

LAWS OF FIJI

CHAPTER 210

RESERVE BANK OF FIJI

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Act No. 14 of 1983

AN ACT

**TO ESTABLISH THE RESERVE BANK OF FIJI AS SUCCESSOR TO THE CENTRAL
MONETARY AUTHORITY OF FIJI AND FOR PURPOSES CONNECTED
THEREWITH**

[1 January 1984W]

PART I PRELIMINARY

Short title

- 1.** This Act may be cited as the Reserve Bank of Fiji Act.

Interpretation

- 2.** – (1) In this Act, unless the context otherwise requires-

"bank" has the meaning given to it by the Banking Act; (*Cap.212*)

"banking business" has the meaning given to it by the Banking Act;

"Board" means the Board of Directors of the Reserve Bank established under section **9**;

"credit institution" has the meaning given to it by the Banking Act;

"currency" means bank note, currency note or coin;

"director" means a member of the Board;

"Deputy Governor" means the Deputy Governor of the Reserve Bank appointed under section **17**;

"dollar" means the currency established under section **21**;

"financial institution" has the meaning given to it by the Banking Act;

"Governor" means the Governor of the Reserve Bank appointed under section **11**;

"Reserve Bank" means the Reserve Bank of Fiji established under section **3**;

"statutory corporation" means a body corporate established under any written law, other than a law relating to the formation and registration of companies.

(2) Notwithstanding sub-section(1), it is hereby declared that, for the purposes of this Act, the Fiji Sugar Corporation Limited shall be deemed to be a statutory corporation.

PART II -CONSTITUTION

Establishment of Reserve Bank and transfer of assets and liabilities

3. – (1) The Reserve Bank of Fiji is hereby established in accordance with the provisions of this Act.

(2) The Reserve Bank shall be a body corporate with perpetual succession and a common seal. It shall be capable of entering into contracts, suing or being sued in its own name and shall, subject to the provisions of this Act, have power to acquire, hold and dispose of real and personal property. The Reserve Bank shall have power to make such expenditure as it deems necessary for the proper discharge of its functions.

(3) The assets and liabilities and contractual rights and obligations of the Central Monetary Authority of Fiji established under the Central Monetary Authority of Fiji Act, 1973W are hereby transferred to the Reserve Bank and any currency issued or deemed to have been issued under the Central Monetary Authority of Fiji Act, 1973W shall be deemed to have been issued by the Reserve Bank.

(4) Any reference in any Act, subsidiary legislation, instrument or document to the Central Monetary Authority of Fiji shall, unless inconsistent with the subject matter, be deemed and be taken to refer to and mean the Reserve Bank.

Principal purposes of Reserve Bank

4. The Principal purposes of the Reserve Bank shall be-

(a) to regulate the issue of currency, and the supply, availability and international exchange of money;

(b) to promote monetary stability;

(c) to promote a sound financial structure; and

(d) to foster credit and exchange conditions conducive to the orderly and balanced economic development of the country.

Offices, branches, agents and correspondents

5. The Reserve Bank shall have its head office in Suva or such other place as the Minister may determine and may establish branches within Fiji, appoint agents and correspondents within Fiji and abroad, and, with the approval of the Minister, establish offices abroad.

PART III CAPITAL, PROFITS AND RESERVES

Capital

6.—(1) The authorised capital of the Reserve Bank shall be \$5,000,000 which may be increased from time to time by any amount proposed by the Board and approved by the Minister.

(2) There shall be issued to the Government, upon the establishment of the Reserve Bank, an initial amount of \$2,000,000 of capital stock and any subsequent amount by the Board and approved by the Minister.

(3) The initial amount of capital stock issued to the Government shall be deemed to be fully paid by reason of the extinction of the capital stock of the Central Monetary Authority of Fiji, and any subsequent amounts of capital stock issued shall be paid up in full by the Government at the time of issue or may, if the Minister so elects, be credited as fully paid by debit to the General Reserve established under section 8.

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

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

Profits

7. The net profits of the Reserve Bank for any financial year shall be determined by the Reserve Bank after meeting all current expenditure for that year and after making provisions for-

(a) bad and doubtful debts; depreciation in assets, and contributions to staff and pension funds;

(b) any other purposes as the Board may deem necessary.

General Reserve

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

(a) 100 per cent of the net profits of the Reserve Bank whenever the General Reserve does not exceed 50 per cent of the authorised capital of the Reserve Bank;

(b) 50 per cent of the net profits of the Reserve Bank whenever the General Reserve exceeds 50 percent of the authorised capital of the Reserve Bank until the General Reserve is equal to the authorised capital of the Reserve Bank;

(c) 25 per cent of the net profits of the Reserve Bank or such lesser sum as may be necessary to increase the General Reserve to twice the authorised capital of the Reserve Bank whenever the General Reserve exceeds 100 percent but does not exceed 200 percent of the authorised capital of the Reserve 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 Reserve Bank.

