of stable commodities or other goods duly insured:

Provided that the Bank shall determine the maximum percentage of advances in relation to the current value of such commodities or goods;

- (C) holdings of any assets which the Bank is permitted to buy, sell, or deal in under paragraphs (a), (b), and (c) of section 27;
 - (D) securities issued or guaranteed by the Government, its institutions, agencies and statutory boards, subject as provided in section 46; or
- (ii) secured by such other assets, on terms and conditions which the Board prescribes.

Determination of bank rates

33. The Bank shall publicly announce its rates for discounts, re-discounts, advances, loans or overdrafts, and may establish different rates and ceilings for various classes of transactions or maturities.

Inspection of banks and other financial institutions

34.(1) The Bank may periodically or at its discretion cause an inspection to be made by any of its officers of any bank and its books and accounts for the purpose of ascertaining the nature of its business and the condition of its affairs.

(2) On the recommendation of the Bank, the Minister may, by notice published in the *Official Gazette*, extend the authority conferred on the Bank by subsection (1) to other financial institutions specified in the notice in order to ascertain the nature of their businesses and the condition of their affairs for the purpose of performing its functions under this Act.

[1975-13]

(3) Any officer authorised under this section to inspect a bank or other financial institution may

- (a) require any director or employee of any bank or other financial institution to furnish such information as the Bank may consider necessary for the purpose of the inspection; or
- (b) require any such director, officer, or employee to produce for inspection any books, records, or other documents in his possession containing or likely to contain any such information.

(4) Any person who

- (a) fails, refuses or neglects to comply with any requirement of an officer of the Bank made under subsection (3); or
- (b) in complying with any such requirement, furnishes any information or produces any book, record or other document which he knows to be false in any material particular,

is guilty of an offence and liable on summary conviction to a fine of \$500 or to imprisonment for 6 months or to both.

Required reserves of banks

35.(1) The Bank may by notice published in the *Official Gazette* and by written notice to each bank at its principal place of business in Barbados prescribe the maintenance of required reserves against deposit and other similar liabilities which may be specified for this purpose.

(2) The reserves prescribed under subsection (1) shall be maintained by way of cash holdings or by way of deposits with the Bank in such proportion as the Bank prescribes.

(3) The Bank may prescribe different reserve ratios for different classes of deposit and other similar liabilities and may prescribe the method of their computation:

Provided that

- (a) the Bank shall not require a bank to hold a total amount of reserves in excess of 20 per cent of the total deposit and other similar liabilities to which reserve ratios have been made applicable; but when the monetary situation requires, the Bank may, with the concurrence of the Minister, prescribe higher ratios appropriate to the circumstances;
- (b) the initial prescription of, or any increase in, the required reserve ratios shall be effective only after at least 15 days notice thereof has been given;
- (c) the Bank may determine that the requirements of this subsection may be met by meeting the prescribed reserve ratios on the basis of averages of holdings over such period as the Bank prescribes;
- (d) the prescribed reserve ratios shall be uniform for all banks.

(4) The Bank may impose on any bank which fails to maintain required reserves in the appropriate ratio prescribed under this section, a charge at an annual rate not exceeding twice the highest rate fixed at the time of such failure, by the Bank under section 33 in respect of its operations.

(5) The charge to which subsection (4) refers may be imposed on the amount of the deficiency for each day during which the deficiency continues.

Regulation of interest and credit

36.(1) The Bank may prescribe by notice published in the *Official Gazette* and by written notice to each bank at its principal place of business in Barbados

- (a) the methods of computation and maximum amounts of interest payable in respect of deposit and other similar liabilities; and
- (b) the permissible purposes, aggregate ceilings, maximum amounts beyond which the Bank's approval is necessary, maximum maturities and maximum interest chargeable and minimum cash margin or security required, in respect of
 - (i) the making of advances, whether by loans or overdrafts, and investments;
 - (ii) the discounting of bills of exchange, promissory notes and other commercial or financial papers;
 - (iii) the issuing of letters of credit;
 - (iv) the granting of acceptances and other forms of credit.

