DRAFTING NOTE

FINANCIAL INSTITUTIONS ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

The extensive post-independence banking and currency chain requires replacement by a coherent prudential statute coordinated with the National Bank Act and Commercial Code.

3. What the draft retains

The draft retains licensing, capital and liquidity requirements, supervision, corrective action, insolvency coordination and protection against unsafe or dishonest financial business.

4. What the draft updates and modernizes

It introduces risk-based and consolidated supervision, governance and beneficial-ownership standards, related-party limits, consumer protection, digital banking, prompt corrective action, resolution planning, due process and internationally informed prudential standards.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; regulated business and institutional categories; licensing and authorization; ownership, governance and control; prudential requirements; permitted business and structural limits; customers and market conduct; supervision and enforcement; recovery, resolution and liquidation; state ownership, competition and access; offences and accountability; regulations, transition and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___ OF 2026

FINANCIAL INSTITUTIONS ACT 2026

(ASSEMBLY ACT)

AN ACT TO REGULATE BANKS AND OTHER FINANCIAL INSTITUTIONS; PROVIDE FOR LICENSING, OWNERSHIP, GOVERNANCE, PRUDENTIAL REQUIREMENTS, FAIR CUSTOMER TREATMENT, SUPERVISION, RECOVERY, RESOLUTION AND LIQUIDATION; PROMOTE COMPETITION, FINANCIAL INCLUSION AND RESPONSIBLE TECHNOLOGY; REPEAL FINANCIAL INSTITUTIONS PROCLAMATION 94/1997; AND PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS Article 56 of the Constitution of Eritrea establishes the National Bank, assigns it responsibility for controlling financial institutions and requires its detailed powers and duties to be determined by law;

WHEREAS Eritrea requires safe, competitive and inclusive institutions capable of mobilizing domestic and diaspora savings, financing productive enterprise and providing reliable services through physical and digital channels;

WHEREAS the public must be protected from unsafe deposit taking, political lending, insider abuse, forced currency conversion, opaque ownership, unfair contracts and disorderly institutional failure;

WHEREAS regulation should be proportionate to actual risk, support innovation and access, and remain consistent with constitutional property, equality, dignity, administrative-justice and judicial-remedy guarantees;

WHEREAS Financial Institutions Proclamation 94/1997 provided an early licensing and prudential framework but requires replacement to reflect the Nakfa, the Constitution, the 2015 Codes, modern supervision, consumer protection, technology and resolution practice;

NOW, THEREFORE, the National Assembly of Eritrea, acting under Articles 32 and 56 of the Constitution, enacts as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

This Act may be cited as the “Financial Institutions Act 2026”.

Article 2 — Objects

1. to establish a safe, competitive, inclusive and technologically modern financial-institution system;
2. to protect depositors, borrowers, customers, creditors and the stability of the financial system;
3. to provide transparent licensing, proportionate prudential standards, effective supervision and orderly resolution;
4. to permit responsible domestic, diaspora and foreign investment under equal and published rules;
5. to prevent political direction, connected abuse, forced currency conversion, unsafe concentration and exploitation of customers; and
6. to replace Financial Institutions Proclamation 94/1997 with a framework suited to the Constitution, the 2015 Codes and related financial legislation.

Article 3 — Constitutional basis

1. Article 56 of the Constitution establishes the National Bank, assigns it central-banking functions, control of financial institutions and management of the national currency, and requires its detailed powers and duties to be determined by law.
2. Articles 8, 21 and 23 of the Constitution require economic and social development, opportunity for productive participation and protection of property.
3. Articles 14, 16, 19, 24, 26 and 28 of the Constitution require equality, dignity, lawful administration, proportionate limitations and effective judicial remedies.
4. No provision of this Act authorizes monetary financing, appropriation, taxation, criminal punishment or another exercise of public power except under an Assembly Act.