(2) After appropriate allocations have been made to the General Reserve under subsection (1), 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 Reserve Bank which have been issued in accordance with subsection (5) of section 6.

(3) The balance of the net profits for the financial year remaining after all allocations and applications under subsections (1) and (2) have been made shall be paid to the Consolidated Fund as soon as practicable after the end of each financial year.

(4) No deduction under subsection (2) shall be required to be made nor shall any payment under subsection (3) be made, if, in the judgement of the Board, the assets of the Reserve Bank are, or after the deduction or payment, would be, less than the sum of its liabilities and paid-up capital.

PART IV BOARD, MANAGEMENT AND EMPLOYEES

Board, its powers and responsibilities

9.–(1) There shall be a Board of Directors of the Reserve Bank, composed in accordance with section 10, which shall be responsible for its policy and affairs.

(2) The Board shall have powers-

(a) to make by-laws with the approval of the Minister for the conduct of the business of the Reserve Bank;

(b) to make regulations with the approval of the Minister generally for giving effect to the purposes of this Act;

(c) to issue directives for the purpose of giving effect to the provisions of this Act.

Membership of the Board

10. The Board shall be composed of 7 directors, namely-

(a) the Governor

(b) the Permanent Secretary for Finance; and

(c) 5 other members.

Appointment of Governor

11.–(1) The Governor shall be a person of recognised experience in financial matters, and shall be appointed by the Minister for a period of not less than 3 or more than 5 years but shall be eligible for re-appointment.

(2) The remuneration and other terms and conditions of employment of the Governor shall be as determined from time to time by the Higher Salaries Commission.

Directors

12. The members of the Board, other than the Governor and the Permanent Secretary for Finance-

(a) shall be appointed by the Minister from among persons of recognised standing in

agriculture, commercial, financial, industrial or professional matters; and

(b) shall hold office for a period not exceeding 3 years but shall be eligible for re-appointment; and

(d) shall be entitled to such fees and allowances as are determined by the Board and approved by the Minister.

Disqualification

13.—(1) No person, other than the Permanent Secretary for Finance, shall serve on the Board who is at the time of his appointment or later becomes—

(a) a member of either House of Parliament;

(b) a director, officer or employee of a corporation (other than the Reserve Bank) engaged wholly or mainly in banking business; or

(c) a public officer.

(2) A director, other than the Permanent Secretary for Finance, may resign his office on giving notice in writing to the Minister.

(3) No person shall be appointed or remain a director—

(a) who becomes or has anywhere been declared bankrupt and has not been discharged;

(b) who has anywhere been convicted of an offence involving dishonesty;

(c) who has, in the case of a person having professional qualifications, been disqualified or suspended from practising his profession by the order of any competent authority made in respect of him personally by reason of his misconduct.

(d) if the Minister, after consultation with the Governor, is satisfied that he is incapable of carrying out, or is guilty of serious misconduct in the performance of, the duties of his office.

Appointment to fill a vacancy

14. If a director dies or resigns or otherwise vacates his office before the expiry of the term for which he has been appointed, another person shall be appointed at the earliest opportunity, and in any event within 30 days, to fill the vacancy and shall hold office until the date when the appointment of the person in whose place he was appointed would have expired.

Duties of the Governor

15. – (1) The Governor shall-

(a) serve as Chief Executive Officer of the Reserve Bank responsible to the Board for the execution of its policy and the management of the Reserve Bank;

(b) except as may otherwise be provided in this Act, the by-laws of the Reserve Bank or the resolutions of the Board, have the power to act, contract, sign instruments and documents on behalf of the Reserve Bank and, pursuant to the resolutions of the Board, delegate any of these powers to the Deputy Governor or to other officers of the Reserve Bank.

(2) The Governor shall devote the whole of his professional services to the Reserve Bank and shall not, without approval of the Minister-

(a) receive any salary or supplement thereto from any source other than the Reserve Bank;

(b) occupy any other office or employment, whether remunerated or not, except as nominee of the Reserve Bank except that he may-

(3) In the event of the absence or incapacity of the Governor from whatever cause arising, the Deputy Governor appointed in accordance with section 17 shall have and may exercise all the powers and functions of the Governor in accordance with subsection (1).

(4) In the event of both the Governor and the Deputy Governor being unable for any reason to carry out their duties, the Minister may after consultation with the Board appoint another director, an officer of the Reserve Bank or any other person who is qualified for appointment as a director under this Act, to act as Governor for the time being; and any person so appointed shall, so long as his appointment continues, have all the powers and functions of the Governor.

(5) Any person, other than a director, who is appointed under this section to act as the Governor shall while so acting be deemed to be a director.

Meetings of the Board

16.–(1) The Board shall meet as often as the business of the Reserve Bank may require but not less frequently than 10 times in each year and so that there shall not be an interval greater than 2 months between 1 meeting of the Board and the next meeting.

