



LAWS OF MALAYSIA

REPRINT

Act 519

CENTRAL BANK OF MALAYSIA ACT 1958

Incorporating all amendments up to 1 October 2008

CENTRAL BANK OF MALAYSIA ACT 1958

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LAWS OF MALAYSIA**Act 519****CENTRAL BANK OF MALAYSIA ACT 1958**

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LAWS OF MALAYSIA**Act 519****CENTRAL BANK OF MALAYSIA ACT 1958**

An Act to provide for the establishment, administration, powers and duties of a Central Bank of Malaysia.

*[Part III and paragraph 30(1)(a)—
Throughout Malaysia—12 June 1967,
P.U. 241/1967;
Remaining provisions—
Peninsular Malaysia—26 January 1959,
L.N. 12/1959;
Sabah and Sarawak—21 January 1965,
Act 16/1965]*

PART I**PRELIMINARY****Short title**

1. This Act may be cited as the Central Bank of Malaysia Act 1958.

Interpretation

2. In this Act, unless the context otherwise requires—

“bank”, in relation to Malaysia, means a licensed bank as defined in the Banking and Financial Institutions Act 1989 [Act 372] or an Islamic bank, and in relation to any country, territory or place outside Malaysia means a person lawfully carrying on therein business corresponding in whole or in part or in substance to “banking business” as defined in the Banking and Financial Institutions Act 1989, or to “Islamic banking business” as defined in the Islamic Banking Act 1983 [Act 276];

“Bank” or “Central Bank” means the Central Bank of Malaysia established by section 3;

“banking institution” means a licensed bank, a licensed merchant bank or a licensed finance company as defined in the Banking and Financial Institutions Act 1989 or an Islamic bank;

“Board” means the Board of Directors of the Central Bank;

“certificate of deposit” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable;

“Deputy Governor” means any Deputy Governor of the Central Bank;

“director” means a director appointed under section 10, and includes the Governor or Deputy Governor;

“Governor” means the Governor of the Central Bank;

“investment account liabilities” in relation to an Islamic bank means the deposit liabilities at that bank in respect of funds placed by a depositor with that bank for a fixed period of time under an agreement to share the profits or losses of that bank on the investment of such funds;

“Islamic bank” means a bank licensed under the Islamic Banking Act 1983;

“licensed institution” has the meaning assigned thereto in the Banking and Financial Institutions Act 1989;

“Minister” means the Minister charged with the responsibility for finance;

“other deposit liabilities” in relation to a banking institution other than an Islamic bank means deposit liabilities at that banking institution other than savings account, sight and time liabilities and deposit liabilities from another banking institution or the

Central Bank; and in relation to an Islamic bank means deposit liabilities at that bank other than savings account, investment account, sight and time liabilities and deposit liabilities from another banking institution or the Central Bank;

“other financial institution” means—

- (a) any licensed discount house, licensed money-broker, or scheduled institution, or representative office, as defined in the Banking and Financial Institutions Act 1989;
- (b) any non-scheduled institution, as defined in the aforesaid Act, which is engaged in the “provision of finance” as this expression is defined in that Act; or
- (c) such other person as may be specified by the Bank, from time to time, by notice published in the *Gazette*;

“record of balance of payments” means a record of such economic and financial transactions of Malaysia, whether direct or indirect, howsoever, wheresoever, or by whosoever, made, in relation to countries, territories or places outside Malaysia as the Bank may, from time to time, determine for the purpose of being included in such record;

“savings account liabilities” in relation to a banking institution means the total deposits at that banking institution which normally require the presentation of passbooks or such other documents in lieu of passbooks as approved by the Central Bank for the deposit or withdrawal of moneys;

“sight liabilities” in relation to a bank means the total deposits at that bank which are repayable on demand, but does not include savings account liabilities or the deposits of any other banking institution or of the Central Bank at that bank;

“Syariah Advisory Council” means the Syariah Advisory Council established under subsection 16B(1);

“time liabilities” in relation to a banking institution means the total deposits at that banking institution which are repayable otherwise than on demand, but does not include savings account liabilities or the deposits of any other banking institution or of the Central Bank at that banking institution.

PART II

ESTABLISHMENT, CAPITAL AND ADMINISTRATION
OF THE BANK**Establishment of Bank**

3. There shall be established a bank, to be called “Bank Negara Malaysia” or, in English, “Central Bank of Malaysia”, which shall be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in its own name.

Principal objects of Bank

4. The principal objects of the Bank shall be—

- (a) to issue currency in Malaysia and to keep reserves safeguarding the value of the currency;
- (b) to act as a banker and a financial adviser to the Government;
- (c) to promote monetary stability and a sound financial structure;
- (ca) to promote the reliable, efficient and smooth operation of national payment and settlement systems and to ensure that the national payment and settlement systems policy is directed to the advantage of Malaysia; and
- (d) to influence the credit situation to the advantage of Malaysia.

Offices of the Bank

5. (1) The Bank shall have its Head Office in Kuala Lumpur.

(2) The Bank may open branches and appoint agents and correspondents within and without Malaysia.

Capital

6. (1) The authorized capital of the Bank shall be two hundred million ringgit.

(2) Twenty million ringgit of the authorized capital shall be subscribed and paid up by the Government on the establishment of the Bank.

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

Provided that the payment of the increase in capital may be made by way of such transfers from the General Reserve Fund as the Minister may from time to time approve.

General Reserve Fund

7. (1) There shall be a General Reserve Fund of the Bank.

(2) At the end of each financial year, the net profit of the Bank for that year shall be determined after allowing for the expenses of operation and after provision has been made for bad and doubtful debts, depreciation in assets, contributions to staff and pension funds and such other contingencies as are usually provided for by banks.

(3) The net profit of the Bank shall be dealt with as follows:

- (a) such amount as the Minister, after consultation with the Board, so determines shall be placed to the credit of the General Reserve Fund; and
- (b) the remainder shall be paid to the Government:

Provided that—

- (i) in the case of any year at the end of which the General Reserve Fund is less than half the paid up capital of the Bank, the whole of the net profit shall be credited to the General Reserve Fund; and
- (ii) in the case of any year at the end of which the General Reserve Fund is not less than half the paid up capital of the Bank, but less than twice the paid up capital of the Bank, not less than thirty per centum of the net profit shall be credited to the General Reserve Fund.

Board of Directors

8. (1) There shall be a Board of Directors constituted as provided in this section, which shall be responsible for the policy and general administration of the affairs and business of the Bank.

(2) The Board of Directors of the Bank shall consist of—

(a) the Governor;

(b) not more than three Deputy Governors; and

(c) not less than five but not more than eight directors appointed under section 10.

(3) The Governor or, during any period of his absence or inability to act from illness or any other cause, any Deputy Governor so designated by the Governor, shall be entrusted with the day-to-day administration of the Bank, and may, subject as is expressly stated in this Act, give decisions and exercise all powers and do all acts which may be exercised or done by the Bank.

(4) The Governor and the Deputy Governors shall be answerable to the Board for their acts and decisions.

(5) In the event of the absence or inability to act of the Governor or any Deputy Governor during his term of office the Minister may appoint a person to discharge the duties of such office during the period of such absence or inability; and while so acting the person so appointed by the Minister shall act as an *ex officio* member of the Board.

Governor and Deputy Governor

9. (1) The Governor shall be appointed by the Yang di-Pertuan Agong and the Deputy Governors by the Minister.

(2) The Governor and the Deputy Governors shall each be appointed for a term not exceeding five years and shall be eligible for reappointment.

(3) The Governor and Deputy Governors shall devote the whole of their professional time to the service of the Bank and while holding office shall not occupy any other office or employment whether remunerated or not:

Provided that they may if so appointed with the approval of the Minister—

- (a) act as members of any committee or commission appointed by the Government to enquire into any matter affecting currency, banking, economic or financial matters in Malaysia;
- (b) become directors, governors or members of the board, by whatever name called, of any international bank or international monetary authority to which the Government shall have adhered or given support or approval;
- (c) become directors of any corporation in Malaysia in which the Bank may participate under paragraph 30(1)(j);
- (d) become directors or members of the board of management, by whatever name called, of any statutory authority or of any company as defined in subsection 4(1) of the Companies Act 1965 [Act 125].

(4) The Governor and the Deputy Governors shall be appointed on such terms and conditions as may be provided for in their respective letters of appointment.

(5) Notwithstanding anything contained in the foregoing provisions of this section, or in any other provision of this Act, it shall be lawful for the Governor or the Deputy Governors to be appointed by any written law to exercise such powers, discharge such duties, and perform such functions as may be specified in or under such written law, and to be conferred by such written law with such title of office in relation thereto as may be specified in such written law.

Appointment of directors

10. (1) The directors referred to in paragraph 8(2)(c) shall be appointed by the Yang di-Pertuan Agong.

(2) The directors appointed under subsection (1) shall be persons of standing and experience in affairs, and as directors of the Bank shall not act as delegates on the Board from any commercial, financial, agricultural, industrial or other interests with which they may be connected:

Provided that the said prohibition shall not extend to any directors holding or for the time being acting in the office of Secretary General to the Treasury or Deputy Secretary General to the Treasury.

(3) A director appointed under subsection (1) shall hold office for a term not exceeding three years and shall be eligible for reappointment.

(4) The directors appointed under subsection (1) shall be paid by the Bank such remuneration and allowances as may be prescribed by the Minister.

Disqualification of directors

11. (1) No person shall be appointed or shall remain as Governor, Deputy Governor or other director of the Bank who—

- (a) is or becomes a member of the Senate or House of Representatives or any Legislative Assembly;
- (b) is or becomes an “officer” or, subject to subsection 9(3), a “director” (as those words are defined in the Banking and Financial Institutions Act 1989) of any banking institution or other financial institution; or
- (c) is or becomes a public officer:

Provided that one of the directors appointed under section 10 may be the person holding the office of Secretary General to the Treasury or Deputy Secretary General to the Treasury, and notwithstanding subsection 10(3) any director so appointed shall remain a member of the Board for so long as he holds the office of Secretary General to the Treasury or Deputy Secretary General to the Treasury, as the case may be, or for such lesser time as may be provided in his letter of appointment.

(2) The Yang di-Pertuan Agong may terminate the appointment of the Governor, or any other director if he—

- (a) resigns his office;
- (b) becomes of unsound mind or incapable of carrying out his duties;
- (c) becomes bankrupt or suspends payment or compounds with his creditors;
- (d) is convicted by a court of law in Malaysia of an offence and sentenced to imprisonment for a term of not less than two years, or of any offence involving dishonesty, and has not received a free pardon;
- (e) is guilty of serious misconduct in relation to his duties;
- (f) is absent, except on leave granted by the Minister, from all meetings of the Board held during two consecutive months or during any three months in any period of twelve months;
- (g) fails to comply with his obligations under section 14.

(3) The Minister may terminate the appointment of any Deputy Governor on the grounds specified in subsection (2).

