



TRINIDAD AND TOBAGO

Act No. 23 of 1964

[L.S.]

AN ACT to provide for the establishment of a Central Bank to define the powers and duties thereof and for matters incidental thereto.

[Assented to 11th December, 1964]

BE IT ENACTED by the Queen's Most Excellency Majesty, ^{Enactment} by and with the advice and consent of the Senate and House of Representatives of Trinidad and Tobago, and by the authority of the same, as follows:—

PRELIMINARY

1. (1) This Act may be cited as the Central Bank Act, ^{Short title} 1964.

(2) This Act shall come into force on the day to be appointed by the Governor-General by Proclamation published in the *Gazette*; but the Governor-General may appoint different dates on which different sections of this Act shall come into force.

Interpretation

2. In this Act—

- (a) "the Bank" means the Central Bank of Trinidad and Tobago;
- (b) "Board" means the Board of Directors of the Bank as constituted and appointed under sections 5 and 7;
- (c) "commercial bank" means a company duly licensed in accordance with the provisions of the Banking Act, 1964 to carry on the business of banking in Trinidad and Tobago;
- (d) "convertible currency" means any currency that is freely negotiable and transferable in international exchange markets;
- (e) "Currency Board" means the Board of Commissioners of Currency, British Caribbean Territories (Eastern Group) established in accordance with the Agreement set out in Schedule to the Currency Ordinance, 1959;
- (f) "Deputy Governor" means the Deputy Governor of the Bank appointed pursuant to subsection (4) of section 7 and all references in this Act to Deputy Governor shall be construed as references to the Deputy Governor or to the person who, when an appointment is made to that office pursuant to the said subsection, is acting as Deputy Governor;
- (g) "director" means a member of the Board of Directors appointed pursuant to section 7 of this Act;
- (h) "dollar" means the Trinidad and Tobago dollar;
- (i) "financial institution" means any person or undertaking whose business includes the collection of funds in the form of deposits, shares or loans or premia and the investment of such funds in loans, shares or other securities;
- (j) "Governor" means the Governor of the Bank appointed pursuant to section 7 of this Act;
- (k) "Minister" means the Minister to whom responsibility for the subject of finance has been assigned;

- (l) "service of the Government" means permanent pensionable service in any Ministry or Department of the Government.

PART I

ESTABLISHMENT, CONSTITUTION AND MANAGEMENT OF THE BANK

3. (1) There is hereby established a Bank to be known as the Central Bank of Trinidad and Tobago. Establishment and incorporation

(2) The Bank is hereby created a body corporate.

(3) The Bank shall have as its purpose the promotion of such monetary credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago, and shall, without prejudice to the other provisions of this Act—

(a) have the exclusive right to issue and redeem currency notes and coin in Trinidad and Tobago;

(b) act as banker for, and render economic, financial and monetary advice to the Government;

(c) maintain, influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago;

(d) maintain monetary stability, control and protect the external value of the monetary unit, administer external monetary reserves, encourage expansion in the general level of production, trade and employment; and

(e) undertake continuously economic, financial and monetary research.

4. (1) The Bank shall have its head office in the City of Port-of-Spain in the Island of Trinidad. Place of business

(2) The Bank may establish branches and agencies and appoint agents and correspondents in Trinidad and Tobago and elsewhere.

5. (1) The Bank shall be managed by a Board of Directors comprised of a Governor, a Deputy Governor and four directors appointed in accordance with section 7.

(2) In addition to the members of the Board mentioned in subsection (1), the Minister may nominate the following persons to be members of the Board—

- (a) an officer of the Ministry of Finance; and
- (b) an officer of the appropriate department of Government or Ministry responsible for economic planning.

Board of
Directors

(3) The members of the Board nominated in accordance with subsection (2) shall not have the right to vote at meetings of the Board.

Custody and use of seal

6. (1) The seal of the Bank shall be kept in the custody of the Governor or the Deputy Governor and shall be authenticated by the Governor or Deputy Governor and one other director authorised by the Board to act in that behalf.

(2) All documents, other than those required by law to be under seal, made by, and all decisions of, the Board may be signified under the hand of the Governor or the Deputy Governor.

Appointment and tenure of office of Governor, Deputy Governor and Directors

7. (1) The Governor and the four directors referred to in subsection (1) of section 5 shall be appointed by the Governor-General by instrument in writing.

(2) The Governor shall be appointed for a term of five years, and in the case of the first Governor for such shorter period as the Governor-General may designate, and shall be eligible for re-appointment.

(3) The four directors shall be appointed for a term of three years and shall be eligible for re-appointment.

