



REPUBLIC OF NAURU

Bank of Nauru Act 1976

As in force from 1 October 1976

This document comprises Act No. 17 of 1976 as in force from the commencement of that Act on 1 October 1976, with notes on amendments made but never commenced, and attempted amendments that cannot be incorporated. The document was prepared on 16 May 2011.

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REPUBLIC OF NAURU

Bank of Nauru Act 1976¹

An Act to incorporate the Bank of Nauru and to make provision in relation to the operation and control thereof

1 Short title and commencement

This Act may be cited as the *Bank of Nauru Act 1976* and shall come into force on 1st October, 1976.

2 Interpretation

In this Act, unless the context otherwise requires:

'depositor', in relation to the Bank, means a person from whom the Bank has accepted a deposit, or several deposits, of moneys and to whom the moneys deposited, or any interest payable by the Bank thereon, have not been repaid, or has not been paid, as the case may be, in full;

'Director' means a person who is for the time being a member of the Board;

'the Bank' means the corporation named the Bank of Nauru incorporated by section 3;

'the Board' means the Board of Directors of the Bank established by section 6;

'the Chairman' means the person who is for the time being the Chairman of the Board by virtue of appointment under section 8;

'the General Manager' means the person who is for the time being the General Manager of the Bank by virtue of appointment under section 18.

¹ The operation of this Act is affected by the *Payments Directorate Act 2008*; see Note 2 in the Notes section at the end of this document.

3 Incorporation of the Bank of Nauru

- (1) There is hereby incorporated a corporation named the Bank of Nauru
- (2) The sole incorporator of the Bank is and shall be deemed to be the Republic of Nauru.
- (3) The Bank is a body corporate with a corporate seal, to be prescribed by regulations, and perpetual succession.
- (4) The Bank may sue and be sued in and by its corporate name.
- (5) The Bank has the powers, rights, obligations, duties, facilities and functions set forth in this Act.
- (6) The provisions of the *Corporation Act 1972* shall not apply to the Bank except insofar as such provisions are expressly made applicable to the Bank by this Act.

4 Obligations of the Bank to depositors guaranteed by the Republic

- (1) The liabilities of the Bank in respect of its obligations to depositors and in respect of any indemnity given in relation to any liability acquired by the Bank in pursuance of the object referred to in paragraph 18 of the First Schedule are hereby guaranteed by the Republic; any payment which it may be necessary for the Republic; any payment which it may be necessary for the Republic to make in order to discharge its obligations under this subsection shall be made from, and be a charge upon, the Treasury Fund.
- (2) Where any payment is made out of the Treasury Fund in pursuance of the preceding subsection, the Minister shall, on the first sitting day of Parliament thereafter, report to Parliament the amount of money paid and the reasons why the Bank was unable to discharge its obligation.

5 Objects, powers and business of the Bank

- (1) The objects for which the Bank is incorporated are those set out in the First Schedule to this Act and the Bank has power to do all the acts and things referred to in that Schedule.
- (2) The Bank has all such other powers, and is entitled, through its officers, employees and agents to do all such other acts and things, as are expressly conferred on it or as it is expressly

authorised to do by or under this Act or any other written law, or as are necessary or convenient to enable it to pursue or to achieve its objects.

- (3) The business of the Bank may comprise all or any of the businesses or matters mentioned or included in the First Schedule to this Act and all incidental matters; and any branch or kind of business which the Bank is empowered to carry on may be undertaken or allowed to remain in abeyance or abandoned or renewed at any time or from time to time as the Board determines.

6 The Board of Directors of the Bank

- (1) There shall be a Board of Directors of the Bank the members of which shall be appointed by the Cabinet from time to time by notice in the Gazette; the Board shall be constituted by such number of Directors, not being less than four nor more than seven, as the Cabinet may from time to time determine.
- (2) The Board may act notwithstanding a vacancy in its membership and the presence or participation of a person not entitled to be present at, or to participate in, the proceedings of the Board shall not invalidate those proceedings.
- (3) Subject to this Act, the duty of the Board shall be to control and manage the business of the Bank and the Board shall have the powers set out in the Second Schedule to this Act: Provided that the Board shall not have power to sell or dispose of the Bank's main undertaking:

And provided further that, where the Act provides that the Board may do any act or thing or exercise any power with the approval of the Cabinet, the Board is not empowered to do that act or thing or to exercise that power unless the Cabinet has approved of its doing so.

- (4) A person who is for the time being the auditor of the Bank shall not be appointed to be a Director.
- (5) Subject to the provisions of sections 11 and 12, a Director shall hold office for such period, not exceeding four years, as is fixed by the Cabinet in the notice of his appointment.
- (6) Subject to subsection (2) of section 11, a Director is eligible for re-appointment.

- (7) A Director may be paid by the Bank such allowances, and a Director who is not a public officer may be paid by the Bank such fees, as the Cabinet may from time to time determine.