Vacancies in the office of Governor or Deputy Governor or of another director

12. If the Governor or any Deputy Governor or any other director dies or resigns or otherwise vacates his office before the expiry of the term for which he has been appointed another person may be appointed by the Yang di-Pertuan Agong, or in the case of a Deputy Governor, by the Minister, for the unexpired period of the term of office of the person in whose place he is appointed.

Meetings and acts of the Board

13. (1) The Governor, or in his absence any Deputy Governor so designated by the Governor, shall be the chairman of the Board.

(2) The chairman of the Board shall summon meetings as often as may be required but not less frequently than once in each month.

(3) At every meeting of the Board a quorum shall consist of four directors, and decisions shall be adopted by a simple majority of the votes of the directors present and voting:

Provided that in the case of an equality of votes, the chairman shall have a casting vote.

Director's interest in contract to be made known

14. (1) A director who is directly or indirectly interested in a contract made, or proposed to be made, by the Bank 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.

(2) A disclosure under subsection (1) shall be recorded in the minutes of the Board and, after the disclosure, the director—

(a) shall not be present at, or take part in, any deliberation or decision of the Board with respect to that contract; and

(b) shall be disregarded for the purpose of constituting a quorum of the Board for any such deliberation or decision.

(3) No act or proceeding of the Board shall be questioned on the ground of the contravention by a member of the Board of this section.

Officers and employees of the Bank

15. (1) The Bank may appoint such officers and employees as it considers to be necessary for the efficient conduct of the business of the Bank.

(2) Officers and employees of the Bank shall hold office for such period or periods, receive such salaries and allowances, and be subject to such other terms and conditions of service as may be determined by the Board.

(3) The Bank may, with the approval of the Minister, out of the funds of the Bank establish and maintain a pension and provident fund for its officers and employees and their dependents.

In this subsection, the expression “officers” includes the Governor and Deputy Governors.

(4) Where officers or employees of the Bank have been seconded or transferred to the service of the Bank from or have previously been in the service of the Federal or a State Government or other public authority approved by the Board, the appointments of those officers or employees shall, subject to any federal or State law, be made in accordance with such arrangements as to pensions and allowance for previous service as the Board may determine.

(5) The Bank may, with the approval of the Minister, out of the funds of the Bank, create and maintain a trust account to be called “the Bank Negara Malaysia Staff Welfare Account” for the benefit of its officers and employees, including their dependants.

(6) The Bank Negara Malaysia Staff Welfare Account shall be utilized for such purposes conducive to the welfare of the officers and employees of the Bank, including their dependants, as may from time to time be provided in trust directions to be issued by the Board with the approval of the Minister, and such directions may provide for the manner and the procedure for the making of the grants, loans or other payments from such Account.

Preservation of secrecy

16. Without prejudice to section 16A, 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 any law, no director, officer, or employee of the Bank, shall disclose to any person any information relating to the affairs of the Central Bank or of a banking institution or other financial institution or of a customer of the Central Bank or of a banking institution or other financial institution which he has acquired in the performance of his duties or the exercise of his functions.

Bank's power to report suspected offence

16A. (1) Where the Bank in the course of the exercise of any of its powers, or the discharge of any of its duties, or the performance of any of its functions, under this Act, the Exchange Control Act 1953 [*Act 17*], the *Insurance Act 1996 [*Act 553*], the Islamic Banking Act 1983, the Takaful Act 1984 [*Act 312*], the Banking and Financial Institutions Act 1989, the Money-Changing Act 1998 [*Act 577*], or under any other written law whatsoever, suspects any person to have committed any offence under this Act, or any of the aforesaid Acts, or any other written law whatsoever, it shall be lawful for the Bank to give information of such commission to a police officer in charge of a police station or to any other police officer, or to convey any or all information in relation to such offence to any banking institution, or to any other financial institution or other person affected by such offence, or to any authority or person having power to investigate under, or enforce, the provision of the law under which the offence is suspected by the Bank to have been committed.

(2) Subsection (1) shall have full force and effect, notwithstanding anything inconsistent therewith, or contrary thereto, in the Act and the Acts mentioned in subsection (1) or in any other written law.

Establishment of Syariah Advisory Council

16B. (1) The Bank may establish a Syariah Advisory Council, which shall be the authority for the ascertainment of Islamic law for the purposes of Islamic banking business, takaful business, Islamic financial business, Islamic development financial business, or any other business which is based on Syariah principles and is supervised and regulated by the Bank.

(2) The Syariah Advisory Council shall consist of such members as may be appointed by the Minister, on the recommendation of the Bank, from amongst persons who have knowledge or experience or both in the Syariah and also—

(a) banking;

(b) finance;

*NOTE—This Act has replaced the Insurance Act 1963 [*Act 89*] w.e.f. 1 January 1997—see subsection 214(1) of Act 553 and P.U. (B) 580/1996.

- (c) law; or
- (d) any other related discipline.

(3) If a judge of the High Court, the Court of Appeal or the Federal Court, or a judge of the Syariah Appeal Court of any State or Federal Territory, is to be appointed under subsection (2), such appointment shall not be made except—

- (a) in the case of a judge of the High Court, the Court of Appeal or the Federal Court, after consultation with the Chief Justice; and
- (b) in the case of a judge of the Syariah Appeal Court of any State or Federal Territory, after consultation with the Chief Syariah Judge of the respective State or Federal Territory, as the case may be.

(4) The Syariah Advisory Council shall have such functions as may be determined by the Bank and shall determine its own procedure.

(5) The members of the Syariah Advisory Council shall be paid such remuneration and allowances as may be determined by the Board from the funds of the Bank.

(6) Unless the Bank otherwise approves in writing, no member of the Syariah Advisory Council shall become a member of any Syariah advisory body of, or act as a Syariah consultant or Syariah advisor of, or assume any position or office to such effect for, or occupy any office or employment whether remunerated or not with, any banking institution or other financial institution.

(7) The Bank shall consult the Syariah Advisory Council on Syariah matters relating to Islamic banking business, takaful business, Islamic financial business, Islamic development financial business, or any other business which is based on Syariah principles and is supervised and regulated by the Bank, and may issue written directives in relation to those businesses in accordance with the advice of the Syariah Advisory Council.

(8) Where in any proceedings relating to Islamic banking business, takaful business, Islamic financial business, Islamic development financial business, or any other business which is based on Syariah principles and is supervised and regulated

by the Bank before any court or arbitrator any question arises concerning a Syariah matter, the court or the arbitrator, as the case may be, may—

- (a) take into consideration any written directives issued by the Bank pursuant to subsection (7); or
- (b) refer such question to the Syariah Advisory Council for its ruling.

(9) Any ruling made by the Syariah Advisory Council pursuant to a reference made under paragraph (8)(b) shall, for the purposes of the proceedings in respect of which the reference was made—

- (a) if the reference was made by a court, be taken into consideration by the court in arriving at its decision; and
- (b) if the reference was made by an arbitrator, be binding on the arbitrator.

(10) The Bank may establish a secretariat and such other committees as it considers necessary to assist the Syariah Advisory Council in the performance of its functions and may appoint any of the officers of the Bank or any other person to be a member of the secretariat or any of such committees.

(11) Any request for consultation or reference for a ruling of the Syariah Advisory Council under this Act or any other law shall be submitted to the secretariat.

(12) In this section—

- (a) “Islamic banking business” has the meaning assigned thereto in the Islamic Banking Act 1983;
- (b) “Islamic financial business” means financial business whose aims and operations do not involve any element which is not approved by Syariah; and
- (c) “takaful business” has the meaning assigned thereto in the Takaful Act 1984.

Remuneration not to be related to profits

17. No salary, fee, wage, or other remunerations, or allowance, paid by the Bank shall be computed by reference to the profits of the Bank.

PART III
CURRENCY

Unit of currency

18. (1) The unit of currency in Malaysia shall be the ringgit, which shall be divided into one hundred sen.

(2) Upon the coming into force of this section, every contract, sale, payment, bill, note, instrument and security for money and every transaction, dealing, matter and thing whatsoever relating to money or involving the payment of, or the liability to pay, any money which but for this subsection would have been deemed to be made, executed, entered into, done and had for, in and in relation to Malaysian dollars shall be deemed instead to be made, executed, entered into, done and had for, in and in relation to ringgit.

Parity

19. (1) The parity of the ringgit shall be determined by the Minister on the recommendation of the Bank in terms either of the currency or currencies of other members of the International Monetary Fund, the Special Drawing Right, the common denominator prescribed by the International Monetary Fund under paragraph I of Schedule C to the Articles of Agreement of the International Monetary Fund, or any other denominator consistent with the obligations of Malaysia under Article IV and Schedule C to the Articles of Agreement of the International Monetary Fund:

Provided that if and when the Bank notifies the International Monetary Fund of the parity of the ringgit upon the International Monetary Fund deciding under the Articles of Agreement to introduce a widespread system of exchange arrangements based on stable but adjustable par values, such parity shall be published in the *Gazette* and shall take effect accordingly.

(2) The parity of the ringgit may be changed to such an extent as the Minister on the recommendation of the Bank may determine.

(3) Any change under subsection (2) shall be published in the *Gazette* and shall take effect accordingly in substitution of the parity gazetted under subsection (1).

(4) Notwithstanding subsection (1), the Minister may decide on the recommendation of the Bank that it is necessary and expedient for Malaysia not to determine a parity for the ringgit, but instead to apply any exchange arrangement for the ringgit that is not inconsistent with the Articles of Agreement of the International Monetary Fund, including, but not limited to, the severing of the parity of the ringgit to any currency or currencies or any denominator.

Right to issue bank notes and coin

20. The Bank shall have the sole right of issuing notes and coin throughout Malaysia and neither the Government nor the Government of any State nor any public authority, or banking institution or other financial institution, or other institution or persons shall issue currency notes, bank notes or coin or any documents or tokens payable to bearer on demand being documental tokens which, in the opinion of the Bank, are likely to pass as legal tender.

Power to buy and sell Malaysian currency

21. The Bank shall at its discretion buy and sell Malaysian currency against gold or other currency eligible for inclusion in the reserve of external assets specified under section 28:

Provided that the rate of exchange quoted for any such transaction shall be consistent with the Articles of Agreement of the International Monetary Fund.

Printing of notes, minting of coins and issue of notes and coins

22. The Bank shall—

- (a) arrange for the printing of notes and the minting of coins;
- (b) issue, re-issue and exchange notes and coins at the Bank's offices and at such agencies as the Bank may, from time to time, establish or appoint;

- (c) arrange for the safe custody of unissued 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 forms of notes and coins

23. (1) Notes and coins issued by the Bank—

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

(2) The standard weight and composition of coins issued by the Bank and the amount of remedy and variation shall be determined by the Minister on the recommendation of the Bank.

Legal tender

24. (1) Notes issued by the Bank shall, if such notes are not defaced, be legal tender in Malaysia at their face value for the payment of any amount.