(4) The Governor-General may, if he deems it expedient so to do, by instrument in writing appoint a Deputy Governor of the Bank.

(5) The term of office of a person appointed to the office of Deputy Governor under subsection (4) shall be for such period as the Governor-General may fix from time to time in the instrument of appointment.

Qualifications of Governor, Deputy Governor and Directors

8. (1) The Governor and the Deputy Governor of the Bank, shall be men of proven financial experience and each shall devote the whole of his time to the service of the Bank and while holding office shall not occupy any other office of employment whether remunerated or not.

(2) The four directors shall be selected from amongst persons drawn from diverse occupations appearing to

be qualified by reason of their experience and capacity in matters relating to finance, economics, accountancy, industry, commerce, law or administration.

(3) Notwithstanding the provisions of subsection (1), the Governor and, the Deputy Governor of the Bank may, with the approval of the Minister,

- (a) act as members of any committee or commissions appointed by the Government to enquire into any matter affecting currency, banking, or economic or financial matters relating to Trinidad and Tobago;
- (b) become governors, directors or members of the Board of any international bank, monetary authority or other agency to which the Government subscribes, contributes or gives support;
- (c) become directors of any company or corporation or other body in which the Government or the Bank holds stock, shares or otherwise participates.

9. No person shall hold office as Governor or Deputy Governor or shall be appointed or continue to hold office as a director who—

Disqualification
of Directors

- (a) is a member of Parliament or any municipal corporation or county council;
- (b) is, save as is provided in subsection (2) of section 5, employed in any capacity in the service of the Government;
- (c) is, save as is provided in paragraph (c) of subsection (3) of section 8, a director, officer or employee of any financial institution or has an interest as a shareholder in any other bank or financial institution which is or becomes subject to regulation by the Bank.

10. (1) The Governor shall be the chief executive officer of the Bank and shall be entrusted with the day to day management, administration, direction and control of the business of the Bank with authority to act in the conduct of the business of the Bank in all matters which are not by this Act or by the rules and regulations made thereunder specifically reserved to be done by the Board and shall be answerable to the Board for his acts and decisions.

Governor to be
chief executive
officer of the
Bank

Duties of
Deputy
Governor

(2) The Deputy Governor shall perform such duties as may from time to time be assigned to him by the Board on the advice of the Governor.

(3) In the event of absence or inability of the Governor from whatever cause arising, the Deputy Governor, has and may exercise all the powers and functions of the Governor.

Power of
Governor-General
to appoint
persons to act
temporarily

(4) In the event of absence or inability of both the Governor and the Deputy Governor, or where an appointment to the office of Deputy Governor has not been made, the Governor-General may appoint any director to act temporarily in place of the Governor.

(5) In the event of absence or inability of any director from whatever cause arising, the Governor-General may appoint any qualified person to act temporarily in place of any such director.

Resignation of
Governor, Deputy
Governor and
Directors

11. (1) The Governor or Deputy Governor may resign his office by giving to the Governor-General six months notice in writing (or such shorter period as the Governor-General may agree to accept) of his intention so to do and at the expiration of such period he shall be deemed to have resigned his office.

(2) Any member of the Board other than the Governor, Deputy Governor or the members nominated by the Minister under subsection (2) of section 5 may at any time resign his office by instrument in writing addressed to the Governor-General through the Governor of the Bank and from the date of receipt by the Governor-General of such instrument such director shall cease to be a member of the Board.

Termination
of appointment
of Directors

12. The Governor-General may terminate the appointment of the Governor or Deputy Governor or any director if the Governor, Deputy Governor or any director—

- (a) becomes of unsound mind or incapable of carrying out his duties;
- (b) becomes bankrupt or compounds with, or suspends payment to, his creditors;
- (c) is convicted and sentenced to a term of imprisonment;
- (d) is convicted of any offence involving dishonesty;
- (e) is guilty of misconduct in relation to his duties;
- (f) is absent, except on leave granted by the Board, from all meetings of the Board held during two

- consecutive months or during any three months in any period of twelve months; or
 (g) fails to carry out any of the duties or functions conferred or imposed on him under this Act.

13. The names of all members of the Board as first constituted and every change in the membership thereof shall be published in the *Gazette*. Publication of names of members in the *Gazette*

14. The Governor, Deputy Governor and the directors shall be paid by the Bank such remuneration and allowances as may, from time to time, be fixed by the Minister. Remuneration of Directors

15. (1) The Governor, or in his absence, the Deputy Governor, or, where no appointment has been made to that office, any director appointed to act temporarily in place of the Governor under subsection (4) of section 10 shall be Chairman of the Board and shall preside at all meetings of the Board. Procedure at meetings

(2) The Board shall meet at least once in each month and at such other times as may be necessary or expedient for the transaction of the business of the Bank. Meetings

(3) The Chairman may at any time call a special meeting of the Board. Special Meetings

(4) The Chairman shall, within seven days of the receipt by him of a request in writing addressed to him by any member of the Board, call a special meeting of the Board.

