

CONSULTATION DRAFT — NOT ENACTED LAW

Draft status. This is an institution-building draft for constitutional, legislative, economic and public consultation. Before enactment it must be harmonised with the final Banking and Financial Institutions Law, Public Finance Law, Payments Law, Anti-Money-Laundering Law, Insolvency Law, Deposit Insurance Law, data-protection legislation, criminal law and judicial-review framework.

Drafting note (not part of the Act)

Article 56 of the Constitution establishes a National Bank that performs central-bank functions, controls financial institutions and manages the national currency. It requires the Governor to be appointed by the President with the approval of the National Assembly and requires a Board of Directors, presided over by the Governor, whose members are appointed by the President. The Constitution leaves the Bank's detailed organisation, powers and duties to legislation.

This draft preserves those constitutional appointment routes while building legal protection against personal, partisan and fiscal capture. The Governor and directors are selected from public merit-based shortlists; terms are long, staggered and nonrenewable; removal requires proved cause and an independent tribunal; monetary-policy decisions are collective and published; the Bank submits extensive reports to the National Assembly; and audits test legality and financial integrity without substituting political preferences for technical decisions.

For a country with little experience of independent monetary and financial institutions, credibility must be earned through simple rules and verifiable conduct. The draft therefore gives price stability primacy, prohibits routine monetary financing of government, requires transparent foreign-exchange rules, protects official reserves, establishes risk-based banking supervision, places clear conditions on emergency liquidity, preserves due process and judicial review, and requires a staged transition rather than abrupt financial experimentation.

Independence is not immunity from democracy. The Bank controls instruments and individual regulatory decisions, but the National Assembly establishes the legal mandate, appropriates any fiscal recapitalisation, receives reports and holds public hearings. The Auditor-General and independent external auditors examine public resources. Courts review legality. The Bank must explain its decisions, publish data, disclose conflicts and accept responsibility when outcomes depart from its stated objectives.

Transition risk	Primary statutory safeguard
Fiscal domination and inflation	Price-stability mandate; prohibition of direct deficit finance; narrow temporary-advance limit.
Presidential or partisan capture	Independent search panel; public shortlist; staggered nonrenewable terms; cause-based removal.
Governor-dominated	Nine-member Board; separate Monetary Policy Committee; reserved

Transition risk	Primary statutory safeguard
institution	decisions and recorded votes.
Opaque foreign-exchange allocation	Published rules, licensed dealers, transparent auctions, conflict disclosure and reviewable decisions.
Loss or misuse of reserves	Safety-liquidity-return hierarchy; custody controls; independent audit; aggregate public reporting.
Weak banks and connected lending	Fit-and-proper licensing, beneficial-ownership disclosure, consolidated supervision and early intervention.
Premature financial technology	Pilot testing, cybersecurity review, consumer protection and legislative approval before digital currency.
Institutional shock during transition	Opening balance-sheet audit, phased relicensing, continuity of deposits and a published reform roadmap.

DRAFT ACT

ACT NO. ____/2026

NATIONAL BANK OF ERITREA ACT, 2026

**AN ACT TO ESTABLISH AND PROVIDE FOR THE NATIONAL BANK OF
ERITREA**

PREAMBLE

WHEREAS sovereign power is vested in the people and strong public institutions are necessary for constitutional democracy, lawful government and sustainable development;

WHEREAS stable money, sound financial institutions, secure payments, transparent foreign-exchange arrangements and responsibly managed official reserves are public goods essential to the dignity and economic freedom of citizens;

WHEREAS Article 56 of the Constitution establishes a National Bank to perform central-bank functions, control financial institutions and manage the national currency;

WHEREAS central-bank independence must be accompanied by legality, competence, transparency, financial integrity, democratic accountability and effective judicial review;

NOW, THEREFORE, the National Assembly of Eritrea enacts as follows:

CHAPTER 1

PRELIMINARY PROVISIONS

Article 1 — Short title

1. This Act may be cited as the National Bank of Eritrea Act, 2026.

Article 2 — Commencement

1. This Act enters into force on publication in the Official Gazette.
2. The transitional provisions take effect immediately and govern the conversion of any existing central-bank institution into the Bank established by this Act.

Article 3 — Constitutional authority

1. This Act gives effect to Article 56 of the Constitution and shall be interpreted consistently with the Constitution as a whole.
2. No power under this Act may be used to abolish or abridge equality, property, privacy, due process, expression, association or another constitutional right except under clear law and a necessary and proportionate measure.

Article 4 — Objects

1. Establish a strong, independent, accountable and professionally administered National Bank.
2. Protect the purchasing power and integrity of the national currency.
3. Promote monetary, financial and payment-system stability and public confidence.
4. Regulate and supervise financial institutions impartially and effectively.
5. Manage official foreign reserves prudently and transparently.
6. Support sustainable and inclusive economic development without sacrificing the Bank's primary objective.

Article 5 — Interpretation

1. "Bank" means the National Bank of Eritrea established by Article 7;
2. "Board" means the Board of Directors established by Article 18;
3. "Deputy Governor" means the First or Second Deputy Governor appointed under Article 26;
4. "financial institution" means a bank, deposit-taker, credit institution, microfinance institution, payment-service provider, foreign-exchange dealer or another institution placed under the Bank by law;
5. "financial stability" means a condition in which the financial system can perform its essential functions and absorb shocks without material disruption;

6. "foreign exchange" includes foreign currency, foreign-currency claims, gold, Special Drawing Rights and other internationally accepted reserve assets;
7. "Governor" means the Governor appointed under Article 24;
8. "Monetary Policy Committee" or "MPC" means the committee established by Article 45;
9. "official reserves" means external assets owned or controlled by the State and entrusted by law to the Bank for reserve-management purposes;
10. "price stability" means low and stable inflation consistent with preserving the purchasing power of the national currency over time;
11. "regulated institution" means a person licensed, registered, supervised or otherwise regulated by the Bank;
12. "systemically important" means capable, by distress, failure or disruption, of materially impairing the financial system or economy.

Article 6 — Application and relationship with other laws

1. This Act applies to the Bank, its governing bodies, staff, regulated institutions and every public authority required to cooperate with it.
2. A later law may assign additional functions if they are compatible with central-bank independence, adequate capacity and clear accountability.
3. Where another law regulates a specialised financial sector, the Bank shall coordinate with the responsible independent regulator without duplicating or displacing its lawful mandate.

CHAPTER 2

ESTABLISHMENT, MANDATE AND INDEPENDENCE

Article 7 — Establishment and name

1. There is established a body corporate known as the National Bank of Eritrea.
2. The Bank has perpetual succession, a common seal and power to contract, own property, open accounts, employ staff, issue instruments, institute or defend proceedings and perform every lawful act necessary for its mandate.
3. The Bank is the central bank of Eritrea and is not an executive ministry, commercial bank or political body.

Article 8 — Principal objective

1. The primary objective of the Bank is to achieve and maintain price stability.

Article 9 — Additional objectives

1. Without prejudice to price stability, safeguard financial stability and the safe and efficient operation of payment, clearing and settlement systems.
2. Promote a sound, competitive, inclusive and well-regulated financial system.
3. Support the general economic policies lawfully adopted by the State, including sustainable employment and development, insofar as that support does not conflict with the primary objective.

Article 10 — Core functions

1. Formulate and implement monetary policy.
2. Issue and manage the national currency.
3. Hold and manage official reserves.
4. Regulate and supervise financial institutions assigned by law.
5. Promote financial stability and act as lender of last resort under strict conditions.
6. Operate or oversee payment, clearing and settlement systems.
7. Serve as banker, depository and fiscal agent of the State within statutory limits.
8. Compile and publish monetary, financial, external-sector and payment statistics.
9. Advise the National Assembly and Government on monetary and financial matters without assuming political responsibility for fiscal policy.