(2) Meetings of the Board shall be convened, and notice given, in accordance with by-laws to be made and, in addition, the Governor or in his absence the Deputy Governor shall convene a meeting of the Board after receipt of a written request by any 2 directors or whenever, in his judgement, he deems it necessary.

(3) At all meetings of the Board, the Governor, or in his absence such director as the other directors present may select, shall preside.

(4) In the absence of the Governor, the Deputy Governor will participate in Board meetings and shall have the right to exercise a vote.

(5) 4 directors, of whom 1 shall be the Governor, or in his absence the Deputy Governor, shall form a quorum at any meeting and, unless otherwise provided in this Act, 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 Governor, or in his absence the director presiding, shall have and exercise a second or casting vote.

(6) The Deputy Governor shall be entitled to attend all meetings of the Board but, except in the circumstances specified in subsection (4) and (5), shall not cast a vote at any meeting of the Board and shall not be regarded as a member for the purpose of forming a quorum.

(7) No act or proceeding of the Board shall be invalidated merely by reason of the existence of a vacancy or vacancies among the directors.

(8) 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 discovered.

Power to appoint Deputy Governor, officers and employees

17. Subject to the provisions of the Higher Salaries Commission Act, the Board may appoint and employ, at such remuneration and on such terms and conditions as it may determine, an officer of the Bank to be Deputy Governor and such other officers and employees as the Board considers necessary for the efficient functioning of the Reserve Bank.

Conflicts of interest

18.—(1) No director shall act as a delegate of any commercial, financial, agricultural, industrial or other interest, 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 be directly or indirectly connected and shall refrain from voting on any matter related thereto which becomes the subject of Board action:

Provided that such an interest, if so disclosed, shall not disqualify the interested party for the purpose of constituting a quorum.

(3) No director nor any officer or employee of the Reserve 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.

Secrecy

19.—(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 written law, no director, or any officer or employee of the Reserve Bank shall disclose to any person any material information relating to the affairs of the Reserve Bank or of any bank or credit institution or other person which he has acquired in the performance of his duties under this Act.

(2) Any person contravening the provisions of this section shall be guilty of an offence and liable to a fine not exceeding \$200.

Personal immunity of directors, officers and employees

20. No director, officer or employee of the Reserve Bank shall be personally liable for an act or default of the Bank done or omitted to be done in good faith and without negligence in the course of the operations of the Bank.

PART V CURRENCY

Monetary unit

21. The monetary unit of Fiji is the dollar, divided into 100 cents.

Sole right to issue currency

22.—(1) The Reserve Bank shall have the sole right of issuing currency in Fiji and no other person shall issue currency or any documents or tokens payable to bearer on demand having the appearance of or purporting to be currency.

(2) Any person contravening the provisions of this section shall be guilty of an offence and liable to imprisonment for a term not exceeding 14 years.

Defacement of notes

23.—(1) No person shall, without the authority of the Reserve Bank, deface any bank note or currency note by means of any writing, printing, stamp, mark or erasure.

(2) Any person contravening the provisions of this section shall be guilty of an offence and liable to a fine not exceeding \$100.

Legal tender

24.—(1) Currency issued, or deemed to have been issued, by the Reserve Bank shall be legal tender in Fiji-

(a) in the case of notes, for the payment of any amount;

(b) in the case of coins, if the coins have not been tampered with-

(i) in the case of coins of denominations in excess of \$1, for the payment of any amount;'

(ii) in the case of coins of denominations of \$1 or less. For payment of an amount not exceeding 50 times face value.

(2) For the purposes of this Act, a coin shall be deemed to have been tampered with if it has been impaired, diminished or lightened (other than by fair wear and tear) or has been defaced, whether or not the coin has thereby been diminished or lightened.

Manufacture and characteristics of bank notes and coins

25.-(1) The Reserve Bank shall arrange for the printing of bank notes and the minting of coins and for all matters relating thereto, and for the security and safekeeping of unissued currency and for the custody, disposal and destruction, as necessary, of plates, dies and retired currency.

(2) The Reserve Bank, with the approval of the Minister, shall determine the denominations, composition, form, design, content and material of its currency.

(3) The characteristics of currency to be issued by the Reserve Bank shall be published in the Gazette.

Power of recall

26. Notwithstanding the provisions of section 24, the Reserve Bank shall have power, on giving notice in the Gazette and in 1 newspaper published and in general circulation in Fiji, to call in, for the purpose of withdrawing from circulation, any currency issued or deemed to have been issued by the Reserve Bank on payment of the face value thereof, and any such currency so recalled shall, on the expiration of the time limit specified in the notice, cease to be legal tender:

Provided that the holders of any currency shall be entitled at any time to claim payment from the Reserve Bank of the face value thereof.

Issue, withdrawal and exchange of currency

27. The Reserve Bank shall issue, reissue and exchange on demand and without charge currency which it has or which is deemed to have been issued by it:

Provided that-

(a) in the event of the unavailability of a requested denomination, the Reserve Bank may deliver currency of available denominations which most nearly approximate those requested;

(b) a charge may be made for the issue or the reissue of any particular currency that the Minister has specified by notice made under paragraph (b) of the proviso to section 31.