7 Acting Directors

- (1) Where any Director is unable to perform his duties by reason of illness or because he has been granted leave of absence or for any other reason, the Minister may, by notice in the Gazette, appoint a person as an acting Director to act in place of that Director during the period when that Director is unable to perform his duties:

Provided that a person who is for the time being the auditor of the Bank shall not be appointed to be an acting Director.

- (2) Subject to the next following subsection, subsection (2) of section 11 and section 12, the appointment of an acting Director shall terminate when the Director in place of whom he is acting is again able to perform his duties.
- (3) The Minister may, by notice in the Gazette, terminate the appointment of an acting Director at any time without assigning a reason therefor.
- (4) An acting Director may be paid by the Bank such allowances, and an acting Director who is not a public officer may be paid by the Bank such fees, as the Cabinet may from time to time determine.

8 The Chairman of the Board

- (1) The Cabinet shall, by notice in the Gazette, appoint a Director to be the Chairman of the Board.
- (2) The Chairman shall exercise such powers and perform such functions as are provided for by this Act.
- (3) The Cabinet may, by notice in the Gazette, revoke any appointment made under subsection (1) of any person to be the Chairman.

- (4) Where at any time the office of the Chairman is vacant or the Chairman is for any reason unable to exercise all or any of his powers or to perform all or any of his functions, the Minister may, by an instrument in writing under his hand, nominate another person who is a Director or an acting Director:
- (a) if the office of the Chairman is vacant, to exercise or perform all or any of the powers or functions of, the Chairman; and
 - (b) if the office is not vacant, to exercise or perform all or any of the powers or functions of the Chairman which the Chairman is unable for the time being to exercise or perform;

and shall specify in the instrument the powers or functions to be exercised or performed and the period during which they are to be exercised or performed:

Provided that, where at any meeting of the Board the Chairman is absent but there is a quorum present, the Directors and acting Directors present may appoint one of themselves to preside at that meeting, unless the Minister has nominated one of them to perform that function of the Chairman.

9 Leave of absence

The Minister may, upon such terms and conditions as, subject to any directions given to him by the Cabinet, he determines, grant leave of absence to a Director.

10 Terms, etc., of appointment of Directors

A Director shall hold his appointment on such terms and conditions as may, from time to time, be determined by the Cabinet.

11 Termination of appointment of Directors

- (1) The Cabinet may, by notice in the Gazette, terminate summarily and without assigning a reason therefor the appointment of a Director.
- (2) Where a Director or an acting Director:
 - (a) is adjudicated bankrupt or insolvent, applies to take the benefit of any law for the relief of bankrupt or insolvent

debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit;

- (b) is appointed to be the auditor of the Bank;
- (c) is absent, except with leave of absence granted by the Minister, from three successive meetings of the Board;
- (d) fails to comply with his obligations under section 13;
- (e) is certified by a medical board consisting of not less than three medical practitioners, appointed by the Director of Health and Medical Services of the Republic at the request of the Minister, to be incapable by reason of ill-health, infirmity or injury of performing his duties efficiently; or
- (f) is convicted of any offence involving fraud or dishonesty punishable on conviction by imprisonment for a period exceeding one year; the Minister shall, by notice in the Gazette, terminate the appointment of that Director or acting Director; and he shall thereafter be ineligible to be appointed to be a Director or an acting Director.

12 Resignation

A Director or acting Director may resign from his office by notice given in writing to the Minister and shall cease to be a Director or acting Director upon giving that notice or, subject to any prior termination of his appointment under section 7 or section 11, at such later date as may be specified therein.

13 Disclosure of interest

- (1) A Director or acting Director who is, otherwise than as a Minister or a public officer or as a depositor, directly or indirectly interested in a contract made or proposed to be made by the Bank shall disclose the nature of his interest at a meeting of the Board as soon as possible after the relevant facts have come to his knowledge.
- (2) A disclosure under the preceding subsection shall be recorded in the minutes of the Board and the Director or acting Director shall:
 - (a) not take part in voting on a matter in respect of that contract; and

- (b) shall be disregarded for the purposes of constituting a quorum of the Board in its deliberation or decision in respect of that contract.

14 Meetings of the Board

- (1) The Board shall hold such meetings, not being less than one in every period of four months, as, in the opinion of the Chairman, are necessary for the conduct of its business.
- (2) The Chairman shall, on the receipt of a direction from the Minister or a written request signed by not less than two Directors, call a meeting of the Board to be held not later than one month after he receives that direction or request.
- (3) At a meeting of the Board three Directors shall constitute a quorum.
- (4) The decision of the majority of the Directors present at a meeting of the Board and eligible to vote on any question requiring to be decided by the Board shall be the decision of the Board in respect of that question:

Provided that, in the event of an equality of votes, the Director presiding at the meeting shall, in addition to having a deliberative vote, also have a casting vote.