Article 11 — Institutional independence

1. The Bank, Board, MPC, Governor, committees and staff shall act independently and without interference in exercising powers under this Act.
2. No person or authority may direct or improperly influence monetary policy, reserve management, licensing, supervision, enforcement, resolution, procurement, staffing or another individual decision.
3. Cooperation with Government does not create subordination or a power of instruction.

Article 12 — Prohibition of interference

1. A public authority, party, financial institution or private person shall not threaten, induce, obstruct or retaliate against the Bank or an officer for lawful performance of duty.
2. A material attempted interference shall be documented and reported to the Board, the National Assembly and a competent authority, subject to necessary protection of investigations and financial stability.

Article 13 — Duty of public authorities

1. Every public authority shall respect and protect the Bank's independence and provide lawful information or assistance reasonably requested.
2. A refusal or delay shall be reasoned in writing and is subject to judicial review.
3. No authority may withhold routine administrative support to influence a Bank decision.

Article 14 — Autonomy of administration

1. The Bank controls its budget, internal organisation, personnel, premises, systems, security, procurement and records, subject to this Act and public accountability.
2. Its budget does not require approval by an executive ministry.

Article 15 — Accountability without direction

1. The Bank is accountable to the National Assembly and the public for legality, stewardship, performance and explanation of policy.
2. Accountability does not authorise revision of an individual monetary, supervisory, licensing, enforcement, resolution or reserve-management decision except by a competent court or a review body established by law.

Article 16 — Access to court

1. The Bank may institute proceedings to protect its independence, powers, assets, records, budget or officers.
2. A person directly affected by a final Bank decision is entitled to timely administrative reconsideration and judicial review under Chapter 13.

Article 17 — Head office, branches and seal

1. The head office is in Asmara.
2. The Board may establish branches, agencies, cash centres and representative offices where access, resilience or public service requires.
3. The form and custody of the seal shall be prescribed by Board rules.

CHAPTER 3

GOVERNANCE, APPOINTMENTS AND DECISION-MAKING

Article 18 — Board of Directors

1. There is established a Board of Directors presided over by the Governor as required by Article 56 of the Constitution.
2. The Board consists of the Governor, two Deputy Governors and six nonexecutive directors.
3. A director serves the public interest and does not represent the President, Government, a party, sector, employer, region or financial institution.

Article 19 — Functions of Board

1. Approve strategy, institutional policy, budget, accounts, risk appetite, internal controls and major appointments.
2. Oversee administration, reserve-management framework, financial stability, supervision, payment systems and implementation of statutory objectives.
3. Hold the Governor and executive management accountable without determining individual monetary-policy votes or interfering in adjudicative due process.
4. Protect the Bank's independence and report serious threats to it.

Article 20 — Collective expertise

1. The Board shall collectively possess substantial expertise in monetary economics, macroeconomics, banking, financial regulation, accounting and audit, law, payment systems, technology and cybersecurity, public administration, risk management, international finance and the economic conditions of Eritrea.

Article 21 — General qualifications

1. A Governor or director must be an Eritrean citizen of recognised integrity, independence, competence and commitment to constitutional government.
2. The Governor must have at least fifteen years of relevant professional experience, including substantial senior leadership in economics, finance, regulation, law, public administration or central banking.
3. A Deputy Governor or nonexecutive director must have at least ten years of relevant professional experience.

Article 22 — Diversity

1. Appointments shall reflect professional, gender, regional and linguistic diversity without creating representative mandates.

2. No more than five members of the Board may be of the same gender.
3. At least four directors shall be nonexecutive and ordinarily resident independently of Bank employment.

Article 23 — Disqualification

1. A person is ineligible if, during the preceding five years, that person served as a party officer, campaign manager, elected political office-holder, minister, senior political appointee or senior officer of an armed, intelligence or security service.
2. A serving legislator, judge, prosecutor, minister, civil servant, party employee, director or material owner of a regulated institution may not serve.
3. A conviction for corruption, dishonesty, money laundering, market abuse, serious violence, abuse of office or a serious human-rights violation is disqualifying unless lawfully set aside.
4. Undischarged bankruptcy, material tax default, concealed conflict or deliberate falsehood in selection is disqualifying.

Article 24 — Appointment of Governor

1. The President shall appoint the Governor with the approval of the National Assembly in accordance with Article 56 of the Constitution.
2. Appointment shall be made only from a public shortlist prepared by the Independent Central Bank Selection Panel under Schedule 2.
3. The responsible Assembly committee shall conduct a public hearing and publish its report before the Assembly votes.

Article 25 — Governor's term

1. The Governor serves one nonrenewable term of seven years.
2. The term shall not be shortened by a change of President, Government, Assembly, monetary framework or economic policy.
3. A vacancy shall be filled for a full term and not merely the remainder of a predecessor's term.

Article 26 — Deputy Governors

1. The President shall appoint two Deputy Governors from separate public shortlists prepared under Schedule 2.
2. Each Deputy Governor serves one nonrenewable term of six years and is a member of the Board and MPC.
3. The Board shall assign distinct portfolios, ordinarily monetary policy and markets to one Deputy and financial stability and supervision to the other.

Article 27 — Nonexecutive directors

1. The President shall appoint six nonexecutive directors from public merit-based shortlists prepared under Schedule 2.
2. Each serves one nonrenewable term of six years, staggered under Article 167.
3. Appointments and reasons shall be published, and nominees shall appear before a public Assembly committee hearing for scrutiny but not approval unless the Constitution is amended or another constitutional provision requires it.

Article 28 — Oath and assumption of office

1. Before assuming office, each Governor, Deputy Governor and director shall take the oath in Schedule 1 before the Chief Justice or a judge designated by the Chief Justice.
2. The appointment instrument, term, professional biography, declaration of interests and oath shall be published.

Article 29 — Acting Governor

1. The First Deputy Governor acts during a temporary absence; if unavailable, the Second Deputy Governor acts.
2. An acting period exceeding ninety days requires a published Board finding and immediate commencement of the constitutional appointment process.
3. An acting Governor may not exercise a reserved appointment or alter the monetary-policy framework except to address an immediate, recorded threat.

Article 30 — Vacancies

1. A vacancy occurs on expiry, death, resignation, removal or permanent incapacity.
2. Selection shall begin at least nine months before a predictable vacancy and within fourteen days after an unexpected vacancy.
3. A vacancy does not invalidate lawful action if the applicable quorum remains.

Article 31 — Grounds for removal

1. The Governor or a director may be removed only for permanent incapacity, serious misconduct, corruption, gross incompetence, deliberate partisanship, material conflict, serious breach of this Act or conviction for a disqualifying offence.
2. A policy disagreement, interest-rate decision, exchange-rate movement, supervisory action, refusal to finance Government or lawful criticism is not a ground for removal.

Article 32 — Removal procedure

1. A substantiated complaint shall be heard by an independent tribunal constituted by the Chief Justice from a published roster comprising a retired judge, a central-banking or financial-regulation expert and a public-ethics or accounting expert.
2. The officer is entitled to notice, counsel, disclosure, a fair hearing, presentation of evidence and a reasoned decision.
3. The President may remove the Governor only after a tribunal recommendation and approval by two-thirds of all members of the National Assembly.
4. The President may remove another director only after a tribunal recommendation and shall publish the decision and reasons.

Article 33 — Suspension

1. The tribunal may recommend suspension with pay only where continued service creates a serious and immediate risk to the Bank, financial system, evidence or proceeding.
2. Suspension expires after ninety days unless renewed for stated reasons and is subject to expedited judicial review.

Article 34 — Remuneration and conditions

1. Remuneration shall be determined through an independent public mechanism and paid by the Bank.
2. Remuneration or essential conditions may not be reduced to an officer's disadvantage during the term.
3. No remuneration may be linked to a particular policy rate, exchange rate, licensing decision, enforcement outcome or transfer of profit to Government.