(2) Subsection (1) may be made applicable by the Bank by notice published in the *Official Gazette* and by written notice to any person having as a main object of his business the extension of credit.

[2007-33]

(3) The Bank may examine the accounts, books and papers of any person who it has reason to suspect is extending or has extended credit in contravention of subsection (1) and the refusal to submit such accounts, books, and papers shall be *prima facie* evidence of such contravention.

(4) Notices issued under this section shall apply uniformly in Barbados and shall come into effect on such date specified not earlier than 14 days after the date of issue, and the Bank in its notices may differentiate between banks and other creditors or classes thereof in respect of the items set out in subsection (1).

(5) Any bank which contravenes subsection (1) is liable to pay to the Bank for each such contravention a charge not exceeding \$500 for every day during which the contravention continues.

(6) Any person to whom subsection (1) is made applicable pursuant to subsection (2) is guilty of an offence if

- (a) he contravenes subsection (1); or
- (b) he supplies to the Bank any information which he knows to be false in any material particular; or
- (c) he fails to furnish to the Bank within a reasonable time and before the expiration of the time limited by a request so to furnish, any information required by the Bank to satisfy the Bank that he is complying with subsection (1),

and is liable on summary conviction

- (i) in the case of an offence under paragraph (a), to a fine of \$50 for each day during which the contravention continues; or
- (ii) in the case of an offence under paragraph (b) or (c) to a fine of \$500 or to imprisonment for 3 months or to both.

[2007-33]

Local assets ratio

37. A bank shall maintain assets consisting of claims payable in the currency of Barbados and other assets situate in Barbados in such minimum proportions of its deposit and similar liabilities payable in Barbados as the Bank may prescribe.

Foreign working balances

38. The Bank may prescribe the maximum amount of the working balances which banks and other financial institutions may hold in foreign currencies generally or in any specified currency or currencies.

Clearing house

39. The Bank may at an appropriate time and in conjunction with banks and other financial institutions organise a clearinghouse at such place or places as may be desirable.

Insurance and guarantee schemes

40.(1) The Bank may, with the approval of the Minister, administer or participate in schemes for the purpose of

- (a) insuring bank deposits;
- (b) providing export credit insurance and guarantee; and
- (c) providing guarantees for credit extended by banks and other financial institutions.

(2) Subject to subsection (3), the Bank may, with the approval of the Minister, subscribe to, hold, and sell, shares of a corporation organised with the approval or under the authority of the Government for any of the purposes specified in subsection (1).

(3) The total value of the Bank's shareholding in corporations to which subsection (2) refers shall not exceed 50 percent of the aggregate amount of the paid-up capital and General Reserve of the Bank.

(4) Subject to subsection (5), the Bank may, with the approval of the Minister establish special funds in order to facilitate the administration of the schemes specified in subsection (1) and may make annual contributions thereto out of its profits in accordance with paragraph (b) of section 9(2).

(5) The Bank may, with the approval of the Minister, advance to any such special fund such sums as may be required during a financial year and may recover such sums advanced from its annual contribution to the fund for that year.

(6) If the Bank ceases to administer any of the schemes specified in subsection (1), the special fund relating to the particular scheme which the Bank has ceased to administer, may be liquidated in such manner as the Bank, with the approval of the Minister, determines.

[1977-32]

Special Credit Trust

41. There shall be established a Special Credit Trust to be constituted by amounts from time to time transferred by the Bank pursuant to section 9, and by any accruals thereto, whether through operations or otherwise, to be held in trust and administered by the Bank, as sole trustee, to the end of facilitating

(a) the purchase, holding, guarantee, or sale of debentures, bonds or other similar debt obligations, having a maturity not in excess of 10 years from the date of acquisition by the Trust, issued and offered publicly by such financial institutions not within the regulatory jurisdiction of the Bank as the Board may designate;

[1981-32]

(b) the holding of equity in statutory and private corporations, as the Board may with the approval of the Minister determine.