- (5) Subject to section 8, the Chairman shall preside at meetings of the Board.
- (6) The Board shall cause minutes to be duly entered in books provided for the purpose:
 - (a) of the names of the Directors and acting Directors present at each meeting of the Board;
 - (b) of all recommendations made to the Cabinet under subsection (2) of section 23;
 - (c) of all orders made by the Board; and
 - (d) of all resolutions and proceedings of meetings of the Board;

and all such minutes of a meeting of the Board shall be signed by the person who presides at that meeting or by the person who presides at the next following meeting of the Board and, if purporting to be so signed, shall be receivable as prima facie evidence of the matters stated in those minutes.

- (7) The books referred to in the last preceding subsection shall be open at all times to Directors and acting Directors for the inspection by them of the minutes entered therein.
- (8) The Cabinet may by regulations prescribe the procedure to be followed at, and with regard to giving notice of, meetings of the Board.
- (9) For the purpose of this section the expression "Director" includes acting Director.

15 Place of meetings

- (1) The Board shall meet at such place or places as it shall from time to time determine.
- (2) Where the place for a meeting has not previously been determined, the meeting shall be held at a place appointed by the Chairman.
- (3) The Board shall meet in Nauru not less than once in each financial year.

16 Resolutions in writing

A resolution in writing signed by all the Directors and acting Directors shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted: Provided that it shall not be necessary for the resolution to be signed by a Director in whose place an acting Director has for the time being been appointed.

17 Principal place of business and branches

- (1) The principal place of business of the Bank shall be in Nauru.
- (2) The Bank may establish branches at such places outside Nauru as the Board shall, with the approval of the Cabinet, from time to time determine.

18 The General Manager

- (1) The Cabinet shall, as soon as possible after this Act comes into force, by notice in the Gazette appoint a suitable person to be the General Manager of the Bank.
- (2) The Cabinet may, by notice in the Gazette, summarily and without assigning a reason therefor revoke any appointment made under the preceding subsection; where a person, whose appointment has been revoked under this subsection would, if the appointment had not been revoked, have been entitled under the terms of a contract of service between himself and the Republic or the Bank to continue to be employed as the General Manager of the Bank for a further period after the date from which his appointment is revoked, he shall cease as from that date to be so employed but shall be entitled to be paid the salary of that office for that period:

Provided that nothing in this section shall be taken as entitling any person whose employment has been summarily terminated for misconduct or inefficiency to be paid a salary for any period after that termination.

- (3) The General Manager shall be the chief executive officer of the Bank and shall have such duties, functions and powers as are delegated to him by the Board under subsection (5).
- (4) Where the office of the General Manager is vacant, the Minister shall, by an instrument in writing under his hand, appoint a suitable person to act as the General Manager and a person so appointed shall, for so long as he is so acting, be the chief executive officer of the Bank and have such duties, functions and powers as are delegated to him by the Board under the next following subsection.
- (5) The Board may from time to time delegate to the General Manager or, subject to any direction given to the Board in writing by the Minister, to any person appointed under subsection (4) to act as the General Manager such of its duties, functions and powers under this Act as it determines: Provided that the delegation of any of its duties, functions or powers to the General Manager or to any such person shall not preclude the Board from itself performing those duties or functions or exercising those powers.

- (6) The General Manager shall not, except with the prior written approval of the Minister, in Nauru or elsewhere:
- (a) accept or continue to hold, or to discharge the duties of, or to be employed in, a paid office in connection with any banking, mercantile or other commercial business, whether carded on by a corporation, company, firm or individual;
 - (b) engage in or undertake any such business, whether as principal or agent; or
 - (c) engage or continue in private practice of any profession, occupation or trade or enter into any employment, whether remunerative or not, with any corporation, company, firm or individual who or which is so engaged.
- (7) Subject to any directions given in that behalf by the Board, the General Manager or person acting as the General Manager may delegate to any officer of the Bank any of the duties, functions or powers delegated to him by the Board:

Provided that the delegation by the General Manager or person acting as the General Manager of any such duty, function or power shall not preclude him from himself performing those duties or functions or exercising those powers.

19 Officers and staff of the Bank²

- (1) The Board may, subject to any directions given to it in writing by the Cabinet:
- (a) appoint, engage or employ, and
 - (b) apply such terms and conditions of service in respect of;

such officers and other staff of the Bank as the Board considers necessary or desirable for the conduct of the business and the performance of the other functions and duties of the Bank and may terminate their employment as required by the interests of the Bank:

² See Note 2 in the Notes section at the end of this document.

Provided that the terms and conditions of service of officers and other staff of the Bank shall be subject to approval by the Cabinet.

- (2) Nothing in this section shall be taken as preventing the Bank:
- (a) from appointing other banks to be its agents outside Nauru or from paying agency fees to such banks; or
 - (b) from obtaining the advice of experts in banking or foreign exchange or from paying such persons proper fees for such advice:

Provided that no such fee shall be payable to a Director or acting Director, except as provided for by section 6 or section 7, or to any officer or employee of the Bank.