Recovery of lost, stolen, mutilated or otherwise damaged currency

28.– (1) No person shall be entitled to recover from the Reserve Bank the value of any lost or stolen currency, except under the terms of any waiver expressly executed in respect of the assumption by the Reserve Bank of risks incidental to shipments of currency.

(2) The conditions under which mutilated or otherwise damaged currency may be exchanged or refunded at partial or face value shall be determined by the Reserve Bank.

Counterfeit currency

29. The Reserve Bank shall assist in the enforcement of any law related to the counterfeiting of currency in Fiji and certification by a duly authorised officer of the Reserve Bank that an item in question is or is not genuine shall be prima facie evidence of the fact in any legal proceeding in Fiji.

PART VI EXTERNAL RESERVE, FOREIGN EXCHANGE OPERATIONS AND REVALUATION RESERVE ACCOUNT

External Reserve

30. The Reserve Bank shall maintain an External Reserve consisting of all or any of the following on such terms and conditions as the Board may determine-

(a) gold;

(b) foreign exchange in the form of currency or bank balances held abroad;

(c) any international recognised reserve asset, including-

(i) the reserve tranche position of Fiji in the General Department of the International Monetary Fund; and

(ii) the holding of any special drawing rights by Fiji;

(d) bills of exchange and promissory notes denominated in foreign currency and payable at any place outside Fiji;

(e) treasury bills issued by foreign governments specified from time to time by the Board;

(f) securities issued or guaranteed by foreign governments, supranational organisations, international financial institutions or any foreign public, municipal or local authority specified from time to time by the Board;

(g) such other external assets as the Board, with the approval of the Minister, shall specify.

Value of External Reserve

31. The value of the External Reserve, provided for in section 30, shall be not less than an amount equal to 50 percent of the total demand liabilities of the Reserve Bank including currency in circulation but excluding non-interest bearing notes issued to international financial institutions:

Provided that the Minister may, on the recommendation of the Board, authorise the Reserve Bank-

(a) to alter the minimum reserve to such higher or lower proportions not being less than 25 percent and for such periods of time not exceeding 12 months as may be specified by him by notice in the Gazette;

(b) not to take into account in assessing the total demand liabilities of the Reserve Bank for the purposes of this section, such particular currency in circulation as may be specified by him by notice in the Gazette.

Operations in gold and foreign exchange

32. The Reserve Bank may-

(a) buy, sell or deal in gold or silver coins or gold bullion or other precious metals as defined in the Mining Act; (*Cap.146*)

(b) buy, sell or deal in foreign exchange using for these purposes any of the instruments commonly used in such banking transactions;

(c) buy, sell or deal in treasury bills and other securities issued or guaranteed by foreign governments, supranational organisations, international financial institutions or any foreign public, municipal or local authority specified from time to time by the Board;

(d) open and maintain accounts with central banks and other banks and financial institutions abroad;

(e) open and maintain accounts for, and act as agent or correspondent for, foreign central banks, monetary authorities, commercial banks, foreign governments and agencies, supranational organisations and international financial institutions;

(f) borrow foreign exchange; and

(g) establish foreign credits.

Limitations

33. The Reserve Bank shall, in connection with the operations enumerated in section 32, deal only with banks and credit institutions doing business in Fiji, the Government, statutory corporations, foreign governments or their agencies, supranational organisations, central banks, monetary authorities, commercial banks, international financial institutions, foreign public, municipal or local authorities and members of a recognised overseas stock exchange.

Revaluation Reserve Account

34.–(1) The gains or losses arising from any change in the valuation of the Reserve Bank's assets or liabilities in, or denominated in, gold or foreign currencies or any internationally recognised reserve asset as a result of alterations of the exchange rate of the currency of Fiji, or of any change in the values of those assets or liabilities with respect to the currency of Fiji, shall be credited or debited to a Revaluation Reserve Account and neither profit nor loss arising from any such change shall be included in the computation of the annual profit or loss of the Reserve Bank.

(2) Any net loss arising from any such change referred to in subsection (1) shall be set off against any credit balance in the Revaluation Reserve Account and, notwithstanding any other provision of this Act, if such balance is insufficient to cover that loss, the Government shall cause to be transferred to the ownership of the Reserve Bank non-negotiable non-interest bearing securities issued by the Government to the extent of any deficiency.

(3) Any credit balance in the Revaluation Reserve Account at the end of each financial year of the Reserve Bank shall be applied, on behalf of the Government, to the redemption of all securities issued and outstanding under subsection (2) of this section and subsection (5) of section 6; one fifth of the remaining balance shall be paid to the Government to be used for such purposes as the Government, after consultation with the Reserve Bank, may decide:

Provided that, when the remaining balance does not exceed \$100,000 it shall be paid in full to the Government.