Article 35 — Meetings of Board

1. The Board shall meet at least quarterly and as often as necessary.
2. The Governor, three directors or the chair of the Audit and Risk Committee may request an urgent meeting.
3. Reasonable notice and an agenda shall be given except in a recorded emergency.

Article 36 — Quorum and voting

1. Six directors constitute a quorum.
2. An ordinary decision requires a majority of members present and voting; the Governor has no casting vote.
3. A reserved decision in Schedule 3 requires at least six affirmative votes of the total membership.
4. A tied vote does not carry and competing reasons shall be recorded.

Article 37 — Lead nonexecutive director

1. The nonexecutive directors shall elect a Lead Nonexecutive Director for a two-year term, renewable once within the director's term.
2. That director coordinates independent oversight, chairs meetings concerning Governor performance or conflicts and may convene nonexecutive sessions.

Article 38 — Board committees

1. The Board shall establish Audit and Risk, Governance and Ethics, Remuneration, Technology and Cybersecurity, and other necessary committees.
2. The Audit and Risk Committee shall consist only of nonexecutive directors and be chaired by a person with accounting, audit or risk expertise.
3. Committees advise or exercise only powers lawfully delegated and shall keep records.

Article 39 — Reasons and publication

1. A material Board decision shall identify its legal basis, relevant facts, reasoning, vote and dissent.
2. Decisions shall be published promptly unless temporary confidentiality is necessary for financial stability, supervision, market sensitivity, personal data or security.
3. A withheld decision shall be reviewed periodically and published when the lawful reason ends.

Article 40 — Conflicts and recusals

1. A director shall disclose assets, liabilities, gifts, interests and close-family financial conflicts on appointment and annually.
2. A director shall recuse where an informed observer could reasonably apprehend bias; the recusal and reason shall be recorded.
3. A director shall not hold, trade or direct investments in regulated institutions except through a diversified blind arrangement approved by the Ethics Committee.

Article 41 — Post-service restrictions

1. For two years after service, the Governor, a Deputy Governor or a director may not accept employment, directorship or paid representation before the Bank from an institution materially supervised during the final two years of service without independent ethics clearance.
2. Confidential information and market-sensitive knowledge may never be used for private advantage.

Article 42 — Governor's executive functions

1. Serve as chief executive, legal representative and principal spokesperson of the Bank.

2. Implement Board and MPC decisions, manage staff and ensure accurate information reaches governing bodies.
3. The Governor may not override, conceal or delay a lawful collective decision.

Article 43 — Delegation

1. A non-reserved power may be delegated in writing with scope, duration, conditions and review stated.
2. Delegation does not remove accountability and may not authorise a delegate to subdelegate without express permission.

CHAPTER 4

CAPITAL, PROPERTY, INCOME AND FINANCIAL AUTONOMY

Article 44 — Ownership

1. The Bank is wholly owned by the State on behalf of the people of Eritrea.
2. Its capital is not transferable, pledgeable or available for private ownership.
3. State ownership does not create a right of direction or access to reserves outside law.

Article 45 — Capital

1. The Bank shall maintain capital adequate to its monetary, financial and operational risks under a Board-approved framework.
2. Initial paid-up capital shall be appropriated by the National Assembly after receiving the Bank's assessment.
3. A statutory capital target may be revised by law on a published Bank recommendation.

Article 46 — Recapitalisation

1. If audited net equity falls below the statutory target, the Bank shall submit a time-bound recapitalisation plan to the Minister responsible for finance and the National Assembly.
2. Recapitalisation shall use an appropriation or market-consistent interest-bearing government instrument and shall not be financed by creation of central-bank money for Government.
3. Failure to recapitalise shall be reported publicly and may be challenged to protect Bank independence.

Article 47 — Budget

1. The Board approves the Bank's annual and multi-year budgets based on statutory functions, efficiency and risk.
2. The Bank finances ordinary operations from lawful income and is not dependent on annual executive appropriation.
3. The budget, execution and material variances shall be published in aggregate and audited.

Article 48 — Net profit

1. Net profit shall be determined under recognised accounting standards after provisions, unrealised valuation treatment and necessary reserves.
2. Profit shall first restore capital and general reserves to the statutory target; the distributable remainder shall be transferred to the Treasury and recorded in the national budget.
3. No interim or politically directed distribution is permitted.

Article 49 — Losses and unrealised gains

1. A valuation loss does not by itself impair legal capacity or require immediate monetary financing.
2. Unrealised foreign-exchange or gold revaluation gains shall not be distributed as ordinary profit.
3. Accounting treatment shall be transparent and independently audited.

Article 50 — Prohibited commercial activity

1. The Bank shall not take retail deposits, make ordinary commercial loans, own a controlling interest in a private enterprise or compete with regulated institutions except as necessary for central-bank operations.
2. A legacy commercial holding shall be disclosed and divested under a Board-approved transition plan.

Article 51 — Procurement

1. Procurement shall be competitive, transparent, conflict-controlled, secure and independently auditable.
2. Currency, reserve, cybersecurity and crisis procurement may use protected procedures, but beneficial ownership, value, justification and audit shall be disclosed when risk permits.

Article 52 — Protection of assets

1. Bank assets used for monetary policy, reserves, settlement or currency operations are immune from prejudgment attachment except by final court order consistent with central-bank functions.
2. Immunity does not bar lawful claims, audit or enforcement against non-protected commercial assets.

CHAPTER 5

MONETARY POLICY

Article 53 — Monetary Policy Committee

1. There is established an independent Monetary Policy Committee responsible for formulating monetary policy and determining its instruments.
2. The MPC consists of the Governor, two Deputy Governors, the senior Bank official responsible for economic research and three external members appointed by the Board through open competition.
3. External members serve one nonrenewable term of four years and meet the integrity and conflict standards applicable to directors.

Article 54 — MPC objective and powers

1. Determine the policy rate or other operational target, reserve requirements, standing facilities, open-market operations and foreign-exchange intervention consistent with the statutory objectives.
2. Approve the monetary-policy strategy, forecast framework and communication programme.
3. The MPC shall not direct fiscal spending, allocate credit to favoured persons or decide individual supervisory cases.

Article 55 — Policy framework

1. The Bank shall publish a clear monetary-policy framework specifying the operational definition of price stability, target or reference range, horizon, instruments and response to shocks.
2. The framework may be agreed with Government, but the Bank retains exclusive control over instruments and shall publish any disagreement.
3. If no agreement exists, the MPC shall adopt an interim framework consistent with this Act.

Article 56 — Meetings and quorum

1. The MPC shall meet on a published schedule at least six times each year and may meet urgently.
2. Five members constitute a quorum and decisions require a majority of the total membership.
3. Each member has one vote; the Governor has no casting vote.

Article 57 — Information and forecasts

1. Staff shall present balanced forecasts, alternatives, uncertainty and relevant dissenting analysis.
2. Government shall provide timely fiscal, debt, revenue, expenditure and external-sector information necessary for policy.
3. No person may suppress or falsify information supplied to the MPC.

Article 58 — Publication of decisions

1. The policy decision and concise reasons shall be published immediately after each scheduled meeting.
2. Minutes, attendance and individual votes shall be published within twenty-one days, with only necessary market-sensitive redactions.
3. A Monetary Policy Report shall be published at least quarterly.

Article 59 — Explanation of target deviation

1. Where inflation materially departs from the stated target or range, the Governor shall publish an open letter explaining causes, corrective strategy, expected horizon and principal risks.
2. The letter shall not create mechanical policy or require action inconsistent with financial stability.

Article 60 — Monetary instruments

1. The Bank may buy, sell, discount or repurchase eligible securities; accept deposits; extend collateralised facilities; issue central-bank instruments; set reserve requirements; and conduct foreign-exchange transactions.
2. Eligibility, collateral, haircuts, counterparties and pricing shall follow published frameworks applied consistently.