(2) Coins issued by the Bank shall, if such coins have not been tampered with, be legal tender in Malaysia at their face value—

- (a) for the payment of any amount in the case of coins of the denomination exceeding one ringgit;
- (b) for the payment of an amount not exceeding ten ringgit in the case of coins of the denomination of fifty sen and one ringgit; and
- (c) for the payment of an amount not exceeding two ringgit in the case of coins of the denomination of less than fifty sen.

(3) Notwithstanding subsections (1) and (2) the Bank shall have power, on giving not less than three months' notice in the *Gazette* of its intention to do so, to 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 notice has been given under this subsection shall, on the expiration of the notice, cease to be legal tender.

Coins tampered with or notes defaced

25. A coin shall be deemed to have been tampered with if the coin has been impaired, diminished or lightened otherwise than by fair wear and tear or has been defaced by stamping, engraving or piercing, whether the coin shall or shall not have been thereby diminished or lightened, and a note shall be deemed to have been defaced if any word, sign, symbol, drawing, caricature, or other thing whatsoever, has been written, inscribed, or in any other manner or by any other means whatsoever has been shown on its surface, or if it is torn, marred, burnt, injured, spoilt or otherwise howsoever mutilated.

Withdrawal of notes and coins and their disposal

26. (1) The Bank may take all such steps as it may deem appropriate to withdraw from circulation coins which are worn or which have been tampered with, or note which are defaced, or unfit for circulation, and may destroy, deal with or otherwise dispose of the same in such manner as may be directed in writing by the Governor or any Deputy Governor or other officer of the Bank as may be authorized in writing by either the Governor or any Deputy Governor.

(2) The provisions of subsection (1) as to destruction or disposal of, or dealing with, notes and coins shall apply to notes and coins which have been called in and will cease to be, or have ceased to be, legal tender under subsection 24(3).

Refund of lost or imperfect notes or coins

27. (1) No person shall be entitled to recover from the Bank the value of any lost, stolen or imperfect note or coin or any coin that has been tampered with or any note which is defaced.

(2) The circumstances in which, and the conditions and limitations subject to which, the value of lost, stolen, or imperfect notes or coins or coins that have been tampered with or notes which are defaced may be refunded as an act of grace shall be within the absolute discretion of the Bank.

Restriction on the use of photographs, drawing or design of note or coin in advertisements, etc.

27A. Except with the permission of the Bank, no person shall, in any size, scale or colour, use any photograph of or any drawing or design resembling any note or coin or part thereof, in any advertisement or on any merchandise or products which that person manufactures, sells, circulates or otherwise distributes.

PART IV

RESERVE OF EXTERNAL ASSETS

Reserve of external assets

28. It shall be the duty of the Bank to maintain at all times a reserve of external assets to meet its obligations under this Act, consisting of all or any of the following:

- (a) gold coin or bullion;
- (b) notes, coin, bank balances and money at call in such country or countries as may be approved by the Minister on the recommendation of the Board;
- (c) Treasury bills of such government or governments as may be approved by the Minister on the recommendation of the Board of a maturity not exceeding one year;
- (d) bill of exchange bearing at least two good signatures and drawn on and payable at such place or places as may be approved by the Minister on the recommendation of the Board and having a maturity not exceeding three months (exclusive of days of grace);
- (e) securities of, or guaranteed, by such government or governments or international financial institutions as may be approved by the Minister on the recommendation of the Board;

- (f) securities purchased under subparagraph 30(1)(oo)(i);
- (g) any readily available international drawing facility as may be approved by the Minister on the recommendation of the Board.

External reserves as proportion of Bank's liabilities

29. The aggregate value of the reserve of external assets specified in section 28 shall not be less than such percentage of the Bank's notes and coins in circulation as the Minister may by notice in the *Gazette* declare to correspond to the minimum reserve of external assets which the Board of Commissioners of Currency, Malaya and British Borneo, would have been required to maintain against notes and coin issued by the Commissioners under the Currency Act 1960 [*Act 27/1960*], including any amendments thereto in force immediately prior to the coming into effect of Part III:

Provided that the Yang di-Pertuan Agong may by order published in the *Gazette* vary the percentage declared.

PART V

BUSINESS OF THE BANK

Authorized business of Bank

30. (1) The Bank may—

- (a) issue and redeem notes and coin in accordance with Part III;
- (b) issue demand drafts and other kinds of remittances made payable at its own offices and branches or at the offices of agencies or correspondents;
- (bb) (i) issue, with the approval of the Minister, securities other than securities issued under subparagraph (bbb)(i) in its own name and the issue, holding and sale of such securities shall be subject to such terms and conditions as the Bank may determine at the time of the issue of such securities:

Provided that the total amount of securities so issued shall not at any time exceed fifty per centum of the amount of the General Reserve Fund of the Bank;

- (ii) purchase, sell and redeem securities issued by the Bank pursuant to subparagraph (bb)(i);
- (bbb) (i) issue securities in its own name for the purpose of conducting monetary policy operations and the issue, holding and sale of such securities shall be subject to such term and conditions as the Bank may determine at the time of the issue of such securities:

Provided that the total amount of securities so issued shall not at any time exceed the amount of the Bank's reserve of external assets;

- (ii) purchase, sell and redeem securities issued by the Bank pursuant to subparagraph (bbb)(i) for the purpose of conducting monetary policy operations;
- (c) purchase, accept on deposit and sell gold coin or bullion;
- (d) accept deposit of money in any currency;
- (e) purchase, sell, discount and rediscount inland bills of exchange and promissory notes arising out of *bona fide* commercial transactions bearing two or more good signatures and maturing within twelve months or such period as may be approved by the Minister on the recommendation of the Board (exclusive of days of grace) from the date of acquisition;
- (f) purchase, sell, discount and rediscount inland bills of exchange and promissory notes bearing two or more good signatures drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of primary produce and maturing within twelve months or such period as may be approved by the Minister on the recommendation of the Board (exclusive of days of grace) from the date of acquisition;
- (ff) make advances for the purpose of assisting the growing or marketing of primary produce, to—
 - (i) authorities formed under any written law in Malaysia; and
 - (ii) co-operative societies engaged in farming, agricultural, horticultural, pastoral, grazing or fishing operations;

(*fff*) make advances to such public authorities and corporations in which the Government or the Bank has an interest, including an interest in shares (as that expression is to be construed under the Banking and Financial Institutions Act 1989), as the Minister may approve on the recommendation of the Board:

Provided that the total amount of advances so made shall not at any time exceed two-and-one-half times the total of the Bank's paid-up capital and General Reserve Fund;

(*ffff*) establish a Special Investment Fund to finance specific projects, wholly or partly, in the public sector and on such terms as may be approved by the Minister on the recommendation of the Board for the purpose of promoting economic development from moneys set aside from the reserve held at the Central Bank by banking institutions under paragraph 37(1)(c) and by other financial institutions required by the Bank from time to time to hold such reserve:

Provided always that the total amount so set aside for such Special Investment Fund shall be approved by the Minister on the recommendation of the Board and shall not exceed the amount of the General Reserve Fund of the Bank;

(*fffff*) allow for a temporary overdrawing by account holders subject to the imposition of such rate of interest on the overdraft as the Bank may deem fit;

(*g*) purchase, sell, discount and rediscount Treasury bills of the Government or of the Government of any State authorized to issue Treasury bills;

(*h*) purchase and sell securities of the Government or of the Government of any State, or of any public authority maturing in not more than thirty years which have been publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition and any other securities as may be approved by the Minister on the recommendation of the Board;

(*i*) invest in securities of the Government or of the Government of any State, or of any public authority for any amount, and to mature at any time, on behalf of staff and pension funds and other internal funds of the Bank;

- (j) with the approval of the Minister, acquire, hold and sell shares of any corporation set up with the approval of, or under the authority of, the Government for the purpose of promoting the development of a money market or securities market in Malaysia or for the financing of economic development in Malaysia:

Provided that the total amount so invested shall not at any time exceed fifty per centum of the General Reserve Fund of the Bank;

- (k) grant advances for fixed periods not exceeding three months against Treasury bills of the Government or of the Government of any State authorized to issue Treasury Bills;
- (l) grant advances for fixed periods not exceeding twelve months or such period as may be approved by the Minister on the recommendation of the Board secured by the pledge with the Bank of—

- (i) gold coin or bullion;
- (ii) securities of the Government or of the Government of any State, or of any public authority which have been publicly offered for sale and are to mature within a period of thirty years or any other securities as may be approved by the Minister on the recommendation of the Board:

Provided that no such advance so secured shall at any time exceed the market value of the security pledge;

- (iii) such bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the Bank;
- (iv) warehouse warrants or their equivalent (securing possession of goods), in respect of staple commodities or other goods duly insured and with a letter of hypothecation from the owner:

Provided that no such advance shall exceed sixty per centum of the current market value of the commodities or goods in question;

- (m) purchase and sell currencies, and purchase, sell, discount and rediscount bills of exchange and Treasury bills drawn in or on places outside Malaysia and maturing within one year from the date of acquisition;
- (mm) borrow money, establish credits and provide guarantees and indemnities in any currency, within and without Malaysia on such terms and conditions as it may deem fit;
- (mmm) (i) establish a credit bureau to collect, in such manner and to such extent as the Bank thinks fit, credit information (including information on and relating to the rejection of any cheque by a paying bank by reason of insufficiency of funds in the account of the drawer of the cheque) on the customers of any banking institutions or other financial institutions; and
- (ii) notwithstanding section 16, disclose, in such manner and to such extent as the Bank thinks fit, the credit information collected by the credit bureau to—
 - (A) any banking institutions or other financial institutions for the purpose of assisting in assessing the creditworthiness of its existing and potential customers or for the purpose of assisting the banks to assess the eligibility of the customer to maintain or open a current account with the bank; and
 - (B) the customer of the banking institutions or other financial institutions in respect of his own account for the purpose of verifying the accuracy of the credit information provided by the banking institutions or other financial institutions:

Provided that the information disclosed by the Bank to the banking institutions and other financial institutions shall be secret between the Bank and the institutions unless the banking institutions and other financial institutions were requested by a customer to disclose the information in respect of his account:

Provided further that no action, suit, prosecution or other proceeding whatsoever shall lie or be brought, instituted or maintained in any court or before any other authority against the Bank

on account of or in respect of any act done or statement made or omitted to be done or made under this provision if the act or statement was done or made or omitted to be done or made in good faith;

(mmmm) (Deleted by Act A1143);

(n) maintain accounts with central banks outside Malaysia and with other banks within and without Malaysia;

(nn) place deposits in any banking institution within Malaysia;

(nnn) purchase, under repurchase agreements, and subject to such terms as may be approved by the Minister on the recommendation of the Bank, and sell any certificate of deposit issued by any banking institution;

(o) purchase and sell securities of, or guaranteed by, such government or governments or international financial institutions as may be approved by the Minister on the recommendation of the Board;