(5) The quorum of the Board shall consist of the Chairman and three other members of the Board. Quorum

(6) The decisions of the Board shall be adopted by a majority of the votes and in addition to an original vote, in any case in which the voting is equal, the Chairman presiding at the meeting shall have a casting vote. Decisions of the Board

16. (1) Any member of the Board, whose interest is likely to be affected whether directly or indirectly by a decision of the Board on any matter whatsoever, shall disclose the nature of his interest at the first meeting of the Board at which he is present after the relevant facts have come to his knowledge. Directors to declare their interest

(2) A disclosure under subsection (1) shall be recorded in the minutes of the Board and after the disclosure the member making the disclosure shall, unless the Board otherwise directs, not be present or take part in the deliberations or vote at any meeting during the time when such matter is being decided by the Board.

Power to
employ and
train

17. (1) The Bank may appoint at such remuneration and on such terms and conditions such officers and employees as it considers necessary or appropriate for the efficient conduct of the business of the Bank.

(2) Subject to section 14, an annual salary in a sum which is equivalent to or exceeds twelve thousand dollars shall not be assigned to any post in the Bank without the approval of the Minister.

(3) The Bank may provide out of its funds and make such arrangements for the training of any of its officers or employees or other persons as it may deem expedient for the efficient conduct of the business of the Bank.

(4) Nothing contained in the Pensions Extension Ordinance shall apply or be deemed to apply to officers and employees appointed by the Bank under subsection (1).

Ord. No. 34
—1961

Establishment
of a Pension
Scheme

18. The Bank shall within a period of three years from the date of its establishment, with the approval of the Minister, provide for the establishment and maintenance of a Pension Scheme for the benefit of the officers and employees of the Bank.

Transfer on
secondment

19. (1) Subject to subsection (2), the Minister and the Bank may make appropriate arrangements for the transfer on secondment of any officer in the service of the Government to the service of the Bank or from the service of the Bank to the service of the Government.

(2) Where a transfer on secondment contemplated by subsection (1) is effected, the Government or the Bank, as the case may require, shall make such arrangements as may be necessary to preserve the rights of the officer so transferred to any pension, gratuity or other allowance for which he would have been eligible had he remained in the service of the Government or of the Bank, as the case may be.

(3) A period of transfer on secondment shall not in any case exceed five years.

(4) Notwithstanding anything contained in any law to the contrary, an officer or employee appointed by the Bank under subsection (1) of section 17 or an officer transferred on secondment to the service of the Bank from the service of the Government shall not during the period of such appointment or transfer on secondment, as the case may be, be regarded as the holder of an office in the service of the Government.

20. (1) An officer in the service of the Government may, with the approval of the Minister, be transferred to the service of the Bank and upon such transfer shall become a member of the Pension Scheme referred to in section 18, or if such officer's transfer becomes effective before the establishment of that Scheme, he shall become a member within one year of its establishment.

Transfer of
officers of
Government
to the Bank

(2) A transfer described in subsection (1) shall be on such terms as may be acceptable to the Government, the Bank and the officer concerned.

PART II

CURRENCY AND LEGAL TENDER

21. (1) The currency of Trinidad and Tobago are the notes and coins issued by the Bank under this Act.

Currency of
Trinidad and
Tobago

(2) The Bank has the sole right to issue notes and coins in Trinidad and Tobago and such notes and coins are legal tender in Trinidad and Tobago.

(3) The provisions of section 19 of the Barclays Bank D.C. & O. Act, 1925 and 1957 of the United Kingdom shall cease to have effect in Trinidad and Tobago on the date of the commencement of this Act.

(4) Notwithstanding the provisions of subsection (1) and (2), currency notes and coins issued by the Currency Board under paragraph (a) of subsection (1) of section 4 of the Currency Ordinance, 1959, shall be deemed to continue to be legal tender in Trinidad and Tobago until the 1st day of January, 1966 or at such earlier date as the Minister may determine by notice published in the *Gazette*; but the holders of any such notes or coin shall be entitled at any time after they have ceased to be legal tender to claim payment of the face value thereof from the Bank.