Article 61 — Open-market operations

1. Operations shall pursue monetary or financial-stability objectives and not provide disguised preferential finance.
2. Counterparty selection and aggregate outcomes shall be published subject to temporary market confidentiality.

Article 62 — Required reserves

1. The Bank may require regulated deposit-takers to maintain reserves under transparent and nondiscriminatory rules.
2. Reserve requirements shall be proportionate and may be remunerated as the MPC determines.

Article 63 — Credit policy

1. The Bank shall not allocate credit to political, regional, sectoral or private beneficiaries.
2. A general market facility serving a monetary or stability purpose must use published eligibility and risk rules.
3. A Government programme involving credit subsidy shall be funded and reported fiscally and shall not compromise Bank balance-sheet integrity.

Article 64 — Monetary-policy audit

1. Audit may examine compliance, data integrity, controls and implementation but shall not substitute an auditor's preferred interest or exchange rate.
2. The National Assembly may evaluate outcomes and question the MPC publicly without directing a future vote.

CHAPTER 6

NATIONAL CURRENCY AND CASH MANAGEMENT

Article 65 — Currency unit

1. The national currency is the Nakfa, divided into one hundred cents, unless changed by law.
2. A change of currency unit, redenomination or monetary union requires an Act of the National Assembly after a published Bank assessment and public consultation.

Article 66 — Exclusive right of issue

1. The Bank has the exclusive right to issue banknotes and coins denominated in the national currency.

Article 67 — Legal tender

1. Banknotes and coins issued by the Bank are legal tender at face value subject to lawful limits for coins and damaged currency.
2. No private token, foreign currency or digital asset is legal tender unless law expressly provides.

Article 68 — Design and denominations

1. The Board shall determine denominations, security features and designs after accessibility, cost, counterfeiting and public-interest assessment.
2. Currency shall reflect constitutional equality and national heritage without party, leader or partisan propaganda.
3. Design information shall be published except protected security details.

Article 69 — Production and custody

1. Printing, minting, transport, storage, issuance and destruction shall use dual control, serial accountability, secure procurement and independent audit.
2. No person may direct unrecorded production or release of currency.

Article 70 — Currency in circulation

1. The Bank shall maintain adequate, clean and geographically accessible currency supply while limiting waste and counterfeiting risk.
2. Cash shortages, distribution rules and emergency measures shall be reported transparently.

Article 71 — Withdrawal and demonetisation

1. A denomination may be withdrawn only by a reasoned Board decision published with adequate notice, exchange period and accessible exchange arrangements.

2. The exchange period shall ordinarily be at least twelve months and longer for persons abroad, remote communities or exceptional hardship.
3. Lawful holders shall not lose value arbitrarily, and identity or anti-money-laundering procedures shall be proportionate.

Article 72 — Damaged and counterfeit currency

1. The Bank shall publish rules for replacement of damaged currency and handling suspected counterfeits.
2. A good-faith holder has no automatic right to value for counterfeit currency but is entitled to respectful procedure and evidence receipt.

Article 73 — Currency offences

1. Counterfeiting, unauthorised issue, deliberate mutilation for fraud, unlawful possession of production material and falsification of currency records are offences under applicable criminal law.

Article 74 — Numismatic and commemorative issues

1. The Bank may issue commemorative or numismatic currency under transparent quantity, pricing and accounting rules.
2. Such issues shall not become an off-budget fundraising or patronage mechanism.

CHAPTER 7

FOREIGN EXCHANGE AND OFFICIAL RESERVES

Article 75 — Foreign-exchange mandate

1. The Bank shall formulate and implement foreign-exchange policy consistent with the exchange-rate framework established by law and the objectives of this Act.
2. Operational decisions, intervention and market methods remain within the Bank's independent competence.

Article 76 — Exchange-rate framework

1. The exchange-rate framework shall be transparent, coherent with monetary and fiscal policy and reviewed periodically.
2. A fundamental change shall follow a published joint assessment by the Bank and Government, public explanation and any legislative approval required by law.
3. The Bank shall not maintain a secret exchange-rate undertaking or undisclosed preferential rate.

Article 77 — Foreign-exchange market

1. The Bank shall promote an orderly, competitive and transparent market through licensed dealers, published rules and reliable price information.
2. Auctions or allocations shall use objective criteria, equal access among eligible counterparties, conflict controls and published aggregate outcomes.

Article 78 — Possession and exchange

1. Lawful possession of foreign currency is not prohibited merely because it is foreign currency.
2. Exchange services shall be conducted by the Bank or licensed persons, subject to proportionate identification, reporting and consumer-protection rules.
3. No officer may confiscate foreign currency without clear legal authority, receipt, due process and review.

Article 79 — Exchange controls

1. The Board may impose a control only under express law where necessary to address a serious balance-of-payments, reserve, integrity or financial-stability risk.
2. A control must be published, objective, proportionate, nondiscriminatory, administratively reviewable and no broader or longer than necessary.
3. A new control expires after twenty-four months unless renewed by the National Assembly after public Bank review.

Article 80 — Current and capital transactions

1. Rules shall distinguish ordinary current payments from capital transactions and shall facilitate legitimate trade, remittances, education, health and family support.
2. Capital-flow measures may be used only as part of a coherent macroeconomic response and shall not substitute indefinitely for necessary fiscal, monetary or financial reform.

Article 81 — Foreign-exchange dealers

1. The Bank shall license and supervise banks, bureaux and other dealers under fit-and-proper, capital, liquidity, governance, reporting and consumer-protection standards.
2. Unlicensed dealing is subject to proportionate enforcement, but ordinary personal possession or transfer shall not be treated as organised dealing without evidence.

Article 82 — Official reserves

1. The Bank is the exclusive manager and custodian of official reserves unless an Act expressly assigns a defined asset to another public institution.
2. Reserve assets are held for monetary, exchange, payment and external-liquidity purposes and not for ordinary fiscal spending.

Article 83 — Reserve-management objectives

1. Reserves shall be managed in the order of safety, liquidity and return, with diversification and operational resilience.
2. The Board shall approve a benchmark, eligible assets, credit limits, duration, currency composition, custody, delegation and risk budget consistent with Schedule 5.

Article 84 — Permitted reserve assets

1. The Bank may hold monetary gold, foreign currency, deposits and securities of high credit quality, Special Drawing Rights, reserve positions in international institutions and other liquid assets approved under the framework.
2. Speculative, opaque, highly leveraged or conflicted assets are prohibited.

Article 85 — Custody and control

1. Reserve transactions require segregation of dealing, settlement, custody, accounting, risk and audit functions.
2. External custodians and managers shall be selected competitively, disclose beneficial ownership and be subject to legal and operational due diligence.

Article 86 — Pledging and use of reserves

1. Official reserves may not be pledged, transferred, lent to Government or used as collateral for fiscal borrowing except under an Act specifying amount, purpose, duration, risk and repayment after a published Bank opinion.
2. No secret reserve account, off-book transaction or unauthorised guarantee is valid.

Article 87 — Reserve reporting

1. The Bank shall publish monthly aggregate reserves, quarterly composition and adequacy analysis, and annual audited reserve accounts in internationally intelligible form.
2. Publication may omit specific positions temporarily where disclosure would materially prejudice market execution or security, but an independent auditor shall receive full access.

Article 88 — External assets of public bodies

1. A public body shall report foreign-currency assets and liabilities to the Bank for national statistics and risk management.
2. The Treasury and Bank shall maintain a published framework distinguishing official reserves from fiscal foreign assets.

CHAPTER 8

REGULATION AND SUPERVISION OF FINANCIAL INSTITUTIONS

Article 89 — Supervisory authority

1. The Bank shall license, regulate and supervise financial institutions assigned by the Constitution and law.
2. Supervision shall be independent, risk-based, proportionate, forward-looking, consolidated and directed to safety, integrity, competition, consumer protection and financial stability.