20 Salaries, wages and allowances

The General Manager, any person appointed under subsection (4) of section 18 to act as the General Manager, other officers and other staff of the Bank shall be paid such salaries or wages and such allowances as may be notified to the Board from time to time by the Cabinet. Such salaries, wages and allowances shall be paid by the Bank from its own funds.

21 Capital of the Bank

- (1) The initial authorised capital of the Bank shall be \$20,000,000, divided into 2,000,000 shares each of \$10.
- (2) The initial subscribed capital of the Bank shall be \$1,000,000, divided into 100,000 shares each of \$10, which amount shall be fully paid by the Republic on 1st October, 1976, out of moneys in the Treasury Fund appropriated for the purpose by Act of Parliament; and the said 100,000 shares shall thereupon be issued to the Republic.
- (3) The authorised capital of the Bank may be increased from time to time by the Cabinet.
- (4) Shares additional to the initial subscribed shares may be issued from time to time by the Board, with the approval of the Cabinet, and shall immediately upon their issue be fully paid for either out of moneys in the Bank of Nauru General Reserve Fund established by section 22 or out of moneys in the Treasury Fund appropriated for the purpose by an Act of Parliament.

- (5) Shares shall be issued only to the Republic and shall be held only by the Republic.

22 Reserve funds

- (1) The Bank shall have a general reserve fund, to be known as the Bank of Nauru General Reserve Fund, which shall consist of all such moneys as are placed to the credit of the Fund in pursuance of subsection (3) of section 23, other than any such moneys which are withdrawn from the fund and used for the payment of shares issued under subsection (4) of section 21.
- (2) The Board may, with the approval of the Cabinet, establish other reserve funds for the purpose of better enabling the Bank to achieve any of its objects or to discharge any of its obligations and such funds shall consist of such moneys as are placed to their credit in pursuance of subsection (3) of section 23, other than any such moneys which are withdrawn from the fund and used for the purpose for which the fund was established or transferred into the Bank of Nauru General Reserve Fund in pursuance of the next following subsection.
- (3) Moneys in a reserve fund established under the last preceding subsection shall not be used for any purpose other than the purpose for which the fund was established, save that, where the moneys in any such fund are more than are required, or, in the opinion of the Board, are likely to be required, for the purpose for which the fund was established, the moneys surplus to that requirement shall be transferred into the Bank of Nauru General Reserve Fund.
- (4) The Board may, with the approval of the Cabinet, abolish any reserve fund established under subsection (2); if it does so, all moneys standing to the credit of that fund immediately before its abolition shall forthwith be transferred to the credit of the Bank of Nauru General Reserve Fund.

23 Profits of the Bank

- (1) As soon as reasonably practicable after the end of each financial year the Board shall ascertain that adequate and proper provision has been made in the accounts of the Bank for bad and doubtful debts, contingencies, depreciation of assets and all such other matters as in the opinion of the Board it is necessary or desirable to take into account having regard to normal banking practice, and shall thereupon determine the amount of the profit made or, as the case may be, the loss suffered by the Bank in that financial year.

- (2) Where in accordance with the preceding subsection the Board has determined that the Bank has made a profit, the Board shall recommend forthwith to the Cabinet:
- (a) what amount, if any, should be paid as dividends to the Republic;
 - (b) what amount, if any, should be credited to the Bank of Nauru General Reserve Fund; and
 - (c) what amount, if any, should be credited to any other reserve fund.
- (3) Upon receiving a recommendation made by the Board under the last preceding subsection, the Cabinet shall give to the Board such directions in relation thereto as it thinks fit and the Board shall comply with those directions:

Provided that until the amount of the moneys standing to the credit of the Bank of Nauru General Reserve Fund is not less than the amount of the authorised capital of the Bank, not more than fifteen per centum of the amount of the profit is to be paid out as dividends and not less than fifty per centum of the amount of the profit is to be placed to the credit of the Bank of Nauru General Reserve Fund:

And provided further that no moneys shall be paid by the Bank in respect of any dividend unless the auditor appointed under section 29 has certified that the amount determined by the Board under subsection (1) as the profit made by the Bank in the financial year is the true amount of that profit.

- (4) Where in any financial year the Bank has suffered a loss, the amount of that loss, or any balance thereof not already offset in accordance with this subsection, shall be retained out of the amount of any profit made by the Bank in any subsequent financial year to offset that loss and shall not be available for payment of dividends or for being placed to the credit of the Bank of Nauru General Reserve Fund or of any other reserve fund of the Bank.
- (5) Dividends payable to the Republic shall be paid by the Bank into the Treasury Fund.