Article 4 — Application of Act

1. This Act applies to banks, deposit-taking microfinance institutions, credit institutions, finance companies and other persons conducting regulated financial business in or from Eritrea.
2. It applies to an Eritrean financial institution and its branches, agents, subsidiaries and controlled entities to the extent prescribed for consolidated supervision.
3. It applies to a foreign financial institution carrying on regulated business in Eritrea through a subsidiary, branch, representative office, agent or digital channel.
4. A public enterprise, public fund, cooperative or community institution is subject to this Act when it conducts regulated financial business unless an Assembly Act provides equivalent prudential supervision.

Article 5 — Interpretation

1. “Bank” means the National Bank of Eritrea established under the Constitution and the National Bank Act;
2. “bank” means a company licensed to accept deposits withdrawable on demand or transferable by payment instrument and to conduct banking business;

3. "beneficial owner" means a natural person who ultimately owns, controls or benefits from a legal person or arrangement;
4. "control" includes direct or indirect power to direct management or policy through ownership, agreement, influence or another means;
5. "credit institution" means a licensed non-deposit-taking person whose principal business is lending, finance, leasing, factoring or another prescribed credit activity;
6. "deposit" means money or monetary value received on terms requiring repayment, whether or not evidenced by an account, certificate, token or other record;
7. "deposit-taking institution" means a bank or other institution licensed to accept deposits from the public;
8. "financial group" means related persons whose activities include material regulated financial business;
9. "financial institution" means a person licensed under this Act;
10. "foreign financial institution" means a financial institution incorporated or principally licensed outside Eritrea;
11. "licence" means a licence granted by the Bank under this Act;
12. "microfinance institution" means a person licensed to provide proportionate savings, credit or related services principally to low-income, small-enterprise, rural or underserved customers;
13. "prescribed" means prescribed by a published regulation or prudential standard lawfully made under this Act;
14. "regulated financial business" means an activity for which this Act requires a licence or permission;
15. "resolution" means statutory action to manage a failing financial institution while protecting critical functions and financial stability; and
16. "significant owner" means a person holding or controlling ten percent or more of voting rights or capital, or otherwise exercising significant influence.

Article 6 — Relationship with other legislation

1. The National Bank Act governs the constitutional status, independence, monetary functions and general regulatory authority of the Bank, while this Act governs financial institutions and their supervision.
2. The Commercial Code governs formation, corporate acts, securities, accounts, insolvency and private rights except where this Act establishes a necessary prudential or resolution rule.
3. The Civil Code governs contracts, security, agency, fiduciary obligations and civil remedies except where this Act provides a specific financial-sector safeguard.
4. The Payment Systems and Digital Finance Act governs payment systems, payment-service providers, electronic money and payment infrastructure, without displacing prudential duties applying to a financial institution.
5. The Deposit Protection Act governs insured deposits and the deposit-protection fund, and the Insurance Act governs insurance and reinsurance business.
6. The Data Protection and Privacy Act, Competition and Consumer Protection Act, Anti-Money Laundering legislation, Accountancy and Audit Profession Act and applicable tax and public-finance laws remain applicable within their fields.

Article 7 — Proportionality and financial inclusion

1. A requirement or supervisory measure shall be proportionate to the institution's size, complexity, business model, interconnectedness, risk and systemic importance.
2. Proportionality shall not excuse dishonesty, inadequate capital, misuse of customer assets, unsafe deposit taking, discrimination or denial of basic procedural fairness.
3. The Bank shall design simplified and graduated frameworks for sound microfinance, community finance and small institutions where this advances inclusion without exposing the public to undisclosed risk.
4. A rule shall be technology-neutral so far as practicable and shall regulate equivalent risk consistently across physical and digital delivery.

CHAPTER II
REGULATED BUSINESS AND INSTITUTIONAL CATEGORIES

Article 8 — Prohibition on unlicensed deposit taking

1. No person shall accept deposits from the public or represent that deposits are accepted unless licensed as a deposit-taking institution under this Act.
2. A transaction is assessed by its economic substance and not merely by the words investment, contribution, membership, wallet, token, custody, advance, sale or partnership.
3. Receipt of money for genuine sale, rent, employment, escrow, professional trust or another non-financial purpose is not deposit taking when it is incidental and governed by applicable law.
4. The Bank may apply to a court for an immediate protective order against suspected unauthorized deposit taking.