(oo) (i) purchase and sell such other securities as may be approved by the Minister on the recommendation of the Board;

(ii) pay to the International Monetary Fund the subscriptions in respect of which the Government is responsible under the Bretton Woods Agreements Act 1957 [Act 472], as amended from time to time, and take to the Bank's own account the payments of the aforesaid subscriptions already made by the Government;

(iii) pursuant to subparagraph (oo)(ii), create and issue to the International Monetary Fund in such form as is appropriate any such non-interest bearing and non-negotiable notes or other obligations as the International Monetary Fund may under section 4 of Article III of the Articles of Agreement of the International Monetary Fund determine to accept in place of any part of the subscription of the Government which would but for such acceptance be payable in Malaysian currency;

(iiia) draw from time to time on the compensatory financing facility and other facilities of the International Monetary Fund and upon the request of the Government

make available to the Government funds arising from such drawings, which funds the Government is hereby authorized to receive;

- (iv) draw from time to time on the buffer stock financing facility of the International Monetary Fund and make available to the Government funds arising from such drawing required for contribution to any buffer stock created under any international commodity agreement to which Malaysia is a signatory; and in the case where such drawing is not available or insufficient to meet the requirement, make available to the Government funds from the Bank's own resources;
- (v) create and issue to the International Monetary Fund in such form as is appropriate any such non-negotiable notes or obligations as may be acceptable to the International Monetary Fund in respect of any transactions with the International Monetary Fund;
- (vi) exchange, if requested by other members of the International Monetary Fund at the time of purchase, balances of Malaysian currency purchased by other members from the International Monetary Fund, or obtained by other members in exchange for currency purchased from the International Monetary Fund, for a freely usable currency (defined in Article XXX (f) of the Articles of Agreement of the International Monetary Fund) selected by the Bank at an exchange rate between the ringgit and that currency as may be consistent with paragraph 7(a) of Article XIX of the Articles of Agreement of the International Monetary Fund;
- (p) act as correspondent, banker or agent for any central bank or other monetary authority and for any international bank or international monetary authority established under governmental auspices;
- (q) open accounts for and accept deposits from the Government, State Governments, public authorities, banking institutions and other financial institutions and, with the prior approval of the Minister, other persons in Malaysia;
- (r) underwrite loans in which it may invest;

- (s) undertake the issue and management of loans publicly issued—
 - (i) by the Government;
 - (ii) by the Government of any State;
 - (iii) by any public authority; or
 - (iv) with the approval of the Minister, by any corporation referred to in paragraph (j);
- (t) *(Deleted by Act A737);*
- (tt) *(Deleted by Act A737);*
- (ttt) *(Deleted by Act A737);*
- (u) accept from customers for custody securities and other articles of value;
- (v) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments within and without Malaysia, and the purchase or sale of gold and silver;
- (w) establish bank Clearing Houses in Kuala Lumpur and in such other places as the Bank may consider necessary;
- (ww) participate in schemes undertaken in conjunction with Central Banks or authorities outside Malaysia to promote regional and international cooperation in economic and financial research and training;
- (www) with the approval of the Minister, participate on its own behalf or as agent of the Government in schemes undertaken in conjunction with Central Banks or outside Malaysia to promote regional and international monetary cooperation;
- (x) do generally all such things as may be commonly done by bankers and are not inconsistent with the exercise of its powers or the discharge of its duties under this Act or under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983.

(1A) Nothing in subsection (1) shall prevent the Bank, in exercising any of its powers under that subsection, from making such necessary adjustments as may be approved by the Syariah

Advisory Council whether or not such adjustments involve a sale, a purchase, a sale and repurchase, a lease, a sale and lease back, or any other business or dealing involving assets or properties, which would otherwise be prohibited by this Act:

Provided that where any difficulty or doubt arises in the application of subsection (1) in relation to any particular banking institution or other financial institution, or any particular matter or circumstance, or generally, the Minister may on the reference of the difficulty or doubt to him by the Bank, resolve the difficulty or doubt by a direction in writing.

(2) The expression “primary produce” in paragraphs (1)(f) and (ff) means such goods as the Minister may on the recommendation of the Board prescribe:

Provided that any advance under paragraph (ff) shall not be made for more than one year.

*(3) It shall be the duty of the Bank to administer, enforce, carry out and give effect to the provisions of the Exchange Control Act 1953, the **Insurance Act 1996, the Islamic Banking Act 1983, the Takaful Act 1984, the Banking and Financial Institutions Act 1989 and the Money-Changing Act 1998, and to exercise any other function under any other written law in respect of which provision is made by federal law.

(4) The Bank shall maintain at all times for such period or periods as it may deem appropriate, a record of balance of payments containing such information, statistics and particulars as it may from time to time determine, for the purpose of carrying out the principal objects of the Bank under section 4 and discharging its duties and functions under this Act.

*NOTE—The provisions of this subsection shall be deemed to have been in force in relation to—

(a) the Exchange Control Act 1953 w.e.f. 28 July 1966;

(b) the Insurance Act 1963 and the Takaful Act 1984 w.e.f. 1 May 1988; and

(c) the Islamic Banking Act 1983 and the Banking and Financial Institutions Act 1989, respectively, with effect from their respective dates of commencement.

—see subsection 14(3) of Act A737.

**NOTE—This Act has replaced the Insurance Act 1963 [Act 89] w.e.f. 1 January 1997—see subsection 214(1) of Act 553 and P.U. (B) 580/1996.

(5) For the purpose of maintaining the record of balance of payments, the Bank shall have the power to require in writing at any time any person which, in the opinion of the Bank, has in its possession or under its custody or control, or has within its capacity to obtain, compile or submit, any information, statistics or document relating to the record of balance of payments—

- (a) to submit such information, statistics or document to the Bank, within such period, at such intervals, in such manner, in such form and in writing or by means of any visual recording (whether of still or moving images) or any sound recording, or any electronic, magnetic, mechanical or other recording whatsoever, on any substance, material, thing or article as the Bank may specify in the requirement; or
- (b) to attend before an officer of the Bank to answer any enquiries in relation to such information, statistics or document.

(5A) Any director, officer or employee of the Bank or of a banking institution who contravenes paragraph 30(1)(*mmm*) in respect of maintaining as secret any credit information disclosed by the Bank shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five thousand ringgit or to both.

(6) Any—

- (a) information, statistics or document submitted pursuant to any requirement under paragraph (a); or
- (b) answer to any enquiry pursuant to any requirement under paragraph (b),

of subsection (5), shall be true, correct and complete, and shall not be designed, directly or indirectly, to mislead the Bank in relation to such requirement.

(7) The Bank may publish in any manner it deems fit, consolidated statements of all or any part of the record of balance of payments, aggregating the information, statistics or particulars in documents received or obtained under subsection (5), provided that such publication shall not in any manner lead to the identification of any person to which such information, statistics or particulars relate.

(8) Notwithstanding section 16A or any other written law, but without prejudice to subsection (7), any information, statistics or document received or obtained by the Bank under subsection (5) shall be used by the Bank for the purposes of maintaining the record of balance of payments, carrying out its principal objects under section 4 and discharging its duties and functions under this Act, and shall not be disclosed by the Bank to any person other than the Governor, Deputy Governors, or an officer or employee of the Bank for all or any of the aforesaid purposes.

(9) For the purposes of giving effect to subsections (4), (5) and (6), the Bank may make such regulations under section 54 as it deems necessary or expedient.

Establishment of body corporate for training, financial counselling, payment systems, etc.

***30A.** (1) Notwithstanding section 31, the Bank may—

- (a) establish a body corporate for the purpose of training, research and development of human resource in relation to banking and financial services;
- (b) establish a body corporate for the purposes of providing financial counselling, debt management services and education on financial management; and
- (c) establish a body corporate or acquire, hold or sell shares of a body corporate, wholly or partly, to operate payment systems or issue payment instruments, and undertake any other ancillary or incidental function or activity, for the purpose of promoting and developing payment systems and payment instruments in Malaysia.

(2) The Bank may—

- (a) grant, donate, loan or advance any sum of money as may be necessary for the establishment or operations of a body corporate established under paragraph (1) (a) and (b) and create and manage a fund to meet the expenses of such body corporate; and

**NOTE*—All things done by the Bank or any person or authority on behalf of the Bank in the preparation of and towards the proper implementation of the provision of section 30A of the principal Act as introduced by subsection (1), and any expenditure incurred in relation to such implementation, in anticipation of the enactment of section 30A of the principal Act shall be deemed to have been authorized by this Act—see subsection 6(2) of the Central Bank of Malaysia (Amendment) Act 2003 [Act A1213].

- (b) grant, donate, loan or advance any sum of money as may be necessary for the establishment or operations of a body corporate established or acquired under paragraph (1)(c).

(3) For the purpose of paragraph (2)(b), a body corporate established or acquired under paragraph (1)(c) shall be wholly owned by the Bank.

Business which Bank may not transact

31. The Bank may not—

- (a) engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial or any other undertaking except—
 - (i) as provided in paragraph 30(1)(j); or
 - (ii) in the course of the satisfaction of debts due to the Bank: provided that any such interest shall be disposed of at the earliest suitable opportunity;
- (b) grant loans upon security of any shares;
- (c) except as provided in paragraph 30(1)(j) and subparagraph (oo)(i), purchase the shares of any corporation, including the shares of any banking institution or other financial institution which is a company;
- (d) except as provided in sections 33, 42 and 49, grant unsecured advances or advances secured otherwise than as laid down in paragraphs 30(1)(ff), (fff), (ffff), (fffff), (k) and (l):

Provided that in the event of any debt due to the Bank becoming in the opinion of the Bank endangered, the Bank may secure such debt on any immovable or movable property of the debtor and may acquire such property, which shall, however, be resold at the earliest suitable moment;

- (e) purchase, acquire or lease immovable property except in accordance with the proviso to paragraph (d) and except so far as the Bank shall consider necessary or expedient for the provision, or future provision, of business premises

for the Bank and its agencies and any Clearing Houses established pursuant to paragraph 30(1)(w) and of residences for the Governor, Deputy Governors, officers and employees and of amenities for the promotion of the welfare of officers and employees:

Provided that where any immovable property purchased, acquired or leased by the Bank for any of the said purposes, is not immediately required for those purposes, or where any immovable property referred to in the proviso to paragraph (d) cannot be immediately resold, it shall be lawful for the Bank to grant leases or tenancies of such immovable property for such period as the property is not required for the said purposes or cannot be resold, as the case may be;

- (f) draw or accept bills payable otherwise than on demand;
- (g) allow the renewal or substitution of maturing bills of exchange purchased, discounted or rediscounted by or pledged with the Bank:

Provided that in exceptional circumstances the Bank may authorize one renewal or one substitution only in either case of not more than fifty per centum of the original amount of any such bill for a period not exceeding ninety days;

- (h) accept for discount, or as security for an advance made by the Bank, bills or notes signed by members of the Board or by the Bank's officers or employees, except in relation to any loan made by the Bank under section 49.