24 The Bank not to charge assets except with approval of the Cabinet

The Bank shall not charge, pledge or grant a lien over any of its assets, or acquire any assets subject to a charge, pledge or lien, otherwise than as permitted by the Cabinet by an instrument of authority which has been laid before Parliament not less than fourteen days before the assets are charged, or are pledged or a lien is granted over them, or the assets subject to a charge, pledge or lien are acquired.

25 Loans to Directors, etc.

The Bank shall not lend moneys to a Director or acting Director or to an officer or other member of the staff of the Bank except by way of permitting him to overdraw his account or accounts with the Bank to a total amount, in respect of all his accounts, of not more than one-half of the annual salary, wages or other remuneration of such Director, acting Director, officer or other member of the staff.

26 Acceptance, etc., of bills of exchange, etc.

The Board may make such arrangements as it thinks fit for the acceptance, drawing, making or indorsing of bills of exchange or promissory notes in the name or on behalf of the Bank and, if the Board thinks fit, by any officer or officers of the Bank authorised by the Board in that behalf.

27 The seal

- (1) The Board shall provide for the safe custody of the seal of the Bank and any duplicate thereof by such person or persons, at such place or places and in such manner as the Board thinks fit.
- (2) The seal of the Bank or a duplicate thereof shall not be affixed to any document except pursuant to the authority of the Board.
- (3) Every instrument to which the seal of the Bank or a duplicate thereof is affixed shall be signed by two Directors or by a Director and another person appointed by the Board for that purpose.
- (4) In this section the expression '*Director*' includes acting Director.

28 The Bank's accounts

- (1) The Board shall cause to be kept such books of account and other records as are required to be kept by a corporation incorporated under the provisions of the *Corporation Act 1972* and such other books of account and records as are necessary to show all the Bank's transactions, and those books of account and records shall at all times be open to the inspection of Directors and acting Directors.
- (2) As soon as reasonably practicable within the period of sixty days next following the end of each financial year, the Bank shall submit to the auditor appointed under section 29 its annual accounts for that financial year together with a copy of the recommendation as to a dividend which it is making under subsection (2) of section 23 and a copy of the report made to the Minister by the Board under section 31 in respect of that financial year, and shall send to the Minister a copy of the annual accounts.
- (3) The annual accounts shall bear a declaration by the Chairman verifying that they are, to the best of his knowledge and belief, complete and correct. (4) The financial year of the Bank shall end on the thirtieth day of June in each year.

29 Audit of the Bank's accounts

- (1) The Board shall, forthwith upon the commencement of this Act, appoint in writing an auditor who shall audit the annual accounts and the books of account, records, papers, securities and transactions of the Bank and report in writing to the Board and to the Minister thereon within thirty days after his appointment and thereafter each year within thirty days after the submission to him of the annual accounts and at such other times as he thinks fit or the Minister requires:

Provided that no person shall be appointed to be an auditor unless either he is, or is acting as, the Director of Audit of the Republic or he is a registered corporation auditor.

- (2) The person appointed by the Board under the preceding subsection, and any person subsequently appointed under this subsection, to be the auditor of the Bank shall cease to be the auditor of the Bank if:
 - (i) he dies,
 - (ii) he resigns his office,

- (iii) he ceases to hold, or to act in, the office of Director of Audit of the Republic or to be a registered corporation auditor, as the case may be; or
- (iv) the Board terminates his appointment;

and the Board shall forthwith appoint in writing another person to be the auditor of the Bank in his place:

Provided that:

- (i) the Board shall not terminate the appointment of any person who has been appointed under the last preceding subsection or this subsection to be the auditor of the Bank within two years of his appointment as such; and
 - (ii) no person shall be appointed under this subsection to be the auditor of the Bank unless either he is, or is acting as, the Director of Audit of the Republic or he is a registered corporation auditor.
- (3) The costs of audit shall be borne by the Republic and the duty of the auditor shall be in the first instance to the Republic but without relieving him from an obligation to bring to the attention of the Board any matters which ought to be brought to its attention and to take reasonable steps to discover and warn the Board of any impropriety.
- (4) A copy of every report received by the Minister from the auditor under this section shall be laid before Parliament by the Minister on, or within seven days after, the first sitting day of Parliament next after the report is received by the Minister; where the report relates to the annual accounts of the Bank, a copy of the annual accounts shall also be laid before Parliament at the same time as the report:

Provided that any information the disclosure of which is prohibited by section 7 of the *Banking Act 1975* and which is contained in a report of the auditor or in the annual accounts shall be omitted from the copy of the report or of the annual accounts laid before Parliament.

30 Application of the Bank's funds

The funds of the Bank shall, subject to section 19 of the *Banking Act 1975*, at all times, including any winding-up of the Bank, be applied in the following order:

- (a) in discharge of the Bank's obligations to depositors;
- (b) in payment or discharge of the expenses, costs, charges and obligations properly incurred or undertaken by the Bank;
- (c) in payment of the salaries, wages, fees and allowances of the Directors, acting Directors, officers and other staff of the Bank;

in priority to all other purposes.