Article 9 — Protected banking descriptions

1. A person shall not use bank, banker, banking, savings bank, microfinance bank or a confusingly similar description unless authorized by licence.
2. A company name, website, application, sign, advertisement, domain or translation shall not imply a licence, public guarantee or affiliation that does not exist.
3. A licensed institution shall use its registered name and licence category prominently in public communication.
4. The Bank may require correction and public notice where a description is misleading.

Article 10 — Banks

1. A bank may accept deposits, provide credit, transfer money, issue lawful payment instruments and perform other business authorized by its licence.
2. Demand deposits and accounts usable for third-party payment may be offered only by a bank or another institution expressly authorized under the Payment Systems and Digital Finance Act.

3. A bank shall maintain the capital, governance, liquidity, recovery capacity and operational resilience appropriate to its activities.
4. Authorization to conduct banking does not by itself authorize insurance, securities exchange, fund management or another separately regulated activity.

Article 11 — Deposit-taking microfinance institutions

1. A deposit-taking microfinance institution may accept prescribed classes of deposits and provide proportionate credit and related services under a restricted licence.
2. Its geographic, customer, product, transaction and balance limits shall reflect operational capacity and depositor protection.
3. A restriction shall be published, risk-based and periodically reviewed as the institution develops.
4. A microfinance institution shall not be required to transform into a bank merely because it uses secure digital delivery.

Article 12 — Credit institutions and finance companies

1. A credit institution may lend or provide another authorized financing service from its own funds, wholesale borrowing or other lawful non-deposit resources.
2. It shall not accept deposits or create a misleading deposit substitute.
3. The Bank may establish proportionate licensing classes for consumer credit, development finance, mortgage finance, leasing, factoring and other material credit business.
4. An occasional private loan or ordinary supplier credit is not regulated financial business unless conducted as a business presenting material public risk.

Article 13 — Savings and credit cooperatives

1. A genuine member-owned savings and credit cooperative may operate under cooperative legislation and a proportionate prudential framework approved by an Assembly Act.
2. The Bank shall supervise a cooperative that accepts public deposits, is systemically material, conducts banking beyond its membership or participates directly in regulated payment infrastructure.
3. Member identity shall not be used artificially to evade this Act.
4. Supervision shall respect democratic member control while protecting savings and financial stability.

Article 14 — Excluded and incidental activities

1. A government receipt, employer payroll balance, merchant refund, utility prepayment, professional trust account or limited closed-loop value is excluded only to the extent prescribed and otherwise lawfully safeguarded.
2. The Bank may exempt a narrowly defined low-risk activity after public reasons, conditions, maximum values and consumer safeguards are published.
3. An exemption shall not be person-specific political favoritism and shall be reviewed periodically.

4. The Bank may withdraw an exemption prospectively where scale, interconnectedness, technology or conduct creates material financial risk.

Article 15 — Foreign institutions

1. A foreign institution shall not conduct regulated financial business in Eritrea without a licence or other authorization expressly provided by this Act.
2. The Bank may require a locally incorporated subsidiary where depositor protection, supervision, resolution, governance or systemic risk makes a branch structure unsuitable.
3. A foreign branch shall maintain local assets, records, responsible management and resolution cooperation as prescribed.
4. Home-country reputation or licence does not displace Eritrean law, and nationality alone shall not justify refusal where equivalent safeguards exist.

Article 16 — Representative offices and cross-border solicitation

1. A representative office may conduct liaison and research only under registration and shall not receive funds, conclude financial contracts or imply that it is licensed.
2. Targeted digital solicitation of persons in Eritrea constitutes business in Eritrea when service, onboarding, payment or risk is materially directed to the Eritrean market.
3. The Bank may cooperate with a foreign supervisor to address unauthorized cross-border business.
4. A customer retains remedies under Eritrean law notwithstanding a foreign-law or forum clause imposed without meaningful choice.

