

GOVERNMENT OF ZAMBIA

ACT

No. 36 of 1993

Date of Assent: 26th August, 1993

An Act to amend the Bank of Zambia Act, 1985

[8th September, 1993

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Bank of Zambia (Amendment) Act, 1993, and shall be read as one with the Bank of Zambia Act, 1985, hereinafter referred to as the principal Act.

Short title
Act No. 24
of 1985

(2) This Act shall come into operation on such day as may be appointed by the Minister by statutory instrument.

Commence-
ment

2. The principal Act is amended by the deletion of subsection (2) of section *four* and the substitution therefor of the following subsection:

Amendment
of section 4

(2) Without prejudice to the generality of subsection (1) the Bank may—

- (a) seek to promote efficient payments mechanisms and ensure the liquidity, solvency and proper functioning of a soundly based financial system;
- (b) foster monetary, credit and financial conditions conducive to an orderly, balanced and sustained economic development of the Republic;
- (c) issue notes and coins to be legal tender in Zambia and exercise control over all matters relating to the currency of the Republic;
- (d) exercise control over dealings in gold coins, bullion, precious metals, foreign currencies and securities issued or guaranteed by foreign governments or international financial organisations;
- (e) licence, supervise and regulate the dealings of financial institutions so as to ensure the safe, sound and efficient operation and development of the financial system;
- (f) act as banker and as fiscal agent to the Republic, and to national agencies referred to in section *fifty-two*;
- (g) act as bankers for financial institutions, foreign governments and international agencies;

- (h) advise on and execute the exchange rate policies of the Republic, including the licencing regulating and controlling of foreign exchange transactions;
- (i) undertake and transact in the name of the Republic, responsibilities resulting from the participation of the Republic in inter governmental organisations in the banking, credit and monetary sphere;
- (j) act as adviser to the Government on all economic matters.

Amendment
of section 5

3. Section *five* of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following subsection:

(1) The authorised capital of the Bank shall be twenty million kwacha or such amount as the Board, after consultations with the Minister, shall determine.

Amendment
of section 6

4. Section *six* of the principal Act is amended by the insertion of the words "within sixty days after the auditor's certification of the Bank's financial statements in accordance with section *twenty-three*" after the word "Government".

Amendment
of section 10

5. Section *ten* of the principal Act is amended in subsection (1) by the deletion of paragraph (c) and the substitution therefor of the following paragraph:

(c) seven other directors appointed by the Minister, being persons with experience in business, financial, professional or academic matters.

Repeal and
substitution
of section 11

6. The principal Act is amended by the repeal of section *eleven* and the substitution therefor of the following section:

Disqualifica-
tion from
appointment
as director

11. No person shall be appointed director of the Bank if he—

- (a) is a member of Parliament;
- (b) is a director, officer, employee or owner of, or shareholder in, any financial institution under the regulatory jurisdiction of the Bank or of the Government, otherwise than as a nominee of the Bank; or
- (c) has at any time been convicted of an offence involving dishonesty.

Amendment
of section 13

7. Section *thirteen* of the principal Act is amended—

(a) by the deletion of subsection (1) and the insertion therefor of the following subsection:

- (1) The Board may make rules, not inconsistent with this Act, for the regulation of the affairs of the Bank generally and in particular for the regulation of the procedure to be followed at meetings of the Board or any committee of the Board.
- (b) in subsection (5), by the deletion of the word "Five" and the substitution therefor of the word "Six".
8. Section *nineteen* of the principal Act is amended by the deletion of the words "five thousand kwacha" and the substitution therefor of the words "five hundred thousand kwacha". Section 19
9. Section *twenty* of the principal Act is amended— Amendment of section 20
- (a) by the deletion of the words "No person" from subsection (1) and the insertion therefor of the words "Except in compliance with the order of any court, no person".
- (b) by the deletion of the words "five thousand kwacha" and the substitution therefor of the words "five hundred thousand kwacha".
10. The principal Act is amended by the repeal of section *twenty-three* and the substitution therefor of the following section: Repeal and substitution of section 23
23. (1) The accounts of the Bank shall be audited annually by a firm of independent auditors appointed by the Board. Audit of accounts
- (2) The expenses of the audit shall be borne by the Bank.
- (3) The auditor shall prepare and submit to the Board a detailed report on the results of the audit.
11. Section *twenty-eight* of the principal Act is amended in subsection (2) by the deletion of the words "fifty thousand kwacha" and the substitution therefor of the words "one hundred million kwacha". Amendment of section 28
12. Section *thirty-seven* of the principal Act is amended by the deletion of the words "five hundred kwacha" and the substitution therefor of the words "two hundred thousand kwacha". Amendment of section 37
13. Section *thirty-eight* of the principal Act is amended by the deletion of sub-paragraph (i) of paragraph (c) of subsection (1) and the insertion therefor of the following subparagraph: Amendment of section 38
- (i) the facilities to make reserve tranche purchases from the International Monetary Fund;
14. The principal Act is amended by the deletion of the heading to Part VI appearing before section *forty-three* and by its reinsertion immediately before section *forty-two*. Re-arrangement of Parts V and VI
15. Section *forty-three* of the principal Act is amended in paragraph (b) of subsection (2) by the insertion of the words "of any maturity" after the word "bills". Amendment of section 43

Amendment
of section 45**16.** Section *forty-five* of the principal Act is amended—

- (a) in subsection (5), by the deletion of the words “ten thousand kwacha” and the substitution therefor of the words “five million kwacha”;
- (b) in sub-paragraph (i) of paragraph (c) of subsection (6), by the deletion of the words “one thousand kwacha” and the substitution therefor of the words “one million kwacha”;
- (c) in sub-paragraph (ii) of paragraph (c) of subsection (6), by the deletion of the words “one hundred kwacha” and the substitution therefor of the words “fifty thousand kwacha”.

Amendment
of section 49**17.** (1) Section *forty-nine* of the principal Act is amended by the deletion of subsection (2) and the proviso thereto and the insertion therefor of the following subsections:

(2) The Bank shall receive and disburse Government money and keep account thereof, and shall pay interest on balances held by it for the Government at a rate to be fixed from time to time by agreement between the Bank and the Minister.

(3) The Government shall pay the Bank, for services rendered to the Government at its request or pursuant to this Act, such fees as may be agreed between the Bank and the Minister.

Amendment
of section 55**18.** Section *fifty-five* of the principal Act is amended—

(a) in subsection (1), by deletion of paragraph (b) and the insertion therefor of the following paragraph:

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

(b) by the deletion of subsections (2) and (3) and the insertion therefor of the following subsection:

(2) Except as provided by section *fifty-three* or by subsection (4) of this section, the Bank shall not, either directly or indirectly, extend credit to the Government or its institutions or agencies, or to any statutory bodies or local authorities, whether by way of short-term advances, purchases of securities in a primary issue or otherwise, so that the credit extended exceeds in any financial year twenty-five per cent of average annual ordinary revenue of the Government.

Repeal of
Part VIII

19. The principal Act is further amended by the repeal of Part VIII.

Amendment
of section 59

20. Section *fifty-nine* of the principal Act is amended by the deletion of paragraph (f).

Amendment
of section 64

21. Section *sixty-four* of the principal Act is amended in subsection (3) by the deletion of the words "ten thousand kwacha" and the substitution therefor of the words "ten million kwacha".