Article 90 — Supervisory independence

1. No person may direct the grant, refusal, condition, inspection, enforcement, resolution or closure of a particular institution.
2. A supervised person may communicate lawfully with the Bank but shall not offer advantage, threaten an officer or use political influence.

Article 91 — Licensing

1. No person may conduct regulated deposit-taking, banking, payment or foreign-exchange business without a licence.
2. Licensing criteria shall address capital, ownership, beneficial ownership, governance, management, business model, risk, systems, consumer protection, source of funds and public interest.
3. A decision shall be reasoned, timely and subject to review.

Article 92 — Fit and proper persons

1. Controllers, directors and senior managers must possess integrity, competence, financial soundness and sufficient time and independence.
2. The Bank may object to, suspend or require removal of an unfit person after due process and may act urgently to prevent immediate harm.

Article 93 — Ownership and beneficial ownership

1. Material ownership and control require prior Bank approval under published thresholds.
2. Institutions shall disclose ultimate beneficial owners, nominee arrangements, related parties and material changes.
3. Anonymous, unlawfully funded or untraceable control is prohibited.

Article 94 — Prudential standards

1. The Bank may prescribe capital, leverage, liquidity, large-exposure, provisioning, concentration, governance, risk-management, cybersecurity, operational-resilience and recovery-planning standards.
2. Standards shall consider institution size, complexity and systemic importance without permitting unsafe exemptions.

Article 95 — Corporate governance

1. A regulated institution's board is responsible for soundness, lawful conduct, risk culture, internal controls and truthful reporting.
2. The Bank may require independent directors, board committees, succession, remuneration controls and management accountability.

Article 96 — Related-party transactions

1. Credit and transactions with owners, directors, officers, relatives or connected persons shall be strictly limited, arm's length, approved and reported.
2. The Bank may prohibit, reverse or require provisioning for an unsafe or concealed related-party exposure.

Article 97 — Risk management and internal control

1. Institutions shall maintain effective risk, compliance, internal audit, accounting, data, security and continuity systems.
2. Material outsourcing does not transfer responsibility and requires risk management, audit access and exit arrangements.

Article 98 — Reporting

1. A regulated institution shall provide accurate, complete and timely information in the form required.
2. The Bank may require audited statements, prudential returns, stress tests, recovery plans and event notifications.
3. Knowingly false reporting is an offence and ground for enforcement.

Article 99 — Inspection and examination

1. Authorised Bank examiners may enter business premises at reasonable times, inspect books and systems, interview responsible persons and obtain copies necessary for supervision.
2. Intrusive action shall be authorised, documented and proportionate, and legally privileged material remains protected subject to law.

Article 100 — Consolidated supervision

1. The Bank may supervise a financial group on a consolidated basis, including holding companies, affiliates, cross-border exposures and intra-group transactions.
2. The Bank may exchange protected information with a trustworthy foreign or domestic regulator under a written agreement and equivalent confidentiality.

Article 101 — Anti-money-laundering coordination

1. The Bank shall enforce prudential and licensing obligations concerning money laundering, terrorist financing, proliferation financing and financial integrity as assigned by law.
2. It shall coordinate with the competent financial-intelligence and prosecuting authorities without becoming a political or general intelligence service.

Article 102 — Market conduct and consumers

1. The Bank shall prescribe fair disclosure, truthful advertising, responsible treatment, complaints handling, protection of client funds and prevention of abusive fees or discrimination.
2. A consumer shall receive understandable terms, effective redress and data protection.
3. Consumer protection shall not impose or excuse unsafe credit.

Article 103 — Competition and access

1. The Bank shall avoid unnecessary barriers to entry and shall consult the competition authority on market concentration and anticompetitive conduct.
2. No licence creates a permanent franchise, guarantee or right to protection from lawful competition.

Article 104 — Supervisory findings

1. Material findings shall be communicated to the institution with facts, legal basis, required action and deadline.
2. The institution may respond before final action except where urgent interim measures are necessary.

Article 105 — Corrective measures

1. The Bank may require a remedial plan, additional capital or liquidity, restrictions on dividends, activities, exposures, growth, management or related-party transactions, removal of unfit persons or other proportionate action.
2. Measures shall escalate with risk and be reviewed regularly.

Article 106 — Administrative sanctions

1. After due process, the Bank may issue warnings, public censures, enforceable directions, licence conditions, monetary penalties, suspensions or revocations authorised by law.
2. Sanctions shall be consistent, proportionate, reasoned and published, with confidentiality only where necessary to prevent greater harm.

Article 107 — Urgent protective action

1. Where delay creates an immediate threat to depositors, payments, assets, evidence or stability, the Bank may impose temporary action without prior hearing.
2. Notice, reasons and an opportunity for prompt review shall follow as soon as practicable.

Article 108 — Licence surrender and revocation

1. A licence may be surrendered only after liabilities, clients, records and claims are protected to the Bank's satisfaction.
2. Revocation requires statutory grounds, due process and a plan for orderly exit or resolution.

CHAPTER 9

FINANCIAL MARKETS, PAYMENT SYSTEMS AND INNOVATION

Article 109 — Money and interbank markets

1. The Bank shall promote transparent, competitive and resilient money, interbank and foreign-exchange markets.
2. It may issue market rules, approve benchmarks, collect transaction data and address manipulation within its jurisdiction.

Article 110 — Government securities market

1. As fiscal agent, the Bank may support transparent auction, registry, settlement and market-development arrangements for government securities.
2. The Treasury determines borrowing and bears fiscal risk; the Bank shall not guarantee demand or price.

Article 111 — Payment-system mandate

1. The Bank shall regulate, oversee and, where necessary, operate payment, clearing and settlement systems.
2. Its objectives are safety, efficiency, accessibility, interoperability, competition, finality, resilience and protection of customer funds.

Article 112 — Designation of systems

1. The Bank may designate a system or service as systemically important and impose governance, capital, liquidity, collateral, cyber, continuity, access and recovery requirements.
2. Designation and requirements shall be reasoned and reviewable.

Article 113 — Settlement finality

1. A lawful transfer settled through a designated system is final and irrevocable as prescribed by payment legislation.
2. Finality rules shall protect stability while respecting insolvency safeguards and fraudulent-transfer law.

Article 114 — Payment-service providers

1. A provider shall be licensed or registered, safeguard customer funds, disclose fees, protect data, maintain continuity and permit effective complaints.
2. Nonbank participation shall be proportionate and shall not create unregulated deposit-taking.

Article 115 — Electronic money

1. Electronic money shall be fully and safely backed, redeemable at par and segregated from the issuer's own funds unless another prudential model is expressly authorised.
2. The Bank shall prescribe safeguarding, float, agent, interoperability and failure arrangements.

Article 116 — Financial inclusion

1. The Bank shall promote lawful access to safe payments, savings and financial services, especially for rural communities, women, persons with disabilities and small enterprises.
2. Inclusion measures shall protect consumers and financial stability and shall not require unsafe or politically allocated lending.

Article 117 — Innovation and sandbox

1. The Bank may establish a transparent, time-limited regulatory sandbox for genuinely innovative services with consumer, data, cyber and exit safeguards.
2. Participation creates no endorsement, licence guarantee or exemption from criminal and integrity law.

Article 118 — Digital assets

1. A virtual or crypto asset is not national currency or legal tender unless an Act expressly provides.
2. The Bank may regulate related payment, custody, exchange or stability risks assigned by law and shall issue public warnings where necessary.

Article 119 — Central-bank digital currency

1. The Bank shall not issue a general-purpose central-bank digital currency without a specific Act enacted after public consultation and a published assessment of monetary, financial, fiscal, privacy, cybersecurity, access and operational consequences.
2. Any design shall preserve lawful privacy, offline resilience, accessibility and convertibility at par and shall not become a tool of general surveillance.

Article 120 — Cybersecurity and operational resilience

1. The Bank shall establish sector-wide cyber, incident-reporting, testing, recovery, third-party and crisis-coordination standards.
2. Sensitive details may be protected, but aggregate incidents and lessons shall be reported.