22. The unit of currency is the Trinidad and Tobago dollar which shall be divided into one hundred cents.

Unit of
currency

23. The parity of the Trinidad and Tobago dollar is four shillings and two pence sterling at the par value of the pound sterling on the 31st day of August, 1962, that is to say, the par value of the Trinidad and Tobago dollar is 0.518391 grams of fine gold.

Parity of the
Trinidad and
Tobago dollar

Exemption from
stamp duty

24. Notes issued by the Bank are exempt from the payment of stamp duties.

Issue of
currency

25. The Bank shall—

- (a) arrange for the printing of notes and minting of coin for circulation in Trinidad and Tobago;
- (b) issue, re-issue and exchange notes and coins at the Bank's offices and at such branches and agencies as the Bank may from time to time establish or appoint;
- (c) arrange for the safe custody of unused stocks of currency and for the preparation, safe custody and destruction of plates and paper for the printing of notes and of dies for the minting of coins.

Denominations
and form of
notes and coins

26. (1) Notes and coin issued by the Bank—

- (a) shall be in such denominations of the dollar or fractions thereof as may be approved by the Minister;
- (b) shall be of such forms and designs and bear such devices as may be approved by the Minister.

(2) Coins issued by the Bank shall be of such standard weight and composition and the amount of remedy or variation from the standard weight or composition as may be prescribed by the Minister.

Redemption
of notes and
coins

27. (1) The Bank, with the approval of the Minister, may on giving three months' notice published in the *Gazette* call in any of its notes and coins on payment of the face value thereof and any such notes or coins with respect to which a notice has been given under this section shall, on the expiration of the notice, cease to be legal tender, but shall be redeemed at face value by the Bank upon such conditions as may be prescribed.

Refund of lost
and stolen
coins

(2) A person is not entitled to recover from the Bank the value of any lost, stolen, mutilated or impaired note, or the value of any coin lost, stolen or tampered with.

Discretion of
the Bank to
refund mutilated
or impaired notes
and coins

(3) Notwithstanding the provisions of subsection (2), the Bank may in its absolute discretion as an act of grace refund the value of a mutilated or impaired note or a coin which has been tampered with.

28. (1) Except as provided by subsection (2), no person shall for the purpose of putting such instrument into circulation draw, accept, make or issue any bill of exchange, promissory note or engagement for the payment of money payable to bearer on demand or borrow, owe, or take up any sum or sums of money on any bill of exchange, promissory note or engagement for the payment of money payable only to bearer on demand of any such person. Bills and notes payable on demand

(2) Cheques or drafts payable to bearer on demand, may, in the usual course of commercial practice, be drawn on bankers or agents by their customers.

(3) Subsection (1) does not apply to bank notes issued before the coming into operation of this Act by banks duly authorised to issue such notes.

(4) Any person contravening the provisions of subsection (1) is, notwithstanding anything to the contrary in any other law, guilty of an offence and liable on summary conviction to a fine of one thousand dollars or to a term of imprisonment for twelve months or to both such fine and such imprisonment.

(5) A prosecution under this section shall not be instituted except with the approval of the Board.

29. Any person who makes or causes to be made or uses for any purpose whatsoever, or utters any document purporting to be or in any way resembling or so nearly resembling as to be calculated to deceive, any currency note or any part thereof, is guilty of an offence and liable on summary conviction to a fine of five thousand dollars or to a term of imprisonment for two years or to both such fine and such imprisonment; and the court shall order the document in respect of which the offence was committed and any copies of that document and any plates, dies, or other instruments used for or capable of being used for printing or reproducing any such document, which are in the possession of such offender to be delivered to the Bank. Imitation of currency notes

30. Any person who wilfully and without lawful authority or excuse (the onus of proof of such lawful authority shall be on the person accused) mutilates, cuts, tears or perforates with holes any note issued by the Bank under this Act or in any way defaces a note whether by writing, printing, drawing or stamping thereon, or by attaching or affixing thereto anything in the nature of an advertisement, is guilty Mutilating or defacing currency notes

of an offence and liable on summary conviction to a fine of two hundred and fifty dollars or to six months imprisonment or to both such fine and such imprisonment.

Definition
of "note"
Ch. 4. No. 12

31. For the avoidance of doubt it is hereby declared that the expression "note" in this Act is within the meaning of the expression "currency note" in the Forgery Ordinance.

Requirement of
Bank to exchange
dollars for
sterling and
vice versa

32. (1) The Bank shall on demand issue its notes and coins in exchange for an equivalent amount in sterling for immediate delivery in London and redeem its notes and coins for sterling for immediate delivery in London, and may,

- (a) from time to time fix an exchange charge in respect of issue or redemption not exceeding 1 per cent. of the sum exchanged;
- (b) fix a minimum amount that may be tendered for issue or redemption.