Article 17 — Regulatory perimeter review

1. The Bank shall monitor new business models, decentralized arrangements, artificial-intelligence systems and digital representations of value for activities equivalent to regulated financial business.
2. It may issue a public perimeter determination stating whether an activity requires licensing and the legal and risk reasons.
3. A person may request a non-binding or binding determination under a published procedure.
4. Innovation shall not be prohibited merely because technology is new, but public funds shall not be exposed to unregulated equivalent risk.

CHAPTER III
LICENSING AND AUTHORIZATION

Article 18 — Licence required

1. A person shall obtain the appropriate licence before commencing regulated financial business.
2. A licence is personal to the institution, states its authorized activities and is not transferable.

3. A licence remains effective until surrendered, revoked or otherwise ended according to this Act and shall not require arbitrary annual political renewal.
4. No ministry, public enterprise, military body or other authority may issue a substitute permission.

Article 19 — Licence application

1. An application shall be submitted through accessible physical or secure electronic channels in the published form.
2. It shall identify founders, significant owners, beneficial owners, controllers, directors, senior managers, group structure, funding and proposed activities.
3. It shall include a business plan, governance arrangements, capital evidence, risk framework, technology architecture, recovery plan and other proportionate information.
4. The Bank shall acknowledge a complete application, state the decision timetable and identify missing material without repetitive demands.

Article 20 — Permitted legal form

1. A bank shall be incorporated as a share company under the Commercial Code unless this Act expressly authorizes a foreign branch or cooperative form.
2. Another financial institution may use a company, cooperative or other form appropriate to its activity and prudential responsibility.
3. Limited liability does not protect a person from personal fraud, breach of duty, unlawful distribution or another liability imposed by law.
4. The constitution and shareholder arrangements of an institution shall be consistent with this Act and available to the Bank.

Article 21 — Minimum capital

1. An applicant shall hold paid-up, unencumbered and verifiable capital of an amount and quality prescribed for its licence class.
2. Capital shall come from lawful transparent sources and shall not be financed by the institution, circular arrangements or undisclosed debt.
3. Minimum amounts shall be reviewed by transparent risk and market analysis and shall not be used to exclude sound entrants for protectionist reasons.
4. The Bank may require additional capital for a particular applicant based on stated risk, subject to reasons and review.

Article 22 — Business plan and operational readiness

1. The plan shall demonstrate viable services, realistic financial projections, governance, staffing, technology, outsourcing, customer protection and exit capacity.
2. Operational readiness shall include secure systems, accounting, internal control, business continuity, complaints handling and regulatory reporting.
3. A proposal depending on coercive official exchange rates, directed customers, unpaid labour, undisclosed subsidy or monopoly privilege shall not be treated as viable.

4. The Bank may require controlled testing before public launch without allowing indefinite delay.

Article 23 — Fitness and propriety

1. A significant owner, controller, director and senior manager shall be fit and proper in honesty, competence, financial soundness, independence and relevant experience.
2. Assessment shall consider verified conduct, role, seriousness, recency, rehabilitation and opportunity to respond.
3. Political opinion, ethnicity, religion, region, gender, disability or former national-service status is not adverse evidence.
4. A foreign finding may be considered only with reliable context and fair opportunity to challenge it.

Article 24 — Ownership and beneficial ownership transparency

1. The applicant shall disclose every legal and beneficial owner, nominee, trust, agreement and source of control to the extent reasonably necessary.
2. Bearer, anonymous or untraceable ownership is prohibited.
3. Information shall be verified through reliable records and risk-based inquiry without compelling irrelevant private information.
4. Material ownership information shall be shared with the beneficial-ownership register and competent authorities under lawful safeguards.

Article 25 — Foreign applicant and home supervision

1. A foreign applicant shall show authorization, sound condition and effective consolidated supervision in its home jurisdiction.
2. The home supervisor shall be willing and legally able to exchange relevant information and cooperate in supervision and resolution.
3. The Bank may refuse a shell bank, an opaque group or an institution whose structure prevents effective supervision.
4. Equivalent foreign standards may be recognized without abandoning Eritrean responsibility.