CHAPTER 10

FINANCIAL STABILITY, EMERGENCY LIQUIDITY AND RESOLUTION

Article 121 — Financial Stability Committee

1. There is established a Financial Stability Committee chaired by the Governor and including the Deputy Governors, relevant Bank directors and heads of independent financial regulators designated by law.
2. The Committee identifies systemic risk, recommends macroprudential action, coordinates crisis preparation and publishes a Financial Stability Report at least twice yearly.
3. It shall not direct an individual court, prosecutor or independent regulator outside lawful coordination.

Article 122 — Macroprudential powers

1. The Bank may prescribe countercyclical capital, systemic buffers, liquidity, concentration, loan-to-value or other measures authorised by law.
2. Measures shall be evidence-based, proportionate, reviewed and published with reasons.

Article 123 — Stress testing

1. The Bank shall conduct institution-specific and system-wide stress tests and may require corrective action.
2. Methods and aggregate results shall be published while institution-specific information may be protected where necessary.

Article 124 — Emergency liquidity assistance

1. The Bank may provide temporary liquidity only to a solvent institution or a systemically important institution subject to a credible restoration or resolution plan.
2. Assistance must be adequately secured, priced to protect the Bank, limited in amount and duration, approved under a reserved procedure and reported to the Board.
3. The Bank shall not conceal insolvency or lend to preserve owners or managers.

Article 125 — Government indemnity

1. Where exceptional stability assistance exceeds ordinary central-bank risk tolerance but is necessary in the public interest, it requires a published fiscal indemnity authorised by appropriation.
2. The Bank may refuse an unlawful, unfunded or operationally unsound request.

Article 126 — Recovery planning

1. Systemically important institutions shall maintain credible recovery plans, operational continuity and resolvability information.
2. The Bank shall test plans and require removal of obstacles.

Article 127 — Early intervention

1. The Bank shall intervene before insolvency where capital, liquidity, governance, risk or law materially deteriorates.
2. Measures may include management restrictions, capital restoration, transfer planning, moratorium preparation or appointment of a statutory manager under law.

Article 128 — Resolution objectives

1. Protect insured depositors and critical functions, preserve stability, minimise public cost and moral hazard, respect creditor hierarchy and impose losses first on owners and responsible investors.
2. Resolution shall not guarantee shareholders, management or uninsured creditors against lawful loss.

Article 129 — Resolution powers

1. Where authorised by financial-institutions legislation, the Bank may transfer assets or liabilities, establish a bridge institution, separate impaired assets, restructure eligible liabilities, replace management or initiate liquidation.
2. Powers require valuation, record, proportionality, safeguards and judicial review that does not automatically reverse completed transfers where compensation is adequate.

Article 130 — Creditor safeguards

1. Creditors of the same class shall receive equal treatment unless a departure is necessary to preserve critical functions and is compensated.
2. No creditor shall be left worse off than in an ordinary lawful liquidation, determined by independent valuation and review.

Article 131 — Deposit protection

1. A separate Deposit Insurance Fund shall be established by law with clear coverage, prefunding, governance and rapid payout arrangements.
2. Pending that law, the Bank may prepare systems but shall not promise an unfunded blanket guarantee.

Article 132 — Crisis management

1. The Bank, Treasury, deposit insurer and regulators shall maintain a written crisis framework, simulation programme, communication protocol and authority matrix.
2. Emergency secrecy is temporary; decisions, costs and beneficiaries shall be reported when stability permits.

CHAPTER 11

RELATIONS WITH GOVERNMENT AND PUBLIC INSTITUTIONS

Article 133 — Banker and fiscal agent

1. The Bank may hold Government accounts, receive and make payments, administer securities, provide depository services and act as fiscal agent under a published agreement.
2. The agreement shall preserve Bank independence, identify costs and prevent unauthorised overdrafts.

Article 134 — Prohibition of monetary financing

1. The Bank shall not make a direct advance, unsecured loan, guarantee or primary-market purchase for Government, a public body or a state enterprise except the strictly limited temporary facility in Article 135.
2. No transaction may be structured through an intermediary to evade this prohibition.

Article 135 — Temporary advances

1. To manage short-term cash timing, the Bank may grant a secured advance not exceeding three percent of the average ordinary domestic revenue of the preceding three completed fiscal years.
2. The advance shall bear a market-related rate, mature within ninety days, be repaid before the fiscal year ends and shall not be rolled over, capitalised or replaced by another advance.
3. Outstanding amount, terms and repayment shall be published monthly.

Article 136 — Exceptional national emergency

1. Any financing beyond Article 135 requires a specific Act approved by two-thirds of all members of the National Assembly after a published Bank opinion.
2. The Act shall specify the constitutional emergency, cap, market terms, maturity, repayment source, reporting and sunset and shall not direct monetary-policy instruments.

Article 137 — Secondary-market operations

1. The Bank may trade Government securities in the secondary market only for monetary policy, liquidity, collateral or stability purposes.
2. Purchases shall be market-based, limited and reported and shall not assure Government financing or target a fiscal borrowing cost.

Article 138 — Government deposits

1. Government shall maintain principal domestic-currency accounts at the Bank unless a published Treasury-Bank agreement permits another arrangement.

2. Account information is confidential but aggregate balances and fiscal flows shall be reported in public accounts.

Article 139 — Policy consultation

1. The Governor and Minister responsible for finance shall meet regularly to exchange information and coordinate without exchanging decision authority.
2. Each may request a written opinion, and a material unresolved disagreement affecting statutory objectives shall be disclosed when publication does not threaten stability.

Article 140 — Advice and warnings

1. The Bank shall provide independent advice on fiscal, debt, financial-sector, exchange and external risks.
2. Where a public policy creates a serious risk to price or financial stability, the Bank shall issue a reasoned public warning after appropriate confidential consultation.

Article 141 — Public debt information

1. The Treasury shall provide complete and timely domestic and external debt, guarantee, arrears and contingent-liability information.
2. The Bank shall publish monetary and stability analysis without assuming responsibility for debt policy.

Article 142 — No quasi-fiscal activity

1. The Bank shall not undertake a subsidy, development project, price support, tax collection, public-enterprise rescue or other fiscal activity outside its functions.
2. A lawfully assigned fiscal operation requires appropriation, indemnity, separate accounts, published cost and an exit date.

CHAPTER 12

TRANSPARENCY, AUDIT, STATISTICS AND PUBLIC ACCOUNTABILITY

Article 143 — Annual report

1. Within four months after each financial year, the Bank shall submit and publish an annual report and audited financial statements.
2. The report shall cover objectives, policy, inflation, currency, reserves, markets, supervision, stability, payments, operations, risk, procurement, staffing and implementation of recommendations.

Article 144 — Appearances before National Assembly

1. The Governor shall appear at least twice yearly and when reasonably requested before the responsible committee in a public hearing.
2. Questions may examine mandate, reasoning, outcomes, resources and legality but may not demand confidential institution-specific data or direct a pending decision.

Article 145 — External audit

1. The Board shall appoint an independent external auditor through an open process on recommendation of the Audit and Risk Committee.
2. The auditor shall meet international independence and rotation standards and have full access subject to reserve and supervisory confidentiality.
3. The opinion, material control findings and management response shall be published.

Article 146 — Auditor-General

1. The Auditor-General may audit legality, public-resource stewardship, performance systems and compliance, coordinating to avoid duplication.
2. The Auditor-General may not direct monetary policy, reserve transactions, supervision or market operations and shall protect confidential information.

Article 147 — Internal audit

1. An independent Chief Internal Auditor reports functionally to the Audit and Risk Committee and administratively to the Governor.
2. Appointment or removal requires six Board votes and a published reason, subject to necessary confidentiality.

Article 148 — Risk and compliance

1. The Bank shall maintain independent risk, compliance, ethics, information-security and business-continuity functions with direct access to the Board.