31 Reports by the Board

- (1) The Board shall report to the Cabinet in writing during the month of August in every year, and at such other times as the Cabinet may require or as the Board may think fit, on the financial situation of the Bank, the business transacted by it in the twelve months prior to the thirtieth day of June in that year and on the performance of its other duties and functions and the exercise of its powers during that period.
- (2) A copy of every report made to the Cabinet under the preceding subsection shall be laid before Parliament by the Minister on, or within seven days after, the first sitting day of Parliament next after the copy is received by the Cabinet:

Provided that any information the disclosure of which is prohibited by section 7 of the *Banking Act 1975* and which is contained in such a report shall be omitted from the copy thereof laid before Parliament.

32 Winding-up of the Bank

The provisions of Part IX of the *Corporation Act 1972* shall apply to the Bank and the winding-up thereof as though the Bank were a trading corporation incorporated under that Act, save that failure by the Bank to discharge any obligations imposed by that Act on a corporation incorporated thereunder shall not be a ground for the compulsory winding-up of the Bank.

33 Application of the *Banking Act 1975*

- (1) The provisions of the *Banking Act 1975* shall apply to the Bank; and the Bank, its officers and employees shall be bound by the provisions of that Act.
- (2) For the purpose of the preceding subsection the Directors, acting Directors and auditor shall be deemed to be officers of the Bank.

34 Application of certain provisions of the *Corporation Act 1972*

Notwithstanding subsection (6) of section 3, sections 18, 27, 145, 232, 236, 237, 238, 244 and 245 of the *Corporation Act 1972* shall apply to the Bank as though it were a trading corporation incorporated under that Act.

35 Regulations

The Cabinet may make regulations prescribing all matters required or authorised by this Act to be prescribed.

FIRST SCHEDULE — OBJECTS AND POWERS OF THE BANK

Subsection 5 (1)

- 1 To carry on the business of a bank of issue, discount and deposit, and of a savings bank, and of bankers and banking in all its various and varying branches and departments and to transact and do all business, matters and things incidental thereto or which may at any time after the commencement of this Act or at any place where the Bank shall carry on business be usual in connection with the business of banking or dealing in money or securities for money.
- 2 To buy, sell and deal in money, bullion, gold dust, assayed gold, precious metal and specie, and exchanges of and with all countries and to discount, buy, sell and deal in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, scrip, and Government bonds, securities, stock or bills, and other instruments and securities for money, whether transferable or negotiable or not.
- 3 To receive money on deposit, account current or otherwise with or without allowance or interest, and to receive on deposit or for safe custody or otherwise title deeds, securities, valuables and properties of every description.
- 4 To lend money on cash credit, promissory notes, bills of exchange or letters of credit and all other securities, real or personal, or, if it is in the best interests of the Bank to do so, without security.
- 5 To establish agencies, branches, departments or connections in relation to the aforesaid business in any part of the world.
- 6 To act as agents or attorneys for any bank, company, corporation, firm, body corporate or unincorporated, public or private, for any Government or other authority or for any person.
- 7 To grant letters of credit, bills and drafts on branches or agents or banking connections abroad.
- 8 To invest the moneys of the Bank in such manner as may be considered desirable or expedient in the best interests of the Bank.
- 9 To transact any other banking or financial business of any description including the provision of financial or other

accommodation, including leasing finance, of any kind whatsoever either as principal or agent.

- 10 To deposit money, treasury bills, bonds, instruments and securities of every description with any bank, corporation, authority, body or person with or without any arrangement for the payment of interest.
- 11 To borrow or raise money in such a manner and on such terms and conditions and with or without security as may from time to time be determined to be in the best interests of the Bank.
- 12 To discount take over or acquire whether absolutely or by way of security, contracts of sale, mortgages, hire or hire purchase agreements, bills, drafts, negotiable instruments, registrable instruments and contracts and agreements of every kind relating to real and personal property.
- 13 To purchase, deal in and lend on life, reversionary and other interests in property of all kinds, whether absolute or contingent or expectant and whether determinable or not, and to redeem, cancel or extinguish by purchase, surrender or otherwise any policy, security, grant or contract issued, made, taken over or entered into by the Bank.
- 14 To contract with leaseholders, borrowers, lenders, annuitants and others for the establishment, accumulation, provision and payment of sinking funds, redeemable funds, depreciation funds, renewal funds, endowment funds and other special funds and either in consideration of a lump sum or of an annual premium or otherwise and generally on such terms and conditions as may be arranged.
- 15 To undertake the office of Treasurer and to keep for any Government, corporation, authority, body or person any register or records relating to bonds, stocks, shares, debentures, debenture stock, securities of funds and to undertake any duties relating to the registration of transfers and the issue of certificates.
- 16 To carry on business as a travel agent and to contract and to provide or promote or facilitate the provision of travel services, accommodation guides, inquiry or tourist bureaux and any other services and facilities for travel and tourists.
- 17 Generally to carry on and transact any business of bankers, money changers, bullion and exchange brokers, financiers and capitalists as principal or agent in any part of the world.