(4) No credit or debit shall be made to the Revaluation Reserve Account except in accordance with the provisions of this section.

External value

35. The external value of the Fiji dollar shall be determined, from time to time, in a manner proposed by the Reserve Bank and approved by the Minister and which has due regard to the obligations which Fiji has assumed in accordance with the provisions of any international monetary agreement to which it is a party or to which it has adhered.

Exchange rates

36.—(1) The Reserve Bank may determine the rate at which Fiji currency may be exchanged for the currency of any other country.

(2) Any person who exchanges any Fiji currency for the currency of any other country at a rate other than the rate determined under subsection (1) shall be guilty of an offence and liable to imprisonment for a term not exceeding 12 months or to a fine not exceeding \$2,000 or to both.

PART VII RELATIONS WITH BANKS AND CREDIT INSTITUTIONS

Opening accounts for banks and credit institutions

37. The Reserve Bank may, under such terms and conditions as the Board may determine—

(a) open accounts for, and accept deposits from, bank and credit institutions doing business in Fiji; and

(b) open accounts with, and place deposits with, banks and credit institutions doing business in Fiji.

Operations with account holders

38. The Reserve Bank may,

(a) for its own account and for holders of accounts with it, issue drafts and effects any other kinds of remittance payable at its own offices or at the offices of any agent and correspondent;

(b) purchase from, sell to, discount and rediscount for, holders of accounts with it bills of exchange and promissory notes drawn or made for bona fide commercial, industrial or agricultural purposes, bearing 2 or more good signatures of which 1 shall be that of a bank or credit institution and maturing within 183 days from the date of their acquisition by the Reserve Bank;

(c) for its own account, issue, sell or place bonds, certificates, notes and similar instruments and purchase such instruments from account holders;

(d) grant to holders of accounts with it advances for periods not exceeding 183 days—

(i) secured by—

(aa) instruments specified in paragraphs (b) and (c) of this section; or

(bb) warehouse warrants and documents of title issued in respect of staple commodities or other goods duly insured:

Provided that the Reserve Bank shall determine the maximum Percentage of

advances in relation to the current value of those Commodities or goods; or

(cc).holdings of any assets which the Reserve Bank is permitted to buy, sell, or deal in under section 32; or

(dd) notes, bills, stocks, securities or other evidence of indebtedness issued or guaranteed by the Government or any statutory corporation, subject to the provisions of section 51;

or

(ii) secured by such other assets or on such terms and conditions as the Board may specify.

Determination of rates

39. The Reserve Bank shall determine and publicly announce from time to time its minimum rates for discounts, rediscounts, advances, loans or overdrafts, and may determine different rates for various classes of transactions or maturities.

Required reserves of financial institutions

40.—(1) The Reserve Bank may, by written notice to the principal place of business in Fiji of each financial institution and by publication in the Gazette, specify the reserves required to be maintained against deposits and other similar liabilities which may be specified for this purpose. Those reserves shall be maintained by way of cash holdings or deposits with the Reserve Bank or by both in such proportions as the Reserve Bank may specify.

(2) The Reserve Bank may fix rates of interest to be paid to financial institutions on all or part of any reserves required to be maintained under subsection (1).

(3) The Reserve Bank may specify different reserve ratios for different classes of deposit and other similar liabilities and may specify the method of their computation: Provided that—

(a) the Reserve Bank shall not require a financial institution to hold a total amount of reserves in excess of 25 percent of the total deposit and other similar liabilities to which reserve ratios have been made applicable;

(b) the initial specification of, or any increase in, the required reserve ratios shall be effective only after at least 30 days' notice thereof has been given and shall not relate to a period prior to the initial date of notice;

(c) the Reserve Bank may determine that the requirements of this subsection may be met by meeting the specific reserve ratio on the basis of averages of daily reserve holdings over such period as the Reserve Bank may specify;

(d) the specified reserve ratios shall be uniform for all financial institutions within the same category.

(4) The Reserve Bank may impose on any financial institution which fails to maintain required reserves in the appropriate ratio specified under this section a penalty not exceeding one-tenth of one per cent per day on the amount of deficiency in the financial institution's reserve holdings until the deficiency is corrected.

Regulation of interest and credit

41.—(1) The Reserve Bank may, with the approval of the Minister, specify by publication in the Gazette and by written notice to the principal place of business in Fiji of each financial institution—

(a) the maximum or minimum, or maximum and minimum, rates of interest payable in respect of deposit and other similar liabilities and the method of computation thereof;

(b) the permissible purposes, aggregate ceilings, maximum amounts beyond which the approval of the Reserve Bank is necessary, the maximum maturities, and maximum and minimum rates of interest chargeable 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 paper;

(iii) the issuing of letters of credit;

(iv) the granting of acceptances and other forms of credit;

(c) the manner of disclosure to the public and to—

(i) each depositor in a financial institution, the effective annual interest rate payable in respect of deposits made therewith;

(iii) each person to whom credit is extended, the terms of obtaining such credit including the effective annual interest rate payable in respect thereof.