2. Material breaches and remediation status shall be reported.

Article 149 — Statistics

1. The Bank may collect information necessary for monetary, financial, external-sector, payment and stability statistics.
2. Reporting shall be proportionate, coordinated and protected against disclosure of identifiable confidential information.
3. Methods, revisions and release calendars shall be published and statistics shall not be manipulated for political purposes.

Article 150 — Access to information

1. The Bank shall proactively publish the records listed in Schedule 6 and respond to public requests.
2. A restriction must protect a lawful interest such as market sensitivity, supervision, personal data, security or deliberative integrity, be narrowly applied and subject to review.

Article 151 — Financial-stability and supervision reports

1. The Bank shall publish a Financial Stability Report at least twice yearly and an annual supervision report with sector data, enforcement, licensing, failures and emerging risks.
2. Institution-specific confidentiality shall not conceal systemic risk, public cost or final enforcement that should be disclosed.

Article 152 — Foreign-exchange and reserve reports

1. The Bank shall publish exchange-market conditions, intervention policy, control administration, licensed-dealer data and reserve adequacy in aggregate.
2. No publication shall reveal an individual lawful transaction without authority.

Article 153 — Public register

1. The Bank shall maintain searchable public registers of licences, material owners, authorised officers, agents, sanctions, revoked licences and official foreign-exchange dealers.
2. Historical status and effective dates shall be preserved.

Article 154 — Consultation

1. A regulation or major policy affecting rights, markets or institutions shall be published in draft with an impact assessment and reasonable consultation period.
2. The Bank shall publish material submissions and its response, with lawful redactions.
3. Urgent rules expire after six months unless confirmed through ordinary consultation.

CHAPTER 13

STAFF, CONFIDENTIALITY, ENFORCEMENT AND REVIEW

Article 155 — Staff of Bank

1. The Bank shall maintain a professional career service separate from partisan public employment control and governed by merit, integrity, competence, diversity and equal opportunity.
2. Staff shall be recruited competitively and may not be allocated by a political or security authority.

Article 156 — Political neutrality

1. A staff member shall not hold party office, manage a campaign, use Bank resources politically or publicly advocate a partisan position in an official capacity.
2. Private civic rights may be regulated only as necessary to preserve actual and perceived impartiality.

Article 157 — Ethics and asset declarations

1. Senior officers and sensitive staff shall disclose assets, debts, gifts, outside activity and close-family conflicts on appointment and annually.
2. Insider dealing, misuse of confidential information, gifts from regulated persons and conflicted participation are prohibited.

Article 158 — Confidentiality

1. Protected supervisory, personal, market, reserve, security and deliberative information shall be used only for lawful duty.
2. Confidentiality continues after service but does not conceal wrongdoing, defeat lawful court process or prevent protected whistleblowing.

Article 159 — Whistleblower protection

1. A person who reports interference, corruption, false accounts, reserve misuse, supervisory favouritism, market abuse or serious risk in good faith is protected against retaliation.
2. The Bank shall maintain independent reporting, investigation, evidence-preservation and witness-protection referrals.

Article 160 — Administrative reconsideration

1. A person directly affected by a licensing, supervisory, sanction, exchange-control or payment decision may request reconsideration by an officer or committee not materially responsible for the original decision.

2. Reconsideration shall be prompt, reasoned and shall not automatically suspend urgent protective action.

Article 161 — Judicial review

1. A final Bank decision affecting rights or legal interests is subject to review by the competent court for constitutionality, legality, procedural fairness, reasonableness within statutory discretion and proper purpose.
2. A court shall give appropriate weight to technical expertise but shall not abdicate review.
3. Relief shall protect rights while avoiding unnecessary disruption to payment finality, resolution or financial stability.

Article 162 — Offences

1. Intentional interference, false regulatory reporting, obstruction of examination, misuse of confidential information, unlicensed regulated business, counterfeiting, reserve theft, market manipulation and evasion of lawful controls are offences under applicable law.
2. Office, superior instruction or political direction is not a defence to intentional illegality.

Article 163 — Referral and cooperation

1. Reasonable suspicion of crime shall be referred to the competent independent authority with evidence preserved.
2. The Bank may continue lawful protective or administrative action unless a court orders otherwise.

Article 164 — Personal liability

1. A good-faith lawful act does not create personal liability for a director, officer or employee.
2. Immunity does not cover bad faith, corruption, gross negligence, deliberate rights violation or criminal conduct.

CHAPTER 14

TRANSITIONAL PROVISIONS

Article 165 — Institutional continuity

1. Any existing institution performing central-bank functions continues temporarily as the National Bank of Eritrea under this Act.
2. Lawful currency, licences, contracts, deposits, payment obligations and staff arrangements continue until reviewed or replaced.
3. Continuity does not validate an unlawful asset, liability, direction or concealment.

Article 166 — First Selection Panel

1. The Independent Central Bank Selection Panel shall be constituted within sixty days after commencement.
2. All first governing vacancies shall be advertised together and the Governor assessed separately.

Article 167 — First appointments and staggering

1. The first Governor serves seven years and the Deputy Governors serve six years.
2. Two first nonexecutive directors serve six years, two serve four years and two serve two years, determined by public lot after appointment.
3. A shortened first term is nonrenewable.

Article 168 — Opening balance sheet and asset audit

1. Within six months, the Bank shall commission an independent diagnostic and audit of assets, liabilities, currency, official reserves, Government claims, foreign obligations, guarantees, contingent liabilities and off-balance-sheet arrangements.
2. The complete audit shall be provided to authorised oversight institutions; a public report shall disclose aggregate findings, qualifications, corrective actions and any fiscal recapitalisation need.

Article 169 — Legacy Government credit

1. Existing overdrafts, advances or quasi-fiscal claims shall be inventoried and may not be rolled over automatically.
2. Government and Bank shall publish a plan to convert verified claims into market-related, interest-bearing instruments with a finite repayment schedule approved through the national budget.

Article 170 — Foreign-exchange transition

1. Within nine months, the Bank shall publish an assessment of exchange rates, controls, arrears, dealer capacity, remittance channels, reserve adequacy and parallel-market incentives.
2. A transition plan shall seek transparent, unified and market-responsive arrangements while protecting essential payments and avoiding an abrupt disorderly adjustment.
3. Preferential or undocumented allocations shall end under a published timetable and audit.

Article 171 — Financial-sector diagnostic

1. The Bank shall conduct asset-quality, governance, capital, liquidity, ownership, related-party, operational and integrity reviews of regulated institutions.
2. Institutions shall be relicensed or placed under remedial, merger, resolution or exit plans through fair and phased procedures.
3. Depositors and payment continuity shall be protected to the greatest lawful extent without concealing insolvency.

Article 172 — Monetary-policy transition

1. Within twelve months, the MPC shall publish an interim monetary framework, data-gap plan, operational instruments, liquidity-management system and communication calendar.
2. Policy shall not rely on a numerical target unsupported by reliable data and instruments.

Article 173 — Currency and payment continuity

1. The Bank shall inventory currency, cash centres, payment rails, settlement accounts and critical vendors and establish emergency continuity arrangements.
2. No currency conversion or digital replacement shall occur merely to symbolise transition.

Article 174 — Staff transition

1. Existing staff shall be assessed fairly for competence, integrity and conflicts and shall not be collectively dismissed solely because of prior institutional service.
2. Serious misconduct shall be investigated with due process; capacity gaps shall be addressed through open recruitment and training.

Article 175 — Technical assistance

1. The Bank may obtain transparent technical assistance from African, regional and international institutions while retaining sovereign decision authority.
2. Agreements, funding, advisers, deliverables and material vendor interests shall be disclosed subject to lawful security protection.

Article 176 — Transition roadmap

1. Within one hundred and twenty days after the Board is constituted, the Bank shall publish a costed three-year roadmap using the milestones in Schedule 7.
2. Progress, delays, risks and corrective action shall be reported quarterly.