Article 26 — Public notice and comment

1. The Bank shall publish the name, proposed licence class, principal owners and a non-confidential summary of a substantially complete application.
2. The public may submit relevant, supported information within a reasonable period.
3. An applicant shall receive adverse material for response subject to lawful witness and confidentiality protection.
4. Licensing shall not become a popularity contest or permit competitors to veto entry.

Article 27 — Licensing decision

1. The Bank shall grant a licence where the statutory criteria are met and risks can be controlled through lawful conditions.
2. It shall decide within one hundred eighty days after a substantially complete application unless exceptional complexity is explained in writing.
3. Approval, conditional approval or refusal shall state material reasons and review rights.
4. Silence does not grant a deposit-taking licence, but unreasonable delay is subject to administrative and judicial review.

Article 28 — Licence contents and conditions

1. A licence shall state the legal name, institution class, authorized activities, approved delivery forms and material conditions.
2. A condition shall address an identified prudential, conduct, operational or resolution risk and shall be proportionate and reviewable.
3. A condition shall not secretly fix prices, allocate customers, require political activity or confer an unpublished monopoly.
4. The licence and non-confidential conditions shall appear in the public register.

Article 29 — Commencement and lapse

1. A licensee shall commence within twelve months or another stated reasonable period after demonstrating final operational readiness.
2. The Bank may extend once for good cause supported by a credible completion plan.
3. A licence may lapse after fair notice if business never commences or ceases for a continuous prescribed period.
4. Lapse does not extinguish customer claims, records, investigation or lawful resolution obligations.

Article 30 — Branches, service points and agents

1. A financial institution may establish branches, service points, automated facilities and agents under risk-based notice or approval requirements.
2. The institution remains responsible for an agent’s regulated conduct, security, customer information and complaints.
3. A local authority may apply ordinary planning and safety law but shall not require a second financial licence.
4. Expansion to rural and underserved communities shall be facilitated where operational and consumer safeguards are credible.

Article 31 — Digital channels and cloud infrastructure

1. A licensed institution may provide approved services electronically without a separate licence merely because delivery is digital.

2. It shall maintain cybersecurity, authentication, resilience, data governance, fraud response, human assistance and continuity appropriate to the risk.
3. Use of foreign or distributed cloud infrastructure is permitted where the Bank retains timely lawful access, auditability and resolution continuity.
4. Localization shall be required only for a demonstrated lawful need and shall not become disguised protectionism.

Article 32 — Material changes requiring approval

1. Prior approval is required for merger, division, acquisition of control, material business-model change, transfer of substantially all assets or liabilities, or entry into a new regulated class.
2. A change in name, address, non-material system or ordinary product shall be handled by notice where risk does not justify prior approval.
3. The Bank shall publish objective thresholds and decision periods.
4. An approved change shall comply with the Commercial Code and protect creditors, customers and employees.

Article 33 — Voluntary surrender

1. A financial institution may surrender its licence only with the Bank’s approval and a plan protecting depositors, customers, creditors, records and pending complaints.
2. A deposit-taking institution shall repay or lawfully transfer deposits before surrender unless resolution law provides otherwise.
3. Public notice and reasonable claim arrangements shall be provided.
4. Surrender does not prevent investigation, liability or enforcement for earlier conduct.

Article 34 — Suspension and revocation

1. The Bank may suspend, restrict or revoke a licence for material statutory breach, unsafe condition, false licensing information, prolonged inactivity, insolvency or failure to restore required capital.
2. Except where immediate protection is necessary, the institution shall receive notice, evidence, reasonable response time and a reasoned decision.
3. An emergency interim restriction shall be reviewed promptly and tailored to prevent harm without unnecessarily freezing lawful customer access.
4. Revocation of a deposit-taking institution shall be coordinated with resolution, deposit protection and court processes.

Article 35 — Public register

1. The Bank shall maintain a free, searchable and reliably updated register of licensed institutions, branches, agents, licence status and authorized activities.
2. The register shall support electronic verification and preserve historical status.
3. A pending application or representative office shall be clearly distinguished from a licence.
4. Protected personal information shall not be published without lawful necessity.