Loans to, and acquisition of, banking and other financial institutions

31A. (1) Notwithstanding section 31, where the Bank considers that a licensed institution, or an institution in respect of which an order has been made by the Minister under subsection 24(1) or subsection 93(1) of the Banking and Financial Institutions Act 1989 is—

- (i) likely to become unable to meet its obligations; or
- (ii) about to suspend payment,

the Bank may, with the concurrence of the Minister—

- (a) grant loans to such institution against the security of its own or any shares or any other sufficient security;
- (b) grant loans to any licensed institution to purchase any shares or the whole or any part of the properties and liabilities of such institution; or
- (c) purchase any shares of such institution for the purpose of controlling the business of such institution.

(2) For the purposes of this section, section 31B and section 78 of the Banking and Financial Institutions Act 1989, there shall be established an Advisory Panel to advise the Minister on matters falling within the purview of those provisions for which the concurrence or consent of the Minister is required.

(3) The Advisory Panel shall consist of such persons as may be appointed by the Minister on the recommendation of the Bank.

(4) The persons appointed under subsection (3) shall be paid by the Bank such remuneration and allowances as may be specified in writing by the Minister.

Power of Bank to make an order in respect of a deposit-taker to protect the interests of its depositors, etc.

***31B.** (1) The Bank may, with the concurrence of the Minister, if it is satisfied that—

- (a) a deposit-taker—
 - (i) has become, or is likely to become, unable to meet all or any of its obligations; or
 - (ii) is about to suspend, or has suspended, payment to any extent; and

**NOTE*—The substitution of this section by subsection 17(1) of the Central Bank of Malaysia, Exchange Control, Insurance and Tafakul (Amendment) Act 1989 (Act A737) shall not in any manner or to any extent whatsoever affect the continued validity and operation of any order made by the Bank under this section as it stood before its substitution and such order shall, after the commencement of aforesaid Act, be deemed to have been made under this section as set out under subsection 17(1) of aforesaid Act and shall, accordingly, be given effect to thereunder, and any difficulty arising in this connection may be removed by the Bank making an amendment of that order with the concurrence of the Minister—see subsection 17(2) of the Central Bank of Malaysia, Exchange Control, Insurance and Takaful (Amendment) Act 1989 [Act A737].

(b) it is consequently necessary to take action under this section for the purpose of—

- (i) securing or maintaining the financial stability of Malaysia; and
- (ii) the protection of the interests of depositors in the deposit-taker,

by order published in the *Gazette*, make all or any of the following provisions:

(aa) provide for the Bank—

- (i) to purchase any shares of a licensed finance company;
- (ii) to make an advance of its funds to a licensed finance company, repayable with or without interest, for the purpose of being utilized by the licensed finance company solely to acquire the property and liabilities of the deposit-taker, or the interests of the depositors in the deposit-taker; or
- (iii) to make an advance of its funds to a bank incorporated in Malaysia, repayable with or without interest, to be utilized by the bank solely to acquire a licensed finance company which, thereafter, shall acquire the property and liabilities of the deposit-taker or the interests of the depositors in the deposit-taker; and

(bb) provide for the depositors, in exchange for their interest in the deposit-taker, to be given shares in the licensed finance company referred to in subparagraph (i), (ii), or (iii), as the case may be, of paragraph (aa).

(2) An order under subsection (1) shall not be made by the Bank unless—

- (a) the consent of the deposit-taker has been obtained;
- (b) the available unencumbered assets of the deposit-taker are insufficient to meet its deposit-liabilities; and

- (c) the consents of the depositors have been obtained, except where, on the application of the Bank to the High Court by way of *ex parte* originating summons, it is ordered by the High Court that such consents be dispensed with:

Provided that the above provisions shall not apply to any amendment or revocation of the original order made under subsection (1).

(3) Where the Bank makes an order under subsection (1), the order shall constitute sufficient authority for the Bank or any other person named or described in the order to do all or any of the acts or things as may be required or authorized to be done by the Bank or such person under the terms of the order, and to do all other acts and things as may be reasonably incidental to, or reasonably necessary to be done, to give effect to such terms.

(4) For the purpose only of giving effect to the terms of an order under subsection (1), the Bank may authorize the licensed finance company referred to in the order by virtue of subparagraph (i), (ii) or (iii), as the case may be, of paragraph (1)(aa), to—

- (a) undertake a reconstruction exercise;
- (b) purchase and acquire the property and liabilities of the deposit-taker and the interests of the depositors in the deposit-taker;
- (c) enter into such arrangement, agreement or transaction with the deposit-taker or its depositors as may be necessary, expedient or desirable; or
- (d) do any other act or thing which is not inconsistent with the order, which, in the opinion of the Bank, is required to be done to ensure the successful implementation of the order.

(5) An order under subsection (1) may provide for all or any of the following:

- (a) the date on and from which the order shall take effect, being a date earlier or later than the date of the making of the order (hereinafter in this section referred to as “the transfer date”);

- (b) the vesting of any property held by the transferor either alone or jointly with any other person in the transferee either alone or, as the case may be, jointly with such other person, on and from the transfer date, in the same capacity, upon the trusts, and with and subject to the powers, provisions and liabilities applicable thereto respectively;
- (c) for any existing instrument, whether in the form of a deed, will or otherwise, or order of any court, under or by virtue of which any property became vested in the transferor, to be construed and to have effect as if for any reference therein to the transferor there were substituted a reference to the transferee;
- (d) for any existing contract or agreement to which the transferor was a party to have effect as if the transferee had been a party thereto instead of the transferor;
- (e) for any account between the transferor and its customer, including a depositor, to become an account between the transferee and the customer or depositor, subject to the conditions and incidents as theretofore, and for such accounts to be deemed for all purposes to be a single continuing account;
- (f) for any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent, whether or not in relation to an account, given to the transferor, either alone or jointly with another person, to have effect, in respect of anything due to be done as if given to the transferee either alone or, as the case may be, jointly with the other person;
- (g) for any negotiable instrument or order for payment of money drawn on, or given to, or accepted or endorsed by, the transferor or payable at the place of business of the transferor, whether so drawn, given, accepted or endorsed before, on, or after, the transfer date, to have the same effect on and from the transfer date, as if it had been drawn on, or given to, or accepted or endorsed by, the transferee or were payable at the place of business of the transferee;

- (h) for the custody of any document, goods or thing held by the transferor as bailee immediately before the transfer date to pass to the transferee and the rights and obligations of the transferor under any contract of bailment relating to any such document, goods or thing to be transferred to the transferee;
- (i) for any security held immediately before the transfer date by the transferor, or by a nominee of, or trustee for, the transferor, as security for the payment or discharge of any liability of any persons to be held by the transferee or, as the case may be, to be held by that nominee or trustee as the nominee of, or trustee for, the transferee, and to the extent of those liabilities, be available to the transferee as security for the payment or discharge of those liabilities; and where any such security extends to future advances or future liabilities, to be held by, and to be available as aforesaid to, the transferee as security for future advances by, and future liabilities to, the transferee in the same manner in all respects as future advances by, or future liabilities to, the transferor were secured thereby immediately before the transfer date;
- (j) where any right or liability of the transferor is transferred to the transferee, for the transferee to have the same rights, powers and remedies (and in particular the same rights and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, protecting or enforcing that right or resisting that liability as if it had at all times been a right or liability of the transferee, including those rights or liabilities in respect of any legal proceedings or applications to any authority pending immediately before the transfer date by or against the transferor;
- (k) any judgement or award obtained by or against the transferor and not fully satisfied before the transfer date to be enforceable by or, as the case may be, against the transferee; and
- (l) for all and every such incidental, consequential and supplemental matters as are necessary, expedient, or desirable, to give full force and effect to the terms of the order.

(6) Where the order under subsection (1) provides for the transfer of any property vested in or held by, or any liabilities suffered by, the transferor, either alone or jointly with any other person, then, by virtue of the order, that property and those liabilities shall, subject to subsection (8), on and from the transfer date, become vested in or held by, or be suffered by, the transferee, either alone or jointly with such other person, as the case may be.

(7) The Bank shall, within thirty days of the publication of an order in the *Gazette* under subsection (1), lodge a copy of the order with—

- (a) the Registrar of Companies;
- (b) the Registrar General of Co-operative Societies in West Malaysia, or the respective Registrar of Co-operative Societies in Sabah or Sarawak, or the Registrar of Farmers' Organizations, or the Registrar of Fishermen's Associations, as may be relevant, where the deposit-taker to which the order relates is a co-operative society;
- (c) any other authority, person, or body which is responsible for the registration, licensing or otherwise of the deposit-taker to which the order relates; and
- (d) the appropriate authority, if any, concerned with the registration or recording of dealings in any movable property, or interest in any movable property, transferred pursuant to the order.

(8) Any provision in any order under subsection (1) providing for the transfer of any alienated land, or any share or interest in any alienated land, to any person shall not have effect unless the transferee makes an application to the High Court by way of an *ex parte* originating summons for an order of the High Court vesting such alienated land, or such share or interest in alienated land, in the transferee, pursuant to the order under subsection (1), and where the High Court grants an order to vest the same in the transferee —

- (a) the High Court shall, where the alienated land is in West Malaysia, pursuant to subsection 420(2) of the National Land Code [*Act 56 of 1965*], cause a copy of such order to be served on the Registrar of Titles or the Land Administrator, as the case may be, immediately

after the making of such order so that the Registrar of Titles or the Land Administrator, as the case may be, gives effect to subsections (2), (3) and (4) of the said section 420;

- (b) where the alienated land is in Sabah, the transferee shall, as soon as practicable after such order has been made, present such order to the Registrar of Titles for registration of the transferee as the registered owner of such alienated land, or of such share or interest in alienated land, as provided under subsection 114(2) of the Land Ordinance of Sabah [*Sabah Ord. Cap. 68*]; or
- (c) where the alienated land is in Sarawak, the transferee shall, as soon as practicable after such order has been made, produce an authenticated copy of such order to the Registrar for the registration of the vesting of such alienated land, or of such share or interest in alienated land, in the transferee, as provided under section 171 of the Land Code of Sarawak [*Sarawak Cap. 81*].

(9) An order under subsection (1) may relate to any property or business of the transferor in any country, territory or place outside Malaysia and, if it so relates, effect may be given to it in accordance with the law applicable in such country, territory or place.

(10) Without prejudice to paragraphs (2)(a) and (c), an order under subsection (1) shall be legally binding on all persons to whom the order is directed or who are affected thereby, regardless that the person to whom it is directed or who is affected by it had no notice of any of the circumstances which led to the making of the order, or had no opportunity to make any representation thereon to, or to be heard thereon by, the Bank.