CHAPTER 15

GENERAL AND FINAL PROVISIONS

Article 177 — Regulations

1. The Board may make regulations necessary to implement this Act after consultation.
2. Monetary-policy decisions are not regulations, but their framework and reasons shall be published.
3. Regulations shall be gazetted and are subject to judicial review.

Article 178 — Emergency directions

1. The Bank may issue a temporary emergency direction where immediate action is necessary to protect currency, payments, depositors, reserves or stability.
2. The direction shall be reasoned, no broader than necessary and expire after ninety days unless confirmed through ordinary law or regulation.

Article 179 — Regulatory cooperation

1. The Bank may enter written agreements with domestic and foreign regulators, central banks and international bodies for information, supervision, payments, resolution and crisis management.
2. An agreement shall protect confidentiality, legality, reciprocity and Bank independence.

Article 180 — Inconsistency

1. This Act prevails over an inconsistent administrative directive, decree, contract or practice to the extent of inconsistency, subject always to the Constitution and a later Act expressly amending it.

Article 181 — Independent review

1. The National Assembly shall commission an independent public review three years after full commencement and every seven years thereafter.
2. The review shall assess independence, objectives, governance, monetary financing, reserves, supervision, payments, consumer protection, transparency, capacity and transition, without revisiting individual policy votes for political preference.

Article 182 — Harmonisation of penalties and sector laws

1. Before enactment, the National Assembly shall harmonise penalties, licence categories, resolution powers, court jurisdiction, deposit protection and enforcement procedures in this draft with the Banking and Financial Institutions Law, Penal Code, insolvency law, payment law and constitutional remedies.

SCHEDULE 1

OATH OF GOVERNOR, DEPUTY GOVERNOR AND DIRECTOR

I, _____, solemnly swear or affirm that I will uphold and defend the Constitution of Eritrea; faithfully and independently perform the duties of my office; protect the integrity of the national currency, official reserves and financial system; act without fear, favour, prejudice or improper direction; refuse and report interference; disclose conflicts; preserve lawful confidentiality; and serve the long-term public interest of the Eritrean people.

SCHEDULE 2

INDEPENDENT CENTRAL BANK SELECTION PANEL

1. Composition

1. A retired judge or senior independent lawyer nominated by the Chief Justice, who chairs.
2. A nominee of the Auditor-General with accounting, audit or public-integrity expertise.
3. A nominee selected jointly by recognised Eritrean universities with economics or finance expertise.
4. A nominee selected by recognised professional bodies in accounting, banking, economics or actuarial science.
5. A nominee of an independent consumer, business or labour constituency selected through a transparent process.
6. A nominee selected through an open process by women's professional organisations.
7. A nonvoting technical adviser from an African central bank or international institution chosen unanimously by the voting members, where useful.

2. Procedure

1. Vacancies shall be advertised nationally for at least thirty days through digital and non-digital channels.
2. Candidates shall disclose qualifications, assets, interests, political activity and regulated-sector relationships.
3. Eligible names shall be published for comment and shortlisted candidates interviewed publicly.
4. The Panel shall submit three ranked, reasoned candidates for each vacancy; a shortlist requires five affirmative votes.
5. The President may once return a shortlist for a stated eligibility, integrity or material procedural defect but shall appoint from the final shortlist.

SCHEDULE 3

RESERVED BOARD DECISIONS

1. Matters requiring six affirmative votes

1. Appointment or removal of a Deputy Governor, external MPC member, Chief Internal Auditor, General Counsel, Chief Risk Officer or head of supervision.
2. Approval of the strategy, annual budget, audited accounts, capital plan and profit distribution.
3. Reserve-management framework, new asset class, external manager, pledge or exceptional reserve transaction.
4. Emergency liquidity assistance, systemic resolution action or request for fiscal indemnity.
5. Major currency redesign, withdrawal, payment-system designation or nationwide financial technology.
6. Major emergency procurement, related-party transaction or contract above the published threshold.
7. Institutional litigation concerning independence or constitutional powers.
8. Annual report, Financial Stability Report and code of conduct.

SCHEDULE 4

MINIMUM MONETARY POLICY COMMITTEE PROCEDURE

1. Decision cycle

1. Publish an annual meeting calendar and data-release schedule.
2. Provide members equal access to staff forecasts, alternative scenarios, financial-stability assessment and Government information.
3. Record attendance, conflicts, recusals, proposals, votes and reasons.
4. Publish the decision immediately, minutes and votes within twenty-one days, and a quarterly Monetary Policy Report.
5. Maintain a transcript under seal for release after an appropriate historical period prescribed by Board rule.

SCHEDULE 5

OFFICIAL RESERVE-MANAGEMENT PRINCIPLES

1. Minimum controls

1. Safety, liquidity and return in that order, with an independently approved benchmark.
2. Clear eligible instruments, currencies, counterparties, credit limits, duration, concentration and liquidity tranches.
3. Segregation of front, middle and back office; dual authorisation; independent pricing; daily reconciliation and secure custody.
4. Prohibition of personal dealing, conflicted counterparties, secret accounts, speculative leverage and unauthorised pledges.
5. Monthly management reporting, quarterly Board review, annual external audit and public aggregate disclosure.
6. Business continuity, sanctions compliance, legal due diligence and recovery of assets held abroad.

SCHEDULE 6

MINIMUM PROACTIVE PUBLICATION

1. Records

1. The Act, regulations, policy frameworks, Board and MPC rules, codes and consultation papers.
2. Board and committee attendance, material decisions, votes, recusals and permitted minutes.
3. Monetary-policy decisions, reports, forecasts, inflation explanations and market-operation frameworks.
4. Currency notices, exchange rules, licensed dealers, official methodology and aggregate interventions.
5. Reserve data, adequacy analysis, audited accounts and risk framework in aggregate.
6. Licensing registers, supervisory standards, final enforcement, sector statistics and stability reports.
7. Payment-system rules, designated systems, incident summaries and inclusion statistics.
8. Budgets, procurement plans, awarded contracts, beneficial ownership, variations, audits and annual reports.

SCHEDULE 7

THREE-YEAR TRANSITIONAL MILESTONES

Deadline from first Board	Minimum deliverable
30 days	Interim ethics, delegations, reserve custody, payments, information security and continuity controls.
120 days	Costed three-year roadmap; organisation, staffing, risk, procurement and consultation plans.
6 months	Opening balance-sheet and reserve audit; initial capital assessment; Government-credit inventory.
9 months	Foreign-exchange diagnostic and transition plan; core public registers and dealer framework.
12 months	Interim monetary framework; first audited annual accounts; banking-sector diagnostic.
18 months	Risk-based supervisory framework; fit-and-proper review; payment-system and cash-resilience plan.
24 months	Phased relicensing and remediation; crisis simulation; consumer and deposit-protection proposals.
30 months	Reserve, monetary, supervisory and payment systems independently assessed against published standards.
36 months	Public transition report, unresolved-risk statement and next five-year institutional strategy.

Adopted by the National Assembly of Eritrea at Asmara this ____ day of _____, 2026.
NATIONAL ASSEMBLY OF ERITREA

DRAFTING REFERENCES — NOT PART OF THE ACT

- [1] Constitution of Eritrea (1997), especially Articles 1, 2, 7, 14, 21, 32, 42, 55 and 56. User-supplied constitutional text
- [2] International Monetary Fund, Central Bank Transparency Code. [Official source](#)
- [3] Basel Committee on Banking Supervision, Core Principles for Effective Banking Supervision. [Official source](#)
- [4] Committee on Payments and Market Infrastructures and IOSCO, Principles for Financial Market Infrastructures. [Official source](#)
- [5] Financial Stability Board, Key Attributes of Effective Resolution Regimes. [Official source](#)
- [6] International Monetary Fund, Guidelines for Foreign Exchange Reserve Management. [Official source](#)