- 18 To acquire by purchase, lease, hire or otherwise for cash or shares or debentures or any other consideration or without consideration and to deal with:
- (i) the whole or any part of the business, property and liabilities of any person or body of persons, whether corporate or unincorporated, carrying on any business wholly or in part similar to or capable of being carried on in conjunction with any of the businesses of the Bank or possessed of property suitable for the purposes of the Bank;
 - (ii) real property, lands and the uses and profits thereof, leases, licences, mortgages, easements and other interests in land;
 - (iii) personal property, buildings, plant, machinery, personal estate and effects, options, concessions, contracts, licences, agreements and choses in action;
 - (iv) patents, patent rights or inventions, copyrights, designs, trademarks, secret processes, technical information, licences, franchises and other rights, privileges and concessions; and in the case of acquisition of any liability to indemnify in respect thereof the person or body of persons from whom the liability is acquired.
- 19 To do all such acts and things as may be necessary or convenient for realising and obtaining the full benefit of all securities, property or rights on or against which any moneys of the Bank may be advanced or to prevent or diminish any apprehended loss or liability, including the carrying-on of any business comprised in or affected by any such security or rights.
- 20 To do or concur in doing all such acts, matters and things as may seem calculated to uphold and support the credit of the Bank or to obtain and justify public confidence or to avert or minimise financial disturbances which might detrimentally affect the Bank.
- 21 To carry on any other business which may seem to the Bank capable of being conveniently carried on in connection with the business of a bank or with all or any of the objects enumerated in this Schedule, or calculated directly or indirectly to enhance the value of the Bank's property or rights or to be of benefit to the Bank in any way.
- 22 To construct, maintain, alter, repair, remove or replace, equip or improve any buildings, fixtures, shops, factories, warehouses,

stores, banks, houses or dwellings, roads, footpaths, channels and other works and conveniences necessary or convenient for the purposes of the Bank or which may be calculated to render profitable any lands of the Bank or directly or indirectly to advance the Bank's interests and to assist, contribute to, subsidise or otherwise aid or take part in any such operations.

- 23 To enter into arrangements for joint working in business or for sharing profits or for amalgamation or partnership with any other corporation, firm or person carrying on business within the objects of the Bank.
- 24 To purchase, subscribe for, take over or otherwise acquire upon such terms and conditions as may be thought fit and to hold, exchange, mortgage, charge, dispose of or otherwise deal with any shares, stock, debentures, debenture stock, bonds, notes, scrip, securities or evidences of indebtedness or of the right to participate in profits or assets, or other similar documents of or issued or guaranteed by any corporation or association or any government or other authority, supreme, municipal, local or otherwise, and any options or rights in respect thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.
- 25 To secure in such manner as may seem expedient the repayment of any money borrowed or received on deposit by the Bank or any of the debts, liabilities, contracts or obligations of the Bank.
- 26 To make, draw, accept, indorse, discount and execute promissory notes, bills of exchange, cheques, drafts and other negotiable instruments.
- 27 To enter into any arrangements with any Government or authority, supreme, municipal, local or otherwise, that may seem conducive to the Bank's objects, or any of them, and to obtain from any such Government or authority any rights, privileges and concessions which the Bank may think it desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- 28 To establish and support or aid in the establishment and support of associations, institutions, schemes, funds, trusts and conveniences calculated to benefit or intended to assist the welfare of employees or ex-employees of the Bank or the dependants or connections of such persons and to grant pensions and allowances and to make payments towards superannuation benefits and insurance.

- 29 To grant, sell, convey, assign, transfer, exchange, mortgage, lease or grant licences in respect of, let, hire or dispose of in any manner whatever and either absolutely or for any term any part of the undertaking, and all or any part of the real or personal property, of the Bank or any estate or interest therein for such consideration and upon and subject to such terms, conditions, stipulations and restrictions, if any, as may seem expedient.
- 30 To procure the Bank to be registered or recognised in any foreign country or place.
- 31 To establish, regulate and control as and when it may seem expedient to the Board in any part of Nauru or elsewhere any branch offices or agencies of the Bank.
- 32 To do all or any of the above things in any part of the world either as principal, agent, contractor, trustee or otherwise and either alone or in *conjunction* with others and either by or through agents, sub-agents, trustees or otherwise, with power to appoint a trustee or trustees, personal or corporate, and to allow any property to remain outstanding in such trustee or trustees and also to appoint an attorney or attorneys to act for the Bank in connection with the carrying-out of all or any of the objects of the Bank.
- 33 To maintain for the Republic adequate reserves of the nominated currency of the Republic.
- 34 To invest the banking aggregate of Nauru.
- 35 To perform such functions and to exercise such powers in relation to the control of foreign exchange transactions as from time to time the Bank may be required or authorised by the Minister or by any written law to perform or exercise.
- 36 To do all such other things as are in the opinion of the Board incidental or conducive to the attainment of the above objects or any of them.