(11) Where, pursuant to subparagraph (1)(aa)(i), the Bank purchases any shares of a licensed finance company, it shall dispose of any shares it may continue to hold after the order under subsection (1) under which such shares were purchased has been given effect to, and the Bank is satisfied that the circumstances referred to in paragraph (1)(a), and the purposes mentioned in paragraph (b) of that subsection, no longer exist.

(12) For the purposes of this section—

- (a) “deposit”, “depositor”, “liabilities”, “licensed finance company”, and “property” have the respective meaning assigned thereto in subsection 2(1) of the Banking and Financial Institutions Act 1989, with the definition of “deposit” modified in the manner provided under subsection 25(3) of that Act;
- (b) “business” and “security” have the respective meaning assigned thereto in subsection 50(8) of the Banking and Financial Institutions Act 1989; and
- (c) “deposit-taker” means (without prejudice to subparagraphs (i) and (ii) of this definition) any person who takes, receives, or accepts, a deposit in contravention of section 25 of the Banking and Financial Institutions Act 1989 and includes—
 - (i) a co-operative society as defined in that Act; or
 - (ii) a pawnbroker as defined in the Pawnbrokers Act 1972 [*Act 81*].

(13) This section shall have full force and effect notwithstanding—

- (a) anything inconsistent therewith or contrary thereto contained in any other provision of this Act;
- (b) anything contained in the written law by or under which the deposit-taker is registered, incorporated, established, appointed or constituted; and
- (c) anything contained in any other written law, other than the Constitution.

Power to reduce share capital and to cancel shares of financial institution

31c. (1) Notwithstanding anything in any written law or the articles of association of a financial institution, where the Bank has, under paragraph 73(2)(a) of the Banking and Financial Institutions Act 1989 assumed control of and carries on the business of the financial institution and the paid up capital of

such financial institution is lost or unrepresented by available assets, the Bank may apply to the High Court for an order to reduce the share capital of such financial institution by cancelling any portion of its paid up capital which is lost or unrepresented by available assets.

(2) Where the High Court makes an order referred to in subsection (1) to reduce the share capital of a financial institution, the Court may—

- (a) on the application by the Bank; and
- (b) if, on the expiry of thirty days from the date of any call made by the financial institution on its shareholders to pay on their respective shares, payment on any such shares has not been made,

direct that such shares for which payment has not been made be cancelled accordingly.

(3) Where the share capital of a financial institution is reduced pursuant to subsection (1), or any of its shares has been cancelled pursuant to subsection (2), the Bank may cause the memorandum of association of such financial institution to be altered accordingly.

(4) For the purposes of this section—

- (a) section 64 of the Companies Act 1965 shall, subject to subsection (1) and if the High Court so directs, apply accordingly; and
- (b) “financial institution” means an Islamic bank, a licensed local institution as defined in the Banking and Financial Institutions Act 1989, or an institution in respect of which the Minister has made an order under subsection 24(1) or 93(1) of that Act, respectively.

PART VI

RELATIONS WITH THE GOVERNMENT

Bank as a banker to the Government

32. (1) The Bank shall act as a banker and a financial agent of the Government.

(2) Whenever the Bank shall receive and disburse Government moneys it shall keep account thereof without remuneration for such service.

(3) In any place where the Bank has no branch, it may appoint any banking institution to act as its agent for the collection and payment of Government moneys.

(4) The Bank may act generally as agent for the Government on such terms and conditions as may be agreed between the Bank and the Government, where the Bank can do so appropriately and consistently with the provisions of this Act and with its duties and functions as a central bank.

Temporary advances to the Government

33. (1) The Bank may grant temporary advances to the Government and the Government is hereby authorized to receive such advances in respect of temporary deficiencies of budget revenue at such rate or rates of interest as the Bank may determine.

(2) The total amount of advances granted under subsection (1) outstanding shall not at any time exceed twelve and a half per centum of the estimated receipts of Malaysia shown in the statement laid before the House of Representatives pursuant to Article 99 of the Constitution for the Government's financial year in which the advances are granted.

(3) All advances granted under subsection (1) shall be repaid as soon as possible and shall in any event be payable not more than three months after the end of the Government's financial year in which they are granted; and if after that date any such advances remain unrepaid, the power of the Bank to grant further such advances in any subsequent financial year shall not be exercisable unless and until the outstanding advances have been repaid.

Issues of policy

34. (1) The Board shall keep the Minister informed of—

(a) the monetary and banking policy;

- (b) the policies in respect of institutions in relation to which the Bank is conferred with powers under the *Insurance Act 1996, the Islamic Banking Act 1983, the Takaful Act 1984, the Banking and Financial Institutions Act 1989 and the Money-Changing Act 1998; and
- (c) the policies in respect of the Exchange Control Act 1953,

pursued or intended to be pursued by the Bank.

(2) The Minister may, from time to time, if he disagrees with the Board on any of the aforesaid policies pursued or intended to be pursued by the Bank, issue directives to the Board relating to such policies, and any such directive shall become binding on the Board, which shall forthwith take all steps necessary or expedient to give effect thereto.

(3) If the Board objects to any such directive, the Board may submit its objections and the reasons therefor in writing to the Minister, who shall cause the same, together with his directive, to be laid before the House of Representatives.

PART VII

RELATIONS WITH BANKING AND OTHER FINANCIAL INSTITUTIONS

Cooperation with banking institutions and other financial institutions

35. The Bank shall use its best endeavours in cooperation with banking institutions and other financial institutions in Malaysia—

- (a) to promote and maintain banking and financial services for the public;
- (b) to foster high standards of banking and finance in Malaysia.

36. *(Deleted by Act A189).*

*NOTE—This Act has replaced the Insurance Act 1963 [Act 89] w.e.f. 1 January 1997—see subsection 214(1) of Act 553 and P.U. (B) 580/1996.

Recommendations to banking institutions, other financial institutions or institutions or persons as specified in paragraphs (a), (b), (c), (d) and (e)

37. (1) When the Board is satisfied that it is necessary to do so for the purpose of giving effect to the objects of the Bank, the Board may make recommendations to the banking institutions, other financial institutions or institutions or persons as specified in paragraphs (a), (b), (c), (d) and (e) on all or any of the following matters:

- (a) the policy to be followed by banking institutions in relation to the granting of advances and the extension of credit facilities, including the classes of purposes for which advances may or may not be made or credit facilities extended;
- (b) in the case of banking institutions other than Islamic banks, the rates of interest payable to or by, the rates of discount chargeable by, or the rates of commission and other charges payable to, such banking institutions;
- (c) a reserve to be held by each banking institution, other than an Islamic bank, at the Central Bank comprising such amounts expressed as a percentage of such banking institution's sight, savings account, time and other deposit liabilities in Malaysia and such other liabilities as may be approved by the Minister on the recommendation of the Board, whether denominated in Malaysian or foreign currency;
- (d) a reserve to be held by each Islamic bank at the Central Bank comprising such amounts expressed as a percentage of each bank's sight, savings account, investment account, time and other deposit liabilities as may be approved by the Minister on the recommendation of the Board, whether denominated in Malaysian or foreign currency;
- (e) any other matter relating to—
 - (i) the supervision and regulation of banking institutions and other financial institutions pursuant to this Act, the Islamic Banking Act 1983 or the Banking and Financial Institutions Act 1989;

- (ii) the supervision and regulation of institutions and other persons pursuant to the *Insurance Act 1996, the Takaful Act 1984 or the Money-Changing Act 1998; or
- (iii) monetary policy to be given effect to by banking institutions, other financial institutions or other institutions or persons,

whether or not such matter is similar to those specified in paragraphs (a), (b), (c) and (d).

(2) The recommendations made in pursuance of paragraphs (1)(c) or (d) may specify different ratios of reserves for different categories of banking institutions. The Board may determine the categories by reference to the size or location of such banking institutions or to both, size being measured in relation to the number of branches, any or all categories of assets or liabilities of such banking institution or any combination thereof.

(3) In respect of paragraph (1)(a) the Board may, in regard to the advances of such banking institution or each class of purpose for which these advances are made, specify that a deposit or deposits be placed by such banking institution with the Central Bank against such advances at such rates of interest payable to such banking institution as may be determined by the Central Bank.

(4) Where a banking institution is unable to comply with any recommendation of the Board under paragraph (1)(a) (in this subsection referred to as the “defaulting banking institution”) and any such recommendation requires the banking institution to grant advances or extend credit facilities of such proportion or amount of its advances or credit facilities for any particular purpose as set out in the recommendation, the Board may require the banking institution to place a sum on deposit with the Central Bank equivalent to such proportion of advances or credit facilities, free of interest, for such period and on such terms as may be determined by the Central Bank.

(5) The Central Bank shall have the power to transfer the sums deposited with it by the defaulting banking institution referred to in subsection (4) to another banking institution for such banking

*NOTE—This Act has replaced the Insurance Act 1963 [Act 89] w.e.f. 1 January 1997—see subsection 214(1) of Act 553 and P.U. (B) 580/1996.

institution to grant advances or extend credit facilities for the purpose set out in the recommendation made under paragraph (1)(a) for such period and on such terms as may be determined by the Central Bank.

(6) The Central Bank shall refund to the defaulting banking institution referred to in subsection (4) the deposits placed with it, free of interest, after the expiry of the period determined by the Central Bank under subsection (4).

Recommendations to persons or classes of persons (other than banking institution)

38. When the Board is satisfied that it is necessary to do so for the purpose of giving effect to the objects of the Bank, the Board may make recommendations to such persons or classes of persons (other than banking institution) carrying on business in relation to the receipt of money on deposit from members of the public as may be determined by the Minister on the recommendation of the Board in relation to the rates of interest payable to or by, or the rates of discount chargeable by, such persons or classes of persons.

Directions to banking institutions, etc.

39. (1) When the Board has made a recommendation in accordance with section 37 or 38, the Bank may subsequently, with the approval of the Minister, issue a direction in writing to any institution or person referred to in section 37 or any person or class of persons referred to in section 38 on all or any of the matters referred to in such section requiring that effect is given to the recommendation within a reasonable time.

(2) The direction issued under subsection (1) in relation to a reserve to be held by a banking institution at the Bank may specify different ratios of the reserve for different categories of banking institutions. The Bank may determine the categories by reference to the size or location of the banking institutions or to both, size being measured in relation to the number of branches, any or all categories of assets or liabilities of the banking institution or any combination thereof.

Saving in respect of sections 37 to 39

40. Nothing in sections 37 to 39—

- (a) authorizes a recommendation or a prescription to be made or a direction to be given in relation to an advance made or proposed to be made or the extension of credit facilities to a particular person or the rate of interest or rate of discount chargeable to a particular person;
- (b) affects the validity of a transaction entered into in relation to an advance or credit facility or affects the right of any institution or person referred to in section 37 or 38 to recover money advanced or enforce the security given in respect of money advanced.