(2) The exchange charge and the minimum amount fixed according to subsection (1) shall be published as soon as possible in the *Gazette*.

Assets to cover
currency in
circulation

33. (1) The Bank shall at all times hold assets of an amount in value sufficient to cover fully the value of the total amount of notes and coins for the time being in circulation.

(2) Such assets shall consist of all or any of the following:—

- (a) gold coin or gold bullion;
- (b) notes and coins in sterling or in such other convertible currencies which the Minister may designate from time to time on the advice of the Bank;
- (c) bank balances, money at call and time balances with banks in the United Kingdom and in such other countries having convertible currencies which the Minister may, from time to time, on the advice of the Bank, designate;
- (d) treasury bills and other securities issued by the Government of the United Kingdom and by the Governments of such other countries having convertible currencies which the Minister may, from time to time, on the advice of the Bank, designate;

- (e) treasury bills and securities issued or guaranteed by the Government which in the aggregate do not exceed in value fifty per centum of the amount in value of the total assets held under the provisions of this section.
- (f) contributions to the capital of, or advances to international financial organisations made by the Bank under paragraph (h) of section 36.

PART III

CAPITAL AND RESERVE

34. (1) The authorised capital of the Bank is five million dollars. Capital of the Bank

(2) Upon the establishment of the Bank there shall be paid up by the Government from the Consolidated Fund in respect of such capital the sum of two million dollars.

(3) The paid-up portion of the authorised capital may be increased by such amount as the Minister may from time to time approve and the Government shall subscribe and pay the amount of such increase to the Bank from the Consolidated Fund.

(4) The authorised capital of the Bank may, with the approval of the Minister, be increased by resolution of the Board and any such resolution shall be ratified by Parliament.

35. (1) The Bank shall establish and maintain a General Reserve Fund. General Reserve Fund

(2) At the end of each financial year, the net profit of the Bank for that year, after allowing for the expenses of operation and after provision has been made for bad and doubtful debts, depreciation in assets, contribution to staff pension fund and other contingencies, shall be placed in the General Reserve Fund.

(3) When the sum standing to the credit of the General Reserve Fund equals the Bank's authorised capital, the residue of the net profits referred to in subsection (2) shall be paid into the Consolidated Fund.

PART IV
THE BUSINESS OF THE BANK

Authorised
business of
Bank

36. Subject to this Act, the Bank may—
- (a) issue and redeem notes and coins in accordance with Part II;
 - (b) issue demand drafts and other kinds of remittances made payable at its head office or at the office of its branches, agencies or correspondents;
 - (c) purchase, and sell gold coin and bullion;
 - (d) open accounts for and accept deposits from—
 - (i) the Government;
 - (ii) local Government authorities and statutory bodies;
 - (iii) such other public authorities and such financial institutions in Trinidad and Tobago as the Minister may from time to time approve; and
 - (iv) commercial banks;
 - (e) purchase from, sell to, discount and rediscount on behalf of the bodies, authorities and institutions referred to in paragraph (d)—
 - (i) bills of exchange and promissory notes issued for commercial, industrial or agricultural purposes and maturing within one hundred and eighty days from the date of acquisition;
 - (f) purchase and sell treasury bills and securities of or guaranteed by—
 - (i) the Government;
 - (ii) the Government of the United Kingdom; or
 - (iii) such other Governments or international financial institutions as may be designated by the Minister on the advice of the Bank;
 - (g) with the approval of the Minister, acquire, hold and sell shares or other securities of any statutory body or any company registered under the Companies Ordinance for the purpose of promoting the development of a money or

- securities market in Trinidad and Tobago or for financing the economic development of Trinidad and Tobago, so, however, that total holdings of such shares do not exceed the aggregate total of the authorised capital and the General Reserve Fund of the Bank;
- (h) with the approval of the Minister, make contributions to the capital of, or advances to international financial organisations;
 - (i) grant to the bodies, authorities and institutions referred to in subparagraphs (ii), (iii) and (iv) of paragraph (d) on such terms and conditions as the Bank may from time to time determine, advances for fixed periods not exceeding six months on the security of any of the following—
 - (i) gold coins or gold bullion;
 - (ii) Treasury Bills of the Government;
 - (iii) securities issued or guaranteed by the Government;
 - (iv) such bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the Bank;
 - (v) warehouse warrants or their equivalent securing possession of goods in respect of finished or semi-finished products duly insured and secured with a letter of hypothecation from the owner; but in the event of any such debt due to the Bank becoming in the opinion of the Bank endangered, the Bank may secure the debt on any real or personal property of the debtor and may in the event of default secure that property, which may be sold as soon as practicable thereafter;
 - (vi) such other securities as may from time to time be approved by the Bank;
 - (j) purchase and sell foreign currencies and foreign bills of exchange;
 - (k) open accounts with and keep accounts for central banks and international financial institutions and with other banks outside of