[1981-32]

PART IX

RELATIONS WITH THE GOVERNMENT

Bank to be banker, fiscal agent and depositary to the Government

42.(1) The Bank shall be the banker and fiscal agent of the Government and shall be the depositary of Government funds:

(a) the Bank may act in such capacities to Government institutions, agencies and statutory boards; and

- (b) the Government may maintain working balances with, and generally use the services of, other banks,

in such cases, for such periods of time, and on such other terms and conditions as may be agreed between the Minister and the Bank.

- (2) The Government, through the Minister, may request the Bank to render advice and to furnish reports on matters relating to the purposes of the Bank.

- (3) It shall be the duty of the Bank to inform and advise the Government, through the Minister, concerning any matter which in the opinion of the Bank is likely to affect the achievement of its purposes.

Depositary and fiscal agency of international financial institutions

43. The Bank shall, upon designation by the Minister, serve as the depositary and fiscal agency of, and the institution through which dealings shall be conducted with international financial institutions of which Barbados is a member.

Credit to the Government, its institutions, agencies and statutory boards

44. Except in accordance with sections 32 (b), 32 (c) (i) (D), 45 and 46, the Bank shall not, directly or indirectly, make advances to, or acquire the notes, bills, securities or other evidences of debt of, or guaranteed by, the Government, its institutions, agencies and statutory boards; but this section shall not operate to prevent the acquisition by the Bank of securities transferred to it by the Government in accordance with section 7 or 30.

Advances to the Government

45.(1) The Bank may make temporary advances, subject to repayment within three months following the end of the financial year in which they were granted, at such rates of interest as it may determine—

- (a) to the Government;

- (b) with the approval of the Minister, to Government institutions, agencies and statutory boards.

(2) Without limiting the generality of subsection (1), the Bank is expressly authorised to make advances to the Government, on such terms and conditions as may be agreed, in respect of subscriptions and other payments resulting from, or incidental to, the membership of Barbados in any international bank or international monetary authority established under governmental auspices, the participation of Barbados in any account thereof, and any transactions and operations undertaken in connection therewith.

Acquisition of evidence of indebtedness issued by the Government

46. The Bank may purchase, hold, and sell notes, bills, securities or other evidences of indebtedness issued or guaranteed by the Government, its institutions, agencies and statutory boards, which were publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition by the Bank.

Consultation on budget and credit operations

47. The Bank shall be consulted by—

- (a) the Minister on the total amount of credit to be extended by the Bank to the Government during the Government's financial year;
- (b) the Government, its institutions and agencies, and statutory boards at any time when either domestic or foreign credit operations are contemplated and in the event that, in the opinion of the Bank, such operations individually or collectively appear to be of a magnitude inappropriate to prevailing economic conditions, the Bank shall report to the Minister, drawing attention to the situation and recommending measures to remedy the situation.

Reports and recommendations on Bank credit to the Government

48. Whenever the total amount of credit being extended by the Bank to the Government, its institutions, agencies and statutory boards by advances under section 45, the acquisition of evidences of indebtedness under sections 32 (*b*) and 46, and the acceptance of securities as collateral under section 32 (*c*) (i) (D) threaten either—

- (*a*) to exceed the amount agreed under section 47 (*a*); or
- (*b*) to endanger monetary stability,

the Bank shall submit a report to the Minister drawing attention to the situation, analysing the causes which have led thereto, and recommending measures which it deems necessary to forestall or otherwise remedy the situation.

Orders

49.(1) If, after consultation with the Bank, the Minister is of the opinion that the policies being pursued by the Bank are not adequate for, or conducive to, the achievement of the purposes of the Bank as set out in section 5, the Minister may issue a written order to the Bank determining the policy to be Adopted by the Bank, and the Bank shall thereupon give effect to that policy while the order remains in operation.