No discrimination in directions

41. The Bank shall not discriminate among licensed banks, licensed merchant banks, or licensed finance companies, (as defined in the Banking and Financial Institutions Act 1989), respectively, or among Islamic banks, in any directions issued under section 39 in regard to the policy to be followed by such banking institutions in granting advances or extending credit facilities or, in the case of banking institutions other than Islamic banks, the rates of interest payable to or by such banking institutions, or the rates of discount chargeable by such banking institutions:

Provided that the Bank may provide in such directions for different classes, categories or descriptions of licensed banks, licensed merchant banks or licensed finance companies, respectively, such different proportions of their deposits as the Bank may specify which may be used for granting advances or extending credit facilities in such different proportions for such different purposes as the Bank may specify, and the Bank may determine such classes, categories or descriptions by reference to the size or location of the banking institution or to both, size being measured in relation to the number of branches, any or all categories of assets and liabilities, of the banking institution, or any combination thereof.

Special loans to banking and other financial institutions

42. The Central Bank may, if it deems such action necessary to safeguard monetary stability, make a loan or advance to any banking institution or other financial institution, or enter into any transaction for such purposes with any such institutions, which does not involve any element which is not approved by the Syariah, in accordance with the advice of the Syariah Advisory Council, against such form of security as the Central Bank may consider sufficient.

Clearing Houses and settlement of balances between banking and other financial institutions

43. (1) In order to facilitate the clearing of cheques and other credit or payment instruments for banking institutions and other financial institutions or any person approved by the Bank, the Bank or body corporate established or acquired under subsection 30A(1) may, at an appropriate time and in conjunction with such institutions, or person, establish a Clearing House in Kuala Lumpur and in such other place or places as the Bank or a body corporate may consider necessary.

(2) A banking institution, other financial institution or any person approved by the Bank shall settle, in such manner as the Bank or body corporate established or acquired under subsection 30A(1) may from time to time specify by notice in writing, all balances between itself and any other banking institution, other financial institution or any person approved by the Bank arising out of the general clearances effected in Kuala Lumpur and such other places as the Bank or a body corporate established or acquired under subsection 30A(1) may specify.

44. (*Deleted by Act A189*).

PART VIII

GENERAL

Interpretation

44A. For the purposes of this Part—

“central depository” means the system for the handling of debt securities established or operated by the Bank pursuant to paragraph 44B(1)(d);

“controller” has the meaning assigned thereto in the Banking and Financial Institutions Act 1989;

“debt securities” includes—

- (a) stock issued under the *Loan (Local) Act 1959 [Act 637];
- (b) Treasury Bills issued under the Treasury Bills (Local) Act 1946 [Act 188];
- (c) investments under the **Government Funding Act 1983 [Act 275];
- (d) securities issued by the Bank under paragraphs 30(1)(bb) and 30(1)(bbb);
- (e) debentures, as defined in the Companies Act 1965, denominated and payable in ringgit issued by the Government of any State, any public authority, any statutory body, any corporation including a private or a public company, or such other persons who under their constituent documents may issue such debentures that are tendered, deposited, cleared or settled through any system established or operated by the Bank pursuant to subsection 44B(1); and
- (f) such securities or debentures as may be approved by the Minister on the recommendation of the Board that are tendered, deposited, cleared or settled through any system established or operated by the Bank pursuant to subsection 44B(1).

Bank may establish systems for funds, debt securities, etc.

44B. (1) The Bank may establish or operate such systems, electronic or otherwise, as may be necessary—

- (a) to facilitate the transferring, clearing and settlement of funds and debt securities in the money market;
- (b) to facilitate the tendering, issuance, borrowing and lending of debt securities;

*NOTE—First enacted as Loan (Local) Ordinance 1959 [Ord. 43/1959]. Revised w.e.f. 5 November 2004.

**NOTE—Previously known as the Government Investment Act 1983. Change in short title vide section 3 of the Government Investment (Amendment) Act 2005 [Act A1242] w.e.f. 17 June 2005.

- (c) to provide information to any person relating to the money market or to the tender, issue, trading and offer, or bid prices of debt securities or any other related information relating to debt securities;
- (d) for the central handling of debt securities deposited with the Bank by means of entries in debt securities accounts without physical delivery of certificates;
- (e) for the carrying out of any other activity related to any of the systems in paragraphs (a) to (d); and
- (f) for the dissemination of information relating to paragraphs (a) to (e).

(2) The Bank may function as a depository or paying agent or undertake any other ancillary or incidental function related to the establishment or operation of any of the systems referred to in subsection (1).

(3) The Bank may, with the approval of the Minister, make such regulations as may be necessary for the regulation and efficient operation of any system established or operated pursuant to subsection (1), including regulations—

- (a) to ensure orderly dealings in debt securities through the system;
- (b) to impose obligations and duties on participants of any system established or operated pursuant to subsection (1);
- (c) in relation to the transfer, clearance and settlement of funds and debt securities;
- (d) in relation to the tendering, trading, borrowing, lending and dissemination of information of debt securities;
- (e) in relation to the deposit, holding, transfer and withdrawal of debt securities in or from the central depository; and
- (f) in relation to the suspension or withdrawal of the services of the central depository.

Bank may require information relating to debt securities

44c. (1) The Bank may, for the purposes of section 44B, by notice in writing, require any person to submit—

- (a) any information relating to any debt securities tendered, traded, acquired, or held directly or indirectly either for his own benefit or for any other person;
- (b) a statement of his current holding of debt securities and whether he holds such securities as a beneficial owner or as a trustee; or
- (c) if he holds any debt securities deposited with the central depository as a trustee, information as to the identification of the persons for whom he holds such debt securities by name and by any other particulars sufficient to enable those persons to be identified and to ascertain the nature of their interest in such debt securities.

(2) Any person who has been served with a notice under subsection (1) shall, within seven days of the receipt of such notice or such longer period as may be allowed by the Bank, submit to the Bank information required by the Bank and duly verified by a statutory declaration.

Bank may prohibit certain activities

44d. (1) The Bank may, by notice in writing, prohibit any person from trading, borrowing, lending, clearing, settling, redeeming, dealing or engaging in other activities relating to debt securities deposited in the central depository if it is not satisfied as to the identity of—

- (a) such person;
- (b) any person for whom the person referred to in paragraph (a) holds such debt securities; or
- (c) the controllers of the person referred to in paragraphs (a) and (b), where such person is an institution.

(2) Any person who has been served with a notice under subsection (1) shall cease to engage in the prohibited activity upon receipt of the notice.

(3) Any person who has been prohibited from engaging in any activity pursuant to a notice under subsection (1) may make representations to the Bank and the Bank may, upon review of his or its representations, revoke or vary the prohibition subject to such terms and conditions as may be imposed by the Bank.

(4) In this section, “controller” has the meaning assigned thereto in the Banking and Financial Institutions Act 1989.

Bank’s financial year

45. The financial year of the Bank shall begin on the first day of January and end on the thirty-first day of December of each year.

Audit

46. The accounts of the Bank shall be audited by the Auditor General.

Return of assets and liabilities

47. (1) The Bank shall forthwith after the fifteenth day and after the last day of each month make up and publish a return of its assets and liabilities as at the close of business on such days respectively or, if either of those days is a holiday, then at the close of business on the last business day preceding those days.

(2) A copy of each return made under subsection (1) shall be transmitted to the Minister.

Preparation and publication of annual report and balance sheet

48. (1) The Bank shall within three months from the close of its financial year—

- (a) transmit to the Minister a copy of the annual accounts certified by the Auditor General, and such accounts shall then be published in the *Gazette*;
- (b) transmit to the Minister a report by the Board on the working of the Bank throughout the year and such report shall be published by the Bank.

(2) The annual accounts and annual report shall, as soon as may be, be laid before the Senate and the House of Representatives.

Loans and scholarships to officers and employees, and scholarships and study loans to other persons

49. (1) Without prejudice to subsections 15(5) and (6), but subject to subsections (2), (3) and (4) of this section the Bank shall not lend money to an officer or employee.

(2) The Bank may lend money with or without interest or provide finance in accordance with Syariah principles to an officer or employee—

- (a) for the purchase, erection, alteration, renovation or enlargement of a house in which he resides or intends to reside; or
- (b) to discharge a mortgage or encumbrance on such a house; or
- (c) for the purchase of a vehicle.

(3) The Bank may, where the Governor is satisfied that special or compassionate circumstances exist or the purpose is appropriate, lend to an officer or employee on such terms and conditions as the Governor thinks fit, money not exceeding at any one time an amount equal to three months' salary of the officer or employee.

(4) The Bank may grant study loans or scholarships to any officer or employee of the Bank or any child (including a step-child or adopted child) of such officer or employee, or to any suitable person, in accordance with such terms and conditions as may be approved by the Board generally or in any particular case.

Power to appoint Attorney

49A. The Bank may, by instrument, under its seal, appoint a person (whether in Malaysia or in a place outside Malaysia) to be its Attorney, and the person so appointed may, subject to the instrument, do any act or execute any power or function which he is authorized by the instrument to do or execute.

50. (*Deleted by Act 478*).

Penalties

51. (1) Any banking institution or other financial institution which—

(a) (*Deleted by Act A189*).

(b) (*Deleted by Act A189*).

(c) fails to comply with subsection 43(2), shall, on conviction, be liable to a fine not exceeding five thousand ringgit for every day during which such default or contravention continues.

(2) (*Omitted*).

(3) Any institution or person referred to in section 37 which, or any person who, fails to comply with any direction issued under section 39 other than in relation to a reserve to be held by the bank shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit, and to a further fine not exceeding five thousand ringgit for every day during which the default continues.

(4) (a) Any banking institution which, or any person who, fails to comply with any direction issued under section 39 in relation to a reserve to be held by the banking institution shall be liable to pay, on being called upon to do so by the Central Bank, a penalty of not more than one-tenth of one per centum of the amount of the deficiency for every day during which the deficiency continues.

(b) Any banking institution which, or any person who, fails or refuses to pay a penalty under paragraph (a) shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit.

(5) Any person who contravenes section 16 shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five thousand ringgit or to both.

(5A) Any director, officer or employee of the Bank or of a banking institution or other financial institution who contravenes paragraph 30(1)(*mmm*) in respect of maintaining as secret any

credit information disclosed by the Bank shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five thousand ringgit or to both.

(6) Any person who contravenes section 27A shall be guilty of an offence and shall on conviction be liable to a fine not exceeding five thousand ringgit.

(7) Any person who fails to comply with any requirement of the Bank under subsection 30(5) or who contravenes subsection 30(6) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding six months or to both.

(8) Any person who contravenes any written directive issued under subsection 16B(7) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding five hundred thousand ringgit, and to a further fine not exceeding five thousand ringgit for every day during which the contravention continues.

(9) Any person who does what he is prohibited or restricted from doing or fails to do what he is required or directed to do by regulations made by the Bank under subsection 44B(3) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding five million ringgit.

(10) Any person who fails to comply with the notice issued under subsection 44C(1) or 44D(1) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding five million ringgit or to imprisonment for a term not exceeding five years or to both.