- Trinidad and Tobago and utilize any such accounts as the Bank thinks expedient for due performance of the functions of the Bank;
- (l) make arrangements or enter into agreements with any commercial bank or financial institution outside of Trinidad and Tobago to borrow, in such manner at such rate of interest and upon such other terms and conditions as it may think fit, such sums in foreign currency as the Bank may think it expedient to acquire for the purpose of its day to day operations;
 - (m) underwrite any Government loans in which it may invest;
 - (n) undertake the issue and management of loans to be issued in Trinidad and Tobago by the Government or by any public authority;
 - (o) act as agent to the Government in respect of exchange control;
 - (p) accept for custody securities and other articles of value;
 - (q) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities and credit instruments within and outside of Trinidad and Tobago and the purchase or sale of gold and silver;
 - (r) establish and maintain in conjunction with commercial banks operating in Trinidad and Tobago a clearing house in Port-of-Spain and in such other places as the Bank may consider necessary;
 - (s) do any other banking business incidental to or consequential upon the provisions of this Act and not prohibited by this Act.

Restrictions
on business
of the Bank

- 37.** (1) Except as authorised by this Act and subject to subsections (2) and (3), the Bank may not—
- (a) engage in any trade;
 - (b) purchase the shares of any company or grant loans upon security of any shares;
 - (c) purchase the shares of any corporation including the shares of any banking company;
 - (d) lend money or make advances upon security of real property;

- (e) grant unsecured loans or advances;
- (f) purchase, acquire or lease real property;
- (g) accept for discount or as security for advances made by the Bank bills or notes signed by members of the Board or by the Bank's officers or employees.

(2) Paragraph (d) of subsection (1) does not apply to cases where the security for a debt due to the Bank has or is likely, in the opinion of the bank, to become inadequate. In any such case the Bank may secure itself on any real property of the debtor and may acquire such real property but shall as soon as practicable thereafter re-sell such real property.

(3) The Bank may purchase, acquire or lease real property where the Bank considers it necessary or expedient for the provision or future provision of business premises for the Bank and its agencies and of such official residences as may be approved by the Minister, and in any such case paragraph (f) of subsection (1) shall not apply.

PART V

RELATIONS WITH OTHER BANKS

38. The Bank may act as banker to commercial banks in Trinidad and Tobago and as agent of and correspondent to banks abroad.

Bank as banker's
banker

39. The Bank shall from time to time fix and announce rates and charges and its minimum rates for discount and rediscount.

Minimum discount
and rediscount
rates

40. (1) Every commercial bank shall hold and maintain as a deposit with the Bank a cash reserve balance against deposit liabilities in such ratio as the Bank may by notice published in the *Gazette* prescribe from time to time, so, however, that such ratio shall not be less than five per centum.

Reserve
requirements
of commercial
banks

(2) For the purposes of this section, the Bank may by notice published in the *Gazette*:—

- (a) define the classes of deposit liabilities;
- (b) prescribe different ratios in respect of each class of deposit liabilities;

(c) when in the opinion of the Bank special monetary conditions so warrant, prescribe additional reserve ratios in respect of increases in total deposit liabilities.

(3) For the purpose of determining the amount of the cash reserve balance required to be maintained by any commercial bank during a period of one week,

(a) the amount of the deposit liabilities of such commercial bank shall be the average of its deposit liabilities at the close of business on Wednesday in each of the four preceding consecutive weeks ending with the last Wednesday but one;

(b) the amount of the cash reserve balance of such commercial bank with the Bank shall be the average amount of such balance at the close of business on each day of the current week.

(4) Subject to subsection (5), whenever any commercial bank fails to maintain the amount of the cash reserve balance required to be maintained under this section, the Bank shall notify such commercial bank of the deficiency and the commercial bank shall pay to the Bank interest on the amount of the deficiency at such rate, not in excess of one-thirtieth of one per centum per day, as the Bank may fix by notice published in the *Gazette*.

(5) If any commercial bank fails to maintain the amount of the cash reserve balance required by this section for longer than a period of one week, the Bank may require such commercial bank to pay additional interest not in excess of twice the amount of interest fixed in accordance with subsection (4).