(2) The Reserve Bank, in its notices under this section, may—

(a) differentiate in respect of the items specified in paragraphs (a) and (b) of subsection (1) between—

(i) banks

(ii) credit institutions; and

(iii) other creditors, and between members of the classes referred to in subparagraphs (ii) and (iii) of this paragraph; and

(b) establish different criteria for different purposes under paragraphs (a) and (b) of subsection (1).

(3) The Reserve Bank may specify, by written notice to the principal place of business in Fiji of each financial institution and by publication in the Gazette, the minimum cash margin or security required in respect of the items enumerated in paragraph (b) of subsection (1):

Provided that any increase in the said minimum cash margin or security required shall only be effective after at least 30 days' notice thereof has been given and shall not relate to a period prior to the initial date of notice.

(4) With the approval of the Minister, the provisions of subsection (1), (2) and (3) may be made applicable by the Reserve Bank, by publications in the Gazette and by written notice, to any person having as a principal object of his business the extension of credit.

(5) The Reserve Bank shall have authority to examine the accounts, books, and papers of any person who it has reason to suspect is extending or has extended credit in violation of subsection (4) and the refusal to submit those accounts, books and papers shall be *prima facie* evidence of a violation.

(6) Any financial institution in wilful violation of subsection (1), (2) or (3) may be required to pay to the Reserve Bank for each violation a penalty not exceeding \$2,000.

(7) Any person to whom the provisions of subsection (1), (2) or (3) have been made applicable pursuant to subsection (4) shall be guilty of an offence if-

(a) that person is in breach of this section; or

(b) that person supplies false information or fails to furnish, within a specified time, any information required by the Reserve Bank to satisfy it that that person is complying with this section.

(8) Any person guilty of an offence under subsection (7) shall be liable-

(a) in respect of an offence under paragraph (a) thereof, to a fine not exceeding \$2,000; or

(b) in respect of an offence under paragraph (b) thereof, to a fine not exceeding \$200 for every day during which the offence continues.

Foreign exchange position

42. The Reserve Bank may determine-

- (a) the maximum amount of the working balances which financial institutions may hold in foreign currencies generally or in any specified currency; and
- (b) the maximum amount of indebtedness in foreign currencies generally or in any specified currency which financial institutions may incur.

Minimum holdings of unimpaired liquid assets

43.-(1)

(a) Every bank shall, in relation to its operations in Fiji, maintain such minimum holding of unimpaired liquid assets as may, from time to time, be specified by the Reserve Bank and published in the Gazette, so however that the minimum shall be the same for all banks and shall not exceed 35 percent of deposit and other similar liabilities.

(b) Every credit institution shall, in relation to its operations in Fiji, maintain such minimum holdings of unimpaired liquid assets as may, from time to time, be specified by the Reserve Bank, and published in the Gazette, so however that the minimum shall be the same for all such credit institutions and shall not exceed 35 percent of deposit and other similar liabilities.

(2) The Reserve Bank shall determine the method of computing the amounts of unimpaired liquid assets to be held by financial institutions.

(3) For the purposes of this section, —unimpaired liquid assets" means all or any of the following-

(a) Fiji currency;

(b) balances held with the Reserve Bank, excluding required reserves specified under section **40**;

and which mature in not more than 10 years;

(f) net claims on or net balances held with other banks in Fiji other than items in course of collection;

(g) bills of exchange eligible for rediscount by the Reserve Bank;

(h) such foreign exchange, in the form of currency or bank balances held abroad as the Reserve Bank may approve for this purpose; and

(i) such other assets as the Reserve Bank may specify.

(4) Any financial institution which fails to comply, within such reasonable time as the Reserve Bank may fix, with any requirements of subsection (1) shall be liable to pay, on being called upon to do so by the Reserve Bank, a penalty interest charge not exceeding one-tenth of one percent of the amount of the deficiency for every day on which the deficiency continues.

Local assets ratio

44. A financial institution shall maintain assets consisting of such claims payable in the currency of Fiji and other assets situated in Fiji in such minimum proportion of its deposits and other similar liabilities payable in Fiji as the Reserve Bank may specify.

PART VIII SUPPLY OF INFORMATION

Supply of information

45.—(1) A financial institution shall furnish to the Reserve Bank such information regarding its business, or that of any related company in Fiji or elsewhere, as the Reserve Bank may require for the purposes of this Act.

(2) The Reserve Bank may require a certificate from the auditor of the financial institution verifying the accuracy of any information furnished under subsection (1).

(3) Every director and every manager of a financial institution which fails to provide the required information or a certificate from its auditor after a reasonable period of notice shall be guilty of an offence and shall be liable to a fine not exceeding \$500 for every day during which the offence continues

(4) If information provided under this section is false in any material particular, every director and every manager of the financial institution shall be guilty of an offence and shall be liable to a fine not exceeding \$5,000.