(2) The order acknowledging the Government's assumption of responsibility for the policy shall be published forthwith in the *Official Gazette*.

(3) The Minister shall cause to be laid before Parliament, as soon as may be after the Minister has informed the Bank of the policy determined, a copy of the order determining the policy, and statements by the Minister and the Bank in respect of the matter which occasioned the issuance of the order.

PART X
ACCOUNTS

Financial Year

50. The financial year of the Bank shall coincide with the calendar year.

Audit

51. The accounts of the Bank shall be audited at least once every financial year by an auditor appointed by the Board with the approval of the Minister.

Accounts and Operations

52.(1) The Bank shall, as soon as may be after the end of every month, make up a statement of the condition of the Bank as at the close of business on the last business day of each month, and shall transmit a copy thereof to the Minister, who shall cause it to be published in the *Official Gazette*.

(2) Within 3 months of the close of each financial year or such longer period as the Minister may allow, the Board shall

(a) transmit to the Minister a copy of its annual accounts certified by the auditor;

(b) submit to the Minister a report on its operations during the year.

(3) The Minister shall lay a copy of the annual accounts of the Bank, together with the certificate of the auditor and the report on the Bank's operations for the year, before Parliament as soon as practicable after he has received such accounts, certificate, and report.

(4) The Bank shall publish the said report after it has been laid before Parliament by the Minister.

PART XI
MISCELLANEOUS

Reports and announcements

53.(1) The Bank may issue such reports and publications as the Board considers of public interest.

(2) The Bank may require banks, other financial institutions and persons who may be subject to the provisions of this Act to furnish to the Bank such information and data as are necessary to enable it to perform its functions under this Act and may publish such in any form it may determine:

Provided that individual transactions shall not be identified in the publication.

(3) Any person who refuses or fails within a reasonable time to furnish to the Bank any information or data requested by it under subsection (2) is guilty of an offence and liable on summary conviction to a fine of \$500.

Reports and announcements

54. The Bank may, subject to terms and conditions to be prescribed by the Board, grant advances to any of its officers or employees-

- (a) for the purchase, construction or repair of one residential house for his personal use against the security of the said house; and
- (b) for other purposes in an amount not to exceed during the time they are outstanding the annual remuneration received by the borrower from the Bank.

Restricted titles

55. Except with the written consent of the Minister on the recommendation of the Bank, no bank or other financial institution shall hereafter be licensed under the *Financial Institutional Act*, Cap. 324A by a name which

includes any of the words “Central”, “National”, “Barbados”, “Reserve” or “State” or their equivalent in any other language.

Exemption

- 56.** The Bank is exempt from
- (a) the payment of income tax and any other tax imposed on the income or profits of persons,
[1982-22]
 - (b) the payment of stamp duty on any document resulting from transactions with persons resident outside Barbados, and
 - (c) the requirements of the *Banking Act*, Cap. 322.

Liquidation of Bank

- 57.** The Bank may not be liquidated except by an Act.

Initial expenses

58.(1) The Minister may advance to the Bank such sums as may be necessary to enable the Bank to meet any deficit or expected deficit in its income in relation to its expenditure during the period immediately following its establishment until the appointed day or such later date as may be agreed upon between the Bank and the Minister.

(2) Advances under subsection (1) are hereby charged on and are payable out of the Consolidated Fund.

(3) Such advances shall

- (a) bear interest at such rate as may be agreed upon between the Bank and the Minister;
- (b) be repaid, commencing with the close of the financial year in which the Bank’s accounts first show a net profit, in such manner as may be agreed upon between the Bank and the Minister.

Residence

59.(1) The Governor is entitled to occupy a fully furnished residence without payment of rent.

(2) With effect from 1st January, 1984, the value of the residence mentioned in subsection (1) shall not be included in calculating the assessable income of the person referred to in that subsection for the purposes of the *Income Tax Act*, Cap. 73.

[1984-19]