(6) Notwithstanding anything contained in this section, the Bank may by notice published in the *Gazette*—

(a) permit commercial banks to count all or part of their notes and coins as cash reserve balance required under this section;

(b) decide to pay to commercial banks interest at such rate as may be determined by the Bank on the amount by which its balance actually maintained is in excess of the cash reserve balance required to be maintained under this section.

(7) The provisions of any notice required to be published in the *Gazette* under this section shall take effect on or after the date of publication as may be stated in the notice and shall apply uniformly to all commercial banks.

41. The Bank may require any commercial bank to furnish, within such time and in such form as the Bank determines, such information as the Bank may consider necessary to ensure that the minimum cash reserve requirement is or has been complied with. Power of Bank to require information from commercial banks

42. (1) In order to determine what steps, if any, are necessary to be taken to encourage the expansion of credit in any or all sectors of the economy, the Bank shall from time to time consult with the commercial banks. Selective credit control

(2) The Bank may, after consultation with the commercial banks, and with the approval of the Minister, impose controls in respect of the volume terms and conditions upon which credit may be made available to all or any sectors of the economy, when in its judgment, the imposition of such controls is necessary to restrict or prevent an undue expansion of credit.

(3) The imposition of any controls under the provisions of subsection (2) of this section shall be by notice published in the *Gazette*, and the provisions of any such notice shall take effect on or after the date of publication as may be stated in the notice and shall apply uniformly to all commercial banks.

(4) The provisions of subsections (1), (2) and (3) shall apply *mutatis mutandis* to such financial institutions, persons or classes of persons as may be designated by notice issued by the Minister to such financial institutions, persons or classes of persons and published in the *Gazette*.

43. (1) The Bank may, from time to time,

- (a) prescribe the manner of determination of the maximum amount of the working balances which commercial banks may hold in foreign currencies generally or in any specified currency or currencies; Bank to fix the maximum of working balances
- (b) require such banks to sell to the Bank all or any specified part of the surpluses in excess of such maximum amount.

(2) The Bank may permit any bank to hold working balances in any specified foreign currency in excess of the maximum amount fixed or determined for such currency under subsection (1).

(3) In ascertaining whether the working balances of any commercial bank in any foreign currency are in excess of the maximum amount fixed or determined as hereinbefore provided, there may be deducted from such balances the net liabilities of that bank in currencies into which such currency is convertible.

Proportion of local assets to liabilities in Trinidad and Tobago

44. The Bank may, by notice published in the *Gazette*, determine the minimum ratio that after the expiration of six months from the date of service of the notice, Trinidad and Tobago assets held by the commercial banks will bear to their respective liabilities in Trinidad and Tobago; but any variation of such ratio shall not exceed ten percentage points in any one period of six months.

PART VI

RELATIONS WITH THE GOVERNMENT

Bank as banker to the Government

45. The Bank shall act as banker to the Government and shall be entrusted with such Government banking business in Trinidad and Tobago and abroad as may be assigned to it by the Minister.

Power of Bank to make advances to Government

46. (1) The Bank may make temporary advances to the Government on such terms and conditions as may be agreed upon between the Bank and the Minister.

(2) The total amount of outstanding advances made under this section shall not at any time exceed fifteen per centum of that portion of the estimates of annual revenue of the Government which comprises the sum of total recurrent revenues and capital receipts (exclusive of local and external loans) for the financial year in which the advances were initially made.

(3) All advances granted under this section shall be repaid as soon as possible and, in the event that any

advances made in an earlier financial year remain outstanding in the current financial year, the power of the Bank to make further advances to the Government under this section shall be limited to the amount by which the total amount authorised in the year of the earliest outstanding advance exceeds the unpaid balance thereof.

47. Apart from the assets held under section 33, the Bank shall not hold securities (including Treasury Bills) issued or guaranteed by the Government as calculated on the nominal value thereof, which at any time, exceed the greater amount of—

- (a) seven times the authorised capital of the Bank; or
- (b) seven times the sum of the paid up capital of the Bank and the amount standing to the credit of its General Reserve Fund.

48. (1) The Bank shall on such terms and conditions as may be agreed between the Minister and the Bank, act as agent for the Government in the payment of principal and interest and generally in respect of the management of the public debt.

(2) Prior to any borrowing from a source other than the Bank by the Government or any statutory corporation the funds and resources of which are being provided or which is owned in whole or in part by the Government, the Government or such statutory corporation shall submit to the Bank such data as the Bank may request in order to enable the Bank to recommend in respect thereof appropriate terms, maturities and other conditions.