CHAPTER IV
OWNERSHIP, GOVERNANCE AND CONTROL

Article 36 — Acquisition of significant ownership

1. A person shall obtain prior Bank approval before becoming a significant owner or crossing a prescribed control threshold.
2. Direct, indirect, associated, nominee and acting-in-concert interests shall be aggregated according to substance.
3. Approval requires fitness, transparent funding, sustainable structure and absence of an impediment to supervision.
4. A decision shall be timely, reasoned and subject to review.

Article 37 — Disposal and reduction of control

1. A significant owner shall give prior notice before disposing of an interest or falling below a prescribed threshold.
2. The institution shall notify the Bank when it learns of a material ownership change.
3. A disposal shall not leave the institution with opaque, dispersed or unstable control that defeats governance.
4. Commercial Code transfer rights remain subject to lawful prudential approval.

Article 38 — Unauthorized control

1. Voting and direction attached to an unapproved significant interest may be suspended by reasoned interim order.
2. The Bank may require lawful divestment within a reasonable period and may seek a court order where necessary.
3. Customer and institution interests shall be protected during correction.
4. A good-faith inheritance or involuntary acquisition shall receive a fair period to apply or dispose.

Article 39 — Board responsibility

1. The board is collectively responsible for strategy, soundness, governance, risk appetite, internal control, culture, recovery readiness and fair treatment of customers.
2. It shall oversee management without performing day-to-day operations or surrendering independent judgment to an owner, minister or political authority.
3. The board shall receive complete timely information and record material challenge and decisions.
4. Delegation does not remove board responsibility.

Article 40 — Board composition

1. The board shall have sufficient competence, diversity, independence and time for the institution’s business and risk.
2. A prescribed number or proportion shall be independent non-executive directors for a bank or systemically important institution.
3. The chairperson shall not also be chief executive except temporarily under exceptional published safeguards.
4. A serving senior political, military, police or intelligence officer shall not direct a financial institution.

Article 41 — Directors and senior management

1. A director and senior manager shall remain fit and proper throughout service and disclose a material change promptly.
2. Appointment to a key function may require prior approval or notice according to systemic and role risk.
3. Removal by the Bank requires evidence, reasons, fair response and protection of urgent customer interests.
4. No owner or public official may install an unqualified person through informal direction.

Article 42 — Duties of directors and officers

1. A director or officer shall act honestly, with due care and for the sound and lawful interests of the institution, considering depositors and financial stability where relevant.
2. The person shall avoid or disclose conflicts and shall not misuse property, information, opportunity or influence.
3. Compliance with an owner’s, minister’s or commander’s instruction is no defence to breach of law.
4. These duties supplement and do not reduce duties under the Commercial Code.

Article 43 — Risk management framework

1. A financial institution shall identify, measure, monitor, control and report every material risk through a framework proportionate to its business.
2. The framework shall address credit, concentration, liquidity, market, interest-rate, operational, technology, cyber, conduct, legal, compliance, climate and group risk as relevant.
3. Risk appetite and limits shall be approved by the board and tested against capital and liquidity.
4. A risk function shall have authority, resources and access independent of revenue pressure.

Article 44 — Compliance and anti-financial-crime controls

1. An institution shall maintain an independent compliance function and risk-based controls required by anti-money-laundering and related law.

2. Customer due diligence shall be proportionate and shall not exclude a low-risk person merely for poverty, lack of conventional address or informal occupation.
3. Suspicious-transaction reporting and sanctions compliance shall follow published law and protect confidentiality and due process.
4. The Bank and competent financial-intelligence authority shall coordinate without duplicating demands or creating secret substantive law.

Article 45 — Internal audit

1. A financial institution shall maintain an independent, risk-based internal-audit function with direct access to the board audit committee.
2. Internal audit shall examine governance, finance, controls, models, technology, outsourcing, compliance and remediation.
3. Management shall not alter a finding or retaliate against audit staff.
4. A smaller institution may use an independent shared or outsourced function subject to safeguards.