Power of Governor to compound

51A. (1) The Governor with the concurrence of the Minister may compound any offence punishable under this Act by accepting such sum of money as he thinks fit not exceeding the amount of the maximum fine to which that person would have been liable if he had been convicted of the offence.

(2) Any moneys paid to the Governor pursuant to subsection (1) shall be paid into and form part of the Consolidated Fund.

Fiat of Public Prosecutor

52. No prosecution in respect of any offence under this Act shall be instituted without the consent in writing of the Public Prosecutor.

Jurisdiction

53. Notwithstanding the provisions of any other written law, a Sessions Court shall have jurisdiction to try any offence against this Act and to impose the full penalty prescribed therefor.

Bank may be represented by director, officer or employee of Bank in civil proceedings

53A. Notwithstanding the provisions of any written law—

- (a) in any civil proceedings by or against the Bank; or
- (b) in any other civil proceedings in which the Bank is required or permitted by the court to be represented, or to be heard, or is otherwise entitled to be represented or to be heard, any director, officer or employee of the Bank authorized by the Governor for the purpose, may, on behalf of the Bank, institute such proceedings or appear as an advocate therein and may make all appearances and applications and do all acts in respect of such proceedings on behalf of the Bank.

Power of Bank to make regulations

54. The Bank may, with the approval of the Minister, make regulations for the better carrying out of the objects and purposes of this Act.

Fees and charges

54A. The Bank may impose such fees or charges as it deems appropriate for the services provided by the Bank in relation to its functions under this Act or any other written law.

55. (*Omitted*).

PART IX

EXTENSION OF JURISDICTION

Special provision relating to extension of jurisdiction, *etc.*, of the Bank

56. Whenever the Government shall have entered into an agreement with the Government of any territory whereby the jurisdiction, powers and obligations of the Bank may be extended to any such territory, and such agreement has been approved by resolution of the House of Representatives, the Yang di-Pertuan Agong may by order amend, adapt or repeal such provisions of this Act as appear to him necessary for the purpose of bringing the provisions of this Act into accord with the provisions of such agreement.

LAWS OF MALAYSIA

Act 519

CENTRAL BANK OF MALAYSIA ACT 1958

LIST OF AMENDMENTS

Amending law	Short title	In force from
Act 27/1960	Currency Act 1960	01-01-1961
Act 33/1963	Central Bank of Malaya (Amendment) Act 1963	12-09-1963
L.N. 230/1963	Modification of Laws (Central Bank of Malaya) (Change of Title) Order 1963	16-09-1963
Act 16/1965	Central Bank of Malaysia (Amendment and Extension) Act 1965 and Ordinance extended to apply throughout Malaysia	21-01-1965
Act 61/1966	Central Bank of Malaysia (Amendment) Act 1966	19-09-1966
Act 47/1967	Income Tax Act 1967	28-09-1967
Act 19/1968	Central Bank of Malaysia (Amendment) Act 1968	04-04-1968
P.U. (A) 394/1970 (Ord. No. 57)	Emergency (Essential Powers) Ord. No. 57 of 1970	05-11-1970
P.U. (B) 324/1970	Titles of Office Ordinance—Notification under section 3	01-01-1971
Act A18	Central Bank of Malaysia (Amendment) Act 1969	28-03-1969; 16-12-1969 — <i>see</i> P.U. (A) 505/1969 and s. 5, Act A18
Act A67	Central Bank of Malaysia (Amendment) Act 1971	17-09-1971
Act A68	Central Bank of Malaysia (Amendment) (No. 2) Act 1971	01-07-1971; 17-09-1971

Amending law	Short title	In force from
Act 102	Banking Act 1973	01-07-1971
Act A189	Central Bank of Malaysia (Amendment) Act 1969	15-04-1973 – <i>see</i> P.U. (B) 148/1973
Act A298	Central Bank of Malaysia (Amendment) Act 1975	30-05-1975
Act A378	Central Bank of Malaysia (Amendment) Act 1977	01-01-1977
Act 184	International Monetary Fund (Ratification of Second Amendment to Articles of Agreement) Act 1977	10-06-1977
Act A407	Central Bank of Malaysia (Amendment) (No. 2) Act 1977	02-09-1977
Act A529	Central Bank of Malaysia and Banking (Amendment) Act 1982	23-02-1982
Act 276	Islamic Banking Act 1983	07-04-1983
Act A632	Central Bank of Malaysia (Amendment) Act 1985	10-01-1986
Act 330	Finance (Banking and Financial Institutions) Act 1986	01-01-1987
Act A683	Central Bank of Malaysia (Amendment) Act 1987	01-01-1988
Act A699	Central Bank of Malaysia, Insurance and Takaful (Amendment) Act 1988	01-05-1988
Act 372	Banking and Financial Institutions Act 1989	01-10-1989
Act A737	Central Bank of Malaysia, Exchange Control, Insurance and Takaful (Amendment) Act 1989	01-10-1989
Act A750	Central Bank of Malaysia (Amendment) Act 1990	01-01-1990

Amending law	Short title	In force from
Act A805	Central Bank of Malaysia (Amendment) Act 1991	13-09-1991
Act 478	Revocation of Exemption From Payment of Stamp Duties Act 1992	21-02-1992
Act A1010	Central Bank of Malaysia (Amendment) Act 1998	25-09-1998
Act A1143	Central Bank of Malaysia (Amendment) Act 2002	01-03-2002
Act A1213	Central Bank of Malaysia (Amendment) Act 2003	01-01-2004; 01-01-1990 — <i>see s. 9,</i> Act A1213
Act A1271	Central Bank of Malaysia (Amendment) Act 2006	19-10-2006 except section 3 deemed to come into force on 16 February 2006
Act A1328	Central Bank of Malaysia (Amendment) Act 2008	08-02-2008

LAWS OF MALAYSIA

Act 519

CENTRAL BANK OF MALAYSIA ACT 1958

LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
2	Act 16/1965	21-01-1965
	Act A189	15-04-1973
	Act A529	23-02-1982
	Act 276	07-04-1983
	Act 330	01-01-1987
	Act A737	01-10-1989
	Act A805	13-09-1991
	Act A1213	01-01-2004
4	Act A1213	01-01-2004
6	Act A16/1965	21-01-1965
	Act A407	02-09-1977
8	Act 16/1965	21-01-1965
	Act A805	13-09-1991
9	Act 16/1965	21-01-1965
	Act A67	17-09-1971
	Act A737	01-10-1989
	Act A805	13-09-1991
11	Act A737	01-10-1989
	Act A805	13-09-1991
12	Act A805	13-09-1991
13	Act 16/1965	21-01-1965
	Act 19/1968	04-04-1968
	Act A805	31-09-1991
14	Act A737	01-10-1989
15	Act 16/1965	21-01-1965
	Act 330	01-01-1987
	Act A737	01-10-1989
	Act A805	13-09-1991

Section	Amending authority	In force from
16	Act A737	01-10-1989
16A	Act A737 Act A1010	01-10-1989 25-09-1998
16B	Act A1213	01-01-2004
19	Act 61/1966 Act 184	19-09-1966 10-06-1977
20	Act A737	01-10-1989
21	Act 61/1966 Act 184	19-09-1966 10-06-1977
24	Act A68 Act A737	17-09-1971 01-10-1989
25	Act A737	01-10-1989
26	Act A750 Act A805	13-09-1991
27	Act A737	01-10-1989
27A	Act 16/1965 Act A298	21-01-1965 30-05-1975
28	Act 16/1965 Act 61/1966 Act A18 Act A750	21-01-1965 19-09-1966 28-03-1969; 16-12-1969 01-01-1990
29	Act A189	15-04-1973
30	Act 33/1963 Act 16/1965 Act 16/1966 Act A18 Act A68 Act A189 Act A298 Act A378 Act 184 Act A529 Act 330 Act A699 Act A737 Act A750 Act A805	12-09-1963 21-01-1965 19-09-1966 28-03-1969; 16-12-1969 01-07-1971 15-04-1973 30-05-1975 01-01-1977 10-06-1977 23-02-1982 01-01-1987 01-05-1988 01-10-1989 01-01-1990 13-09-1991

Section	Amending authority	In force from
	Act A1010	25-09-1998
	Act A1143	01-03-2002
	Act A1213	01-01-2004
	Act A1271	19-10-2006; 16-02-2006
30A	Act A1213 Act A1328	01-01-2004 08-02-2008
31	Act 16/1965 Act A189 Act A298 Act A529 Act A737 Act A805	21-01-1965 15-04-1973 30-05-1975 23-02-1982 01-10-1989 13-09-1991
31A	Act A632 Act A683 Act A737	10-01-1986 01-01-1988 01-10-1989
31B	Act A683 Act A737	01-01-1988 01-10-1989
31C	Act A683 Act A737	01-01-1988 01-10-1989
32	Act A737	01-10-1989
33	Act A529	23-02-1982
34	Act A737 Act A1010	01-10-1989 25-09-1998
Heading of Part VII	Act A737	01-10-1989
35	Act A737	01-10-1989
36	Act 16/1965 Act A189	21-01-1965 15-04-1973
37	Act 19/1968 Act A189 Act A298 Act 276 Act A737 Act A1010 Act A1213	04-04-1968 15-04-1973 30-05-1975 07-04-1983 01-10-1989 25-09-1998 01-01-2004
38	Act A737	01-10-1989

Section	Amending authority	In force from
39	Act A189	15-04-1973
	Act A529	23-02-1982
	Act A737	01-10-1989
40	Act A189	15-04-1973
	Act A737	01-10-1989
41	Act A189	15-04-1973
	Act A529	23-02-1982
	Act 276	07-04-1983
	Act A737	01-10-1989
42	Act A189	15-04-1973
	Act 276	07-04-1983
	Act A737	01-10-1989
	Act A1213	01-01-2004
43	Act A189	15-04-1973
	Act A737	01-10-1989
	Act A1328	08-02-2008
44	Act 19/1968	04-04-1968
	Act A189	15-04-1973
44A	Act A1213	01-01-1990
44B	Act A1213	01-01-1990
44C	Act A1213	01-01-1990
44D	Act A1213	01-01-1990
49	Act A737	01-10-1989
	Act A1213	01-01-2004
49A	Act 16/1965	21-01-1965
50	Act A298	30-05-1975
	Act 478	21-02-1992
51	Act A189	15-04-1973
	Act 276	07-04-1983
	Act A737	01-10-1989
	Act A1143	01-03-2002
	Act A1213	01-01-2004
51A	Act A189	15-04-1973
53A	Act A737	01-10-1989
54A	Act A1213	01-01-2004

LAWS OF MALAYSIA**Act 519****CENTRAL BANK OF MALAYSIA ACT 1958**

LIST OF LAWS OR PARTS THEREOF SUPERSEDED

No.	Title
F.M. No. 61/1958	Central Bank of Malaysia Ordinance 1958