49. The Board shall keep the Minister informed of the monetary and banking policy pursued or intended to be pursued by the Bank.

50. The Minister may, after consultation with the Governor, issue to the Bank such written directives of general nature as may be necessary to give effect to the monetary and fiscal policies of the Government.

PART VII

ACCOUNTS, REPORTS AND STATISTICS

Bank's financial
year

51. The financial year of the Bank shall coincide with the financial year of the Government.

Accounts and
Audits

52. (1) The accounts of the Bank shall be audited annually by auditors who shall be appointed by the Board each year with the approval of the Minister.

(2) Notwithstanding subsection (1), the Minister may at any time require the Auditor-General to examine and report on the accounts of the Bank and the Bank shall provide the Auditor-General with all necessary and appropriate facilities for such examination.

Reports

53. (1) The Bank shall, within three months after the end of each financial year, cause to be made and to be transmitted to the Minister—

(a) a report dealing generally with the operation of the Bank during the last preceding financial year; and

(b) a copy of the annual audited statement of accounts certified by the auditors.

(2) The Minister shall as soon as possible after their receipt—

(a) cause a copy of the report together with the annual audited statement of accounts thereon to be laid before Parliament; and

(b) cause a copy of the annual audited statement of account to be published in the *Gazette*.

(3) The Bank shall once in every week cause to be made out and transmitted to the Minister a statement showing its assets and liabilities and every such statement shall be published in the *Gazette*.

Statistical
information
from Banks

54. The Bank may at any time for the purpose of carrying out its functions under this Act require a commercial bank and such financial institutions, persons or classes of persons as may be subject to this Act to furnish such statistical information as the Bank may specify.

PART VIII

GENERAL

55. The Bank is exempt from the provisions of any Act relating to income taxation or company taxation and from the payment of stamp duty. Exemption from taxation and stamp duties

56. (1) Except in so far as may be necessary for the due performance of its objects, every officer and employee of the Bank shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of the Bank or of any commercial bank or of any customers thereof that may come to his knowledge in the course of his duties. Secrecy and penalty for disclosing information

(2) Any such officer or employee who communicates any such matter to any person other than the Board or an officer of the Bank authorised in that behalf by the Governor or suffers or permits any unauthorised person to have access to any books, papers or records relating to the Bank or any commercial bank, is guilty of an offence and liable on summary conviction thereof to a fine of two thousand dollars or to imprisonment for two years or to both such fine and such imprisonment.

(3) No director, officer or employee of the Bank shall be required to produce in any Court any book or document or to divulge or communicate to any Court any matter or thing coming under his notice in the performance of his duties under this Act except on the direction of the Court in so far as may be necessary for the purpose of carrying into effect the provisions of this Act.

57. Any director, officer or auditor of the Bank who, knowing it to be false in any material particular— Transfer of statements, accounts or lists

(a) verifies any statement, account or report of the Bank; or

(b) causes to be delivered or transmitted any such statement, account or report,

is guilty of an offence and is liable on summary conviction to a fine of two thousand dollars or to imprisonment for two years or to both such fine and such imprisonment.

58. Any officer of a commercial bank or financial institution who, knowing a statement of that bank or that financial institution issued pursuant to this Act to be false in a material particular, transmits or causes to be trans- Transmission of false information by officers of commercial banks

mitted to the Bank or such financial institution, such statement, is guilty of an offence and liable on summary conviction to a fine of two thousand dollars or to imprisonment for two years or to both such fine and such imprisonment.

Method of
service

59. Every notice served under this Act by the Bank may be served by post.

Regulations
and Rules

60. (1) The Governor-General may make such regulations as are necessary in order to give effect to the provisions of this Act.

(2) The Bank, with the approval of the Minister may make such rules as are necessary for its internal administration and management.

PART IX

TRANSITIONAL PROVISIONS AND REPEAL

Transfer of
assets of
Currency Fund of
Currency Board
to the Bank

61. As soon as is practicable after the commencement of this Act, there shall be transferred to the Bank the assets of the Currency Fund of the Currency Board or any successor organization in an amount equal to the notes and coins surrendered by the Bank to that Board or any successor organization.

Non-application
of Exchequer and
Audit Ordinance.
Ord. No. 20-1959

62. The provisions of the Exchequer and Audit Ordinance, 1959, shall not apply to the Bank.

Passed in the House of Representatives this twentieth day of November, 1964.

J. E. CARTER
Acting Clerk, House of Representatives

Passed in the Senate this eighth day of December, 1964.

J. E. CARTER
Acting Clerk of the Senate