(5) Any person who is prosecuted in respect of any offence under this section shall have a good defence if he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised, having regard to his position in the financial institution in respect of which the offence was committed.

(6) In subsection (1), —related company" means any body corporate which is or has at any relevant time been the financial institution's subsidiary or holding company or a subsidiary of its holding company or a holding company of its subsidiary.

Extension of any time limit for provision of documents and information

46. At the request of a financial institution, the Reserve Bank may extend any period within which the financial institution is, in accordance with the provisions of this Act, obliged to furnish any document or information.

PART IX RELATIONS WITH AND FOR THE GOVERNMENT

Reserve Bank to be banker, fiscal agent and depository to the Government

47.—(1) The Reserve Bank shall be the banker and fiscal agent of the Government and shall be the depository of Government funds:

Provided that—

(a) the Reserve Bank may also act in such capacities to any Ministry or the Department of Government or any statutory corporation; and

(b) the Government may maintain balances with and generally use the services of financial institutions on such terms and conditions as may be agreed between the Reserve Bank, the Minister and the parties concerned.

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

(3) It shall be the duty of the Reserve Bank to inform and advise the Minister about any matter which in the opinion of the Reserve Bank is likely to affect the achievement of its purposes.

Agent for the administration of Acts relating to banking and exchange control

48. The Reserve Bank shall exercise, as agent for the Government, such powers or functions under any law for the time being in force relating to exchange control and the regulation of financial institutions in Fiji as may be delegated to it by the Minister.

Advances to Government or statutory corporation

49. — (1) The Reserve Bank may grant temporary advances to the Government or any statutory corporation in respect of temporary deficiencies of current budget revenue, subject to repayment within 6 months following the end of the financial year in which they were granted, at such rates of interest as the Board may determine.

(2) If at the end of any financial year, any advance remains unpaid within the period provided for by subsection (1), that advance shall be taken into account when determining the maximum advances that may be made under that subsection in the following year.

(3) Without limiting the generality of subsection (1), the Reserve Bank is expressly authorised to make advances to the Government, on such terms and conditions as may be agreed between them, in respect of subscriptions and other payments resulting from, or incidental to, the membership of Fiji in any international financial institution, the participation of Fiji in any account thereof or any transactions and operations undertaken in connection therewith.

(4) The Reserve Bank shall be consulted by—

(a) the Minister, on the occasion of the preparation of the Government's budget, to the end of reaching an understanding on the total amount of credit that may be expected to be extended by the Reserve Bank to the Government during the following year;

(b) the Government, its institutions, agencies, statutory corporations and local government bodies at any time that either domestic or foreign credit operations are contemplated; in the event that, in the opinion of the Board, such operations individually or collectively appear to be of a magnitude inappropriate to prevailing economic conditions, the Reserve Bank shall report to the Minister drawing attention to the situation and recommending measures to rectify the situation.

Acquisition of evidence of indebtedness issued by the Government

50. The Reserve Bank may buy, sell or deal in notes, bills, stocks, securities or other evidence of indebtedness issued or guaranteed by the Government or any statutory corporation, 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 Reserve Bank and which mature in not more than 20 years.

Credit to the Government and statutory corporations

51.—(1) Except in accordance with this section and sections **38**, **49** and **50**, the Reserve Bank shall not, directly or indirectly, make advances to the Government or to any statutory corporation or acquire the notes, bills, securities or other evidence of indebtedness of, or guaranteed by, the Government or any statutory corporation or establish credits for the Government or any statutory corporation:

Provided that this section shall not operate to prevent the acquisition by the Reserve Bank of securities in accordance with subsection (5) of section **6** and subsection (2) of section **34** or its making advances in accordance with subsection (3) of section **49**.

(2) The total amount of outstanding advances made by the Reserve Bank to the Government or to any statutory corporation and of the holdings by the Reserve Bank of notes, bills, securities or other evidence of indebtedness of, or guaranteed by, the Government or any statutory corporation exclusive of credit permitted under subsection (5) of section **6** and subsection (2) of section **34** and of the amount of credits established for the Government or any statutory corporation shall, at no time, exceed 30 percent of the average annual ordinary revenue of the Government, except as provided in subsection (5) of this section.

(3) For the purposes of this section—

(a) the ordinary revenue of the Government shall include revenues from taxes, levies, duties, and fees, rents, profits and income from any investment or undertaking by the Government and any contribution to the revenue of the Government from any statutory corporation but shall not include loans, grants, other forms of economic aid or capital raised;

(b) the average of the annual ordinary revenue shall mean the average of the annual ordinary revenues for the 3 financial years immediately preceding for which accounts are available.

(4) If, in the opinion of the Board, the limitation provided in subsection (2) appears to be in danger of being exceeded, the Reserve Bank shall submit to the Minister a report containing such recommendations as it deems appropriate to remedy the situation. The Reserve Bank shall make further reports at intervals not to exceed 3 months until such time as, in its opinion, the situation has been rectified.