Article 46 — Conflicts of interest

1. The institution shall maintain a public-summary conflicts policy governing owners, directors, staff, agents and related persons.
2. A conflicted person shall disclose, abstain and not influence the decision.
3. Transactions shall be recorded and independently reviewed according to materiality.
4. A conflict may not be cured merely by board approval where the transaction is unsafe, unfair or unlawful.

Article 47 — Related-party transactions

1. A transaction with an owner, director, officer, employee, affiliate or related person shall be on arm’s-length terms and within prudential limits.
2. Material related-party exposure requires disinterested approval and prompt reporting to the Bank.
3. Preferential interest, collateral waiver, concealment or evergreen renewal is prohibited.
4. The Bank may deduct an unsafe exposure from capital and require recovery, reversal or provisioning.

Article 48 — Remuneration

1. Remuneration shall support sound long-term risk, fair customer outcomes and financial resilience.
2. Material variable remuneration shall be subject to deferral, risk adjustment, malus and recovery where appropriate.
3. Sales incentives shall not reward unsuitable credit, hidden fees, account manipulation or customer exploitation.
4. The board shall disclose aggregate senior remuneration and policy as prescribed without exposing unnecessary personal detail.

Article 49 — Whistleblowing and protected reporting

1. An institution shall provide confidential internal and external channels for good-faith reporting of illegality, unsafe practice and customer harm.
2. No person shall retaliate through dismissal, transfer, threat, blacklisting, denied promotion or disclosure of identity.
3. The Bank may order interim protection, reinstatement, correction and referral for further remedy.
4. Knowingly false accusation may be addressed through fair ordinary law but shall not justify suppressing protected reporting.

Article 50 — External auditor

1. A financial institution shall appoint an independent auditor licensed under the Accountancy and Audit Profession Act and acceptable under objective Bank criteria.
2. The auditor shall have access to necessary records and shall report material misstatement, insolvency, control failure and unlawful obstruction to the board and Bank.
3. Audit-firm independence, rotation, non-audit services and quality shall be governed by published standards.
4. The Bank may require replacement for stated professional cause subject to fair process.

Article 51 — Books, records and financial statements

1. An institution shall keep complete, accurate, secure and auditable books and records explaining its transactions, position, ownership and customer obligations.
2. Records may be electronic or physical and shall remain accessible through technology migration, outage, merger and resolution.
3. Annual financial statements shall use recognized standards adopted lawfully for Eritrea and shall be audited and published within prescribed time.
4. Retention shall be no shorter than required by applicable commercial, tax, anti-financial-crime, data-protection and limitation law.

CHAPTER V
PRUDENTIAL REQUIREMENTS

Article 52 — Capital adequacy

1. A financial institution shall maintain capital of sufficient amount, quality and loss-absorbing capacity for its risks.
2. The Bank shall prescribe risk-based minimum ratios, buffers, deductions and eligible instruments consistent with proportionate international practice.
3. It may impose an institution-specific add-on for identified risk after reasons and supervisory dialogue.
4. Capital shall not be double-counted, circularly funded or withdrawn through disguised distribution.

Article 53 — Leverage

1. A bank shall comply with a simple non-risk-based leverage requirement supplementing risk-weighted capital.
2. Off-balance-sheet commitments, derivatives and structured arrangements shall be included according to economic exposure.
3. The requirement shall be calibrated to Eritrea's market without permitting hidden excessive leverage.
4. A breach shall trigger prompt restoration and distribution restriction.

Article 54 — Liquidity and funding

1. A deposit-taking institution shall maintain sufficient high-quality liquid resources to meet obligations under normal and stressed conditions.
2. It shall manage funding concentration, maturity mismatch, collateral, intraday needs and foreign-currency liquidity.
3. Contingency funding plans shall identify credible private and central-bank sources without assuming automatic public rescue.
4. The Bank may prescribe liquidity coverage, stable funding and reserve requirements consistently with the National Bank Act.

