

ACT

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THE BANK OF SIERRALEONE ACT, 2011

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SIGNED this 28th day of December, 2011.

DR. ERNEST BAI KOROMA,
President.



No. 15



2011

Sierra Leone

THE BANK OF SIERRA LEONE ACT, 2011.

Short title.

Being an Act to continue in existence the Bank of Sierra Leone, to ensure price stability, and to provide for other related matters

[] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

PART I—PRELIMINARY

Extent. **1.** This Act extends, where appropriate, to the operations of the offices and agents, outside Sierra Leone, of the Bank or of any financial institution.

Commence-
ment. **2.** (1) This Act shall come into operation on a date to be fixed by the Minister by statutory instrument.

(2) Subject to subsection (1), different dates may be fixed for the coming into operation of different sections of this Act.

Interpretation. **3.** In this Act, unless the context otherwise requires

"Bank" means the Bank of Sierra Leone;

"Board" means the Board of Directors of the Bank established by section 15;

"Deputy Governor" means the Deputy Governor of the Bank;

"financial institution" means an institution licensed and subject to regulation and supervision by the Bank under this Act or any other enactment;

"Governor" means the Governor of the Bank;

"Minister" means the Minister responsible for finance.

PART II—ESTABLISHMENT, OBJECTIVE AND FUNCTIONS OF THE BANK

4. The Bank shall, subject to this Act, continue to function as the Central Bank of Sierra Leone. Establishment of Bank.

5. The Bank shall continue to be a body corporate, having perpetual succession and a seal, and may enter into contracts, sue and be sued in its own name, and subject to the limitations contained in this Act, may acquire, hold and dispose of movable and immovable property for the purpose of its functions. Status and powers of Bank.

6. The Bank shall be an autonomous institution, and shall in that respect not be subject to the control or direction of any person or authority. Autonomy of Bank.

7. (1) The objective of the Bank is to achieve and maintain price stability. Objective and functions of Bank.

(2) Without prejudice to subsection (1) the Bank shall—

- (a) formulate and implement monetary policy, financial regulation and prudential standards;
- (b) act as banker, adviser and fiscal agent of the Government;
- (c) formulate and implement the foreign exchange policy of Sierra Leone;
- (d) conduct foreign-exchange operations;
- (e) own, hold and maintain the official international reserves including the reserves of gold;

- (f) issue and manage the currency of Sierra Leone;
- (g) establish, promote, license and oversee sound and efficient payment and securities settlement systems;
- (h) license, register, regulate and supervise financial institutions as specified in this Act or any other enactment;
- (i) act as a depository for funds from international organizations.

Offices, branches and agents of Bank.

8. (1) The Bank shall have its principal place of business in Freetown.

(2) The Bank may, in accordance with the decision of the Board-

- (a) establish branches within Sierra Leone;
- (b) appoint agents in Sierra Leone and agents and correspondents outside Sierra Leone;
- (c) establish offices abroad.

PART III—CAPITAL, PROFITS, LOSSES AND RESERVES

Authorised capital.

9. The authorised share capital of the Bank shall be two hundred and fifty billion leones which may be altered by the Board after consultation with the Government.

Paid-up capital.

10. (1) The minimum paid-up capital of the Bank shall be one hundred and twenty-five billion leones and may be altered by the Board after consultation with the Government.

(2) The paid-up capital shall be subscribed and held exclusively by the Government.

(3) There shall be paid up by the Government the amounts that may from time to time be resolved by the Board and approved by the Minister.

(4) The Minister may by warrant authorise the payment from the Consolidated Fund of such sums as may be required for the purpose of subscribing to the paid-up capital of the Bank.

11. (1) The Bank shall establish and maintain a general reserve account. Reserve account.

(2) The general reserve account shall not be used except to cover losses sustained by the Bank and shall be allocated at the end of each financial year of the Bank-

- (a) in the case of a financial year at the end of which the general reserve of the Bank does not exceed the minimum paid-up capital of the Bank, one-third of the net profits of the Bank for the financial year; or
- (b) in the case of a financial year at the end of which the general reserve of the Bank exceeds the minimum paid-up capital of the Bank but does not exceed four times the paid-up capital of the Bank, one-sixth of the net profits of the Bank for the financial year.

12. (1) The net profits or losses of the Bank for each financial year shall be determined by the Board in conformity with the International Financial Reporting Standards or any subsequent standards as the sum of net operating revenues or losses (including realized gains and losses) and net unrealized valuation gains or losses. Profits, losses and distributable earnings.

(2) The distributable earnings for distribution under section 13 shall be determined as follows:-

- (a) by deducting from the net profits the total amount of unrealized revaluation gains and by allocating an equivalent amount to the respective unrealized revaluation reserve accounts; and
- (b) by deducting from the unrealized revaluation reserve accounts and adding to the distributable earnings as determined in paragraph (a) the amount of any unrealized profit that was deducted from the net profits for one or more previous financial years and was realized during the current financial year.

Allocation of distributable earnings.

13. (1) Within four months after the end of the financial year after appropriate allocations have been made to the general reserve under section 11, the Board shall allocate the distributable earnings as follows:-

- (a) an amount equivalent to at least fifty percent of distributable earnings shall be credited to the general reserve account until the paid-up capital and general reserves equal ten percent of the total monetary liabilities of the Bank;
- (b) any remaining distributable earnings shall be transferred to the Government as revenue for the general budget of the Government.

(2) No distribution shall be made out of retained or current income of the Bank except as provided in subsection (1).

(3) If in a financial year the Bank incurs negative distributable earnings, the earnings shall first be charged to the general reserve account, and subsequently applied to capital.

14. (1) In the event that in the audited annual financial statements of the Bank, the value of its assets falls below the sum of its liabilities, its unimpaired authorized capital and general reserves, then-

Coverage of shortfall in capital.

- (a) the Board, on the advice of the external auditors of the Bank, shall assess the situation and prepare a report on the causes and extent of the shortfall within a period of not more than thirty days;
- (b) in the event that the Board approves the report, the Bank shall request the Minister for a capital contribution by the Government to remedy the deficit; and
- (c) upon receipt of this request the Government shall, within a period of not more than thirty calendar days, transfer to the Bank the necessary amount in currency or in negotiable debt instruments with a specified maturity issued at market-related interest rates, as determined by the Board.

Part IV—ADMINISTRATION

15. (1) There is hereby established a Board of Directors of the Bank which shall consist of-

Establishment of Board.