(5) If the limitation provided for in subsection (2) is reached, the Reserve Bank shall forthwith notify the Minister of the fact and shall permit no further increase, whether directly or indirectly, in the Reserve Bank's advances and holdings referred to in subsection (2):

Provided that the Minister may direct the Reserve Bank to permit temporary further increases in total of the advances, holdings and credits referred to in subsection (2) subject to an overall limitation of 40 percent of the average annual ordinary revenue to Government for a period not exceeding 6 months and the Reserve Bank shall thereupon give effect to that policy while the direction remains in operation.

Policy directives

52. The Minister may, after consultation with the Board, issue to the Reserve Bank such written directives of a general nature as may be necessary to give effect to the economic policies of the Government, and the Reserve Bank shall comply therewith.

Depository and fiscal agency of international financial Institutions and supranational organisations

53. The Reserve Bank shall, upon the designation by the Minister, serve as the depository and fiscal agency of, and the institution through which dealings shall be conducted with, international financial institutions and supranational organisations of which Fiji is a member.

PART X ACCOUNTS AND STATEMENTS

Financial year

54. The financial year of the Reserve Bank shall coincide with the financial year of the Government.

Accounts

55. – (1) The accounts of the Reserve Bank shall be audited by auditors appointed annually by the Board with the approval of the Minister.

(2) In its accounts, the Reserve Bank shall not be required to include the face value of any

particular currency in circulation that the Minister has specified by notice made under paragraph (b) of the proviso to section 31.

Publication of accounts and annual report and monthly return

56.—(1) The Reserve Bank shall, within 3 months after the close of each financial year, transmit to the Minister—

(a) a copy of the annual accounts certified by the auditors; and

(b) a report of its operations during that year.

(2) The Reserve Bank shall cause a copy of the annual accounts to be published in the Gazette.

(3) The Minister shall cause a copy of the annual accounts and the report of operations to be laid before Parliament at the next meeting subsequent to the submission thereof.

(4) The Reserve Bank shall, as soon as may be after the last Wednesday of each month, make up a return of its assets and liabilities as at the close of business on that day and send a copy of the return to the Minister and publish the return in the Gazette:

Provided that, where a Wednesday is a public holiday, a return shall be as at the preceding working day.

PART XI GENERAL

Exemption from Government taxes and duties

57. The Reserve Bank shall be exempt from all Government taxes and duties on its profits, purchases, operations, capital, property transactions and documents.

National Bank of Fiji and Fiji Development Bank

58. — (1) Notwithstanding anything to the contrary in the National Bank of Fiji Act, the provisions of this Act apply to the National Bank of Fiji. (Cap.213)

(2) After due consultation with the Fiji Development Bank, any section or subsection of this Act may be made applicable by the Minister to that Bank upon a finding by the Reserve Bank that it is engaging as a substantial part of its business in the acceptance of deposits of money from the public.

Prohibited activities

59. The Reserve Bank shall not—

(a) engage in trade, purchase the shares of any corporation or company, including the

shares of any banking company or otherwise have an ownership interest in any commercial, agricultural, industrial, or other undertaking except such interest as the Reserve Bank may acquire in the course of satisfaction of debts due to it:

Provided that all such interest so acquired shall be disposed of at the earliest suitable opportunity;

(b) purchase, acquire or lease real property except so far as the Reserve Bank shall consider it necessary or expedient for the provision or future provision of premises for the conduct of its business and for the housing of, and amenities for, its staff and similar requirements incidental to the performance of its functions under the provisions of this Act:

Provided that the Reserve Bank may let real property or premises not immediately required for the conduct of its business or for the housing of and amenities for its staff and similar requirements.

Banking Act

60. The Reserve Bank shall not be subject to any of the provisions of the Banking Act. (Cap.212.)

Prohibited names

61. Save with the written consent of the Minister on the recommendation of the Reserve Bank, no bank shall hereafter be licensed under the Banking Act by a name which includes any of the words "Central", "Fiji", "Fijian National", "National", "Reserve" or "State" or their equivalent in any other language. (Cap.212.)

Bank holidays

62.-(1) If the Reserve Bank considers it necessary or expedient in the public interest, it may by order declare any day a non-business day for financial institutions.

(2) Without prejudice to subsection (1), the Reserve Bank may in the event of hurricane, earthquake or other natural disaster declare in such manner as it considers appropriate any day a non-business day for financial institutions, which declaration may relate to any part of or to the whole of Fiji.

(3) Any day declared to be a non-business day under this section shall be regarded as a bank holiday for the purposes of the Bills of Exchange Act. (Cap.227.)

PART XII REPEAL

Repeal and saving

63. The Central Monetary Authority of Fiji Act, 1973 is repealed:

Provided that all subsidiary legislation made thereunder and in force at the time of coming into force of this Act shall be deemed to have been made under this Act and shall continue in force until other subsidiary legislation shall be made by virtue of this Act.

Controlled by Ministry of Finance