Article 55 — Credit underwriting

1. Credit shall be granted through documented assessment of purpose, repayment capacity, risk, collateral where relevant and total exposure.
2. Political instruction, military status, friendship, ethnicity, region or an official list shall not replace credit judgment.
3. An institution shall monitor credit after origination and recognize deterioration promptly.
4. Automated underwriting shall comply with explainability, testing, nondiscrimination and human-review safeguards.

Article 56 — Large exposures

1. Exposure to a person or connected group shall not exceed a prescribed percentage of eligible capital without lawful exception.
2. Connected borrowers shall be aggregated where control, economic dependence, common repayment source or coordinated risk makes separate treatment misleading.
3. Large exposures shall receive enhanced approval, monitoring and reporting.
4. An excess shall be corrected under a time-bound plan and may require additional capital or provisioning.

Article 57 — Concentration risk

1. An institution shall identify concentration by borrower, sector, geography, product, currency, collateral, funding source, technology provider and common risk factor.

2. The board shall approve limits and diversification plans appropriate to Eritrea's small economy and unavoidable structural concentrations.
3. The Bank shall not demand artificial diversification that exports risk without adequate understanding.
4. Public reporting shall describe material concentration without exposing protected customer information.

Article 58 — Connected lending

1. Aggregate exposure to related parties shall remain within stricter prescribed limits and ordinary credit standards.
2. A director, officer or interested owner shall not participate in approval or administration of the exposure.
3. A loan to a public official or public enterprise shall not receive preference merely because of office or implied state support.
4. Material breach shall be reported immediately and may result in capital deduction, recovery and personal liability under applicable law.

Article 59 — Asset classification and provisioning

1. An institution shall classify credit and other assets according to reliable evidence of performance and recoverability.
2. Expected and incurred loss shall be recognized promptly through provisions consistent with adopted accounting and prudential standards.
3. Renewal, capitalization, related refinancing or collateral revaluation shall not conceal default.
4. The Bank may require a prudent supervisory adjustment while financial statements remain governed by applicable accounting law.

Article 60 — Collateral valuation and management

1. Collateral shall be valued independently, conservatively and with regard to enforceability, market liquidity and environmental or social risk.
2. Land, home, livestock, crop, equipment and movable collateral shall be treated according to applicable property and secured-transactions law.
3. An institution shall not rely on coercive undervaluation, forced official exchange rates or undisclosed insider sale.
4. Enforcement shall respect notice, court access, fair sale and protected-livelihood safeguards.

Article 61 — Market and interest-rate risk

1. An institution shall measure and control loss arising from interest rates, exchange rates, securities, commodities and other market variables.
2. Trading and banking-book positions shall be valued by reliable methods and independent price verification.

3. A model shall be validated and subject to prudent limits where markets are illiquid.
4. The Bank may require stress, capital, hedging or exposure reduction for material risk.

Article 62 — Foreign-exchange risk

1. An institution shall maintain net open positions and foreign-currency mismatches within published limits.
2. Customer foreign currency remains private property subject only to lawful, proportionate and published regulation.
3. No institution shall apply a forced conversion or artificial official rate that confiscates private value.
4. Exchange services shall use transparent market-consistent rates, disclosed spreads and controls required by the National Bank Act.

Article 63 — Operational resilience

1. An institution shall identify and control people, process, system, legal, physical, fraud and external-event risk.
2. Critical services shall have tested continuity, backup, incident response, recovery objectives and alternative communication.
3. An incident causing material customer harm, data loss, service outage or financial instability shall be reported promptly.
4. Resilience arrangements shall include electricity, connectivity, cash distribution and geographic disruption relevant to Eritrea.

Article 64 — Cybersecurity

1. A financial institution shall maintain risk-based cybersecurity governance, identity controls, encryption, monitoring, vulnerability management and secure development.
2. Boards and senior management shall receive timely cyber-risk information and oversee remediation.
3. Material incidents shall be shared through protected channels with the Bank and competent cybersecurity authority.
4. Reporting shall not conceal responsibility or expose exploitable details unnecessarily.

Article 65 — Technology and model risk

1. A material algorithm, artificial-intelligence model or automated