SECOND SCHEDULE — POWERS OF THE BOARD

Subsection 6 (3)

- 1 To do on behalf of the Bank all such acts and things and to exercise all such powers as the Bank is by virtue of this Act authorised or required to do or to exercise.
- 2 To do all such acts and things and to exercise all such powers as the Board is by virtue of this Act authorised or required to do or to exercise.
- 3 Without prejudice to the general powers referred to in paragraphs 1 and 2 of this Schedule:
 - (a) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Bank or its officers or otherwise concerning the affairs of the Bank and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Bank;
 - (b) to make and give receipts, releases and other discharges for money payable to the Bank and for the claims and demands of the Bank.
- 4 To appoint at any time and from time to time by power of attorney under the seal of the Bank persons to be the attorneys of the Bank for such purposes and with such powers, authorities and discretions, not exceeding those exercisable by the Board under this Act, and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may, if the Board thinks fit, be made in favour of an officer of the Bank or an agent or in favour of a person or body of persons, corporate or unincorporated, or the members, directors, nominees or managers of such a body or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Board; and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may be revoked by the Board; and any such agent or attorney as aforesaid may be authorised by the Board to subdelegate all or any of the powers, authorities and discretions for the time being vested in him.
- 5 In the name of the Bank or in the name or names of a trustee or trustees to be appointed by the Bank or of an agent or agents to purchase or take on lease or to hire any land, houses, offices or other buildings which the Board may from time to time think

requisite or suitable for carrying on the business of the Bank and upon any land so purchased or leased to erect any houses, offices and buildings which it may think requisite or suitable and to sell again, assign, let, underlet, exchange or otherwise dispose of the said premises for the benefit of the Bank.

- 6 In the name and on behalf of the Bank or in the name or names of a trustee or trustees appointed by the Board to acquire in whole or in part the business or assets of any person or body of persons, corporate or unincorporated, carrying on any business which the Bank may lawfully carry on.

Notes for Bank of Nauru Act 1976

Table of Constituent Legislation*

Short title	Number	Certification	Commencement
<i>Bank of Nauru Act 1976</i>	1976/17	30.09.1976	01.10.1976

* lists of laws in force issued by the Office of Parliamentary Counsel and the Justice Department between 1997 and April 2011 have erroneously listed the *Bank of Nauru (Central Banking) Act 1997* as a constituent Act of the *Bank of Nauru Act* and, since 2008, such lists have erroneously listed the *Payments Directorate Act 2008* as a constituent Act of the *Bank of Nauru Act 1976*. See Notes on attempted amendments, below, for details of why these Acts are not constituent Acts of the *Bank of Nauru Act 1976*.

Notes on attempted amendments

Note 1 The *Bank of Nauru (Central Banking) Act 1997* (Act No. 6 of 1997, certified on 13 June 1997) ('the 1997 Act') was an Act to amend the *Bank of Nauru Act 1976* to make provision for the carrying out by the Bank of the functions of a Central Bank and for the Bank to be responsible for the issue and control of Nauru currency. The 1997 Act was part of a suite of legislation enacted on the same day, which included the *Nauru Currency Act 1997* (to provide for a Nauru currency) and the *Currency (Remittance Charge) Act 1997* ('the companion Acts'). Each of these Acts was expressed to commence on a date to be fixed by the Minister by notice in the Gazette. The companion Acts were repealed by the *Statute Law Revision Act 2011*, never having commenced. The 1997 Act has not commenced. As the Bank of Nauru is no longer operational and is going to be wound up, it is likely that the 1997 Act will also be repealed in due course without having commenced.

Note 2 The *Payments Directorate Act 2008* (Act No. 7 of 2008) ('the 2008 Act') is an Act to provide for the transfer of certain assets, functions, income sources and equipment from the Bank of Nauru to the Payments Directorate within the Department of Finance. The Act provides in section 4(1) that 'All current assets, income sources and equipment of the Bank are hereby vested in the Republic. This does not include loans previously provided by the Bank.'. Section 4(2) provides that liabilities of the Bank remain liabilities of the Bank and are not vested in the Republic. Section 7 provides, in part, that on the day of commencement of the 2008 Act all employees of the Bank 'cease to be employees of the Bank of Nauru and are deemed to have been appointed as temporary employees under section 21 of the *Public Service Act 1998*.'

Section 8 of the 2008 Act provides: 'The Bank of Nauru Act is hereby amended to the extent necessary for the implementation of this Act'. Because this provision is imprecise and its application would require extensive legal interpretation, it is not possible to give effect to this provision, and so no alteration has been made to the *Bank of Nauru Act 1976* to reflect the purport of section 8 of the 2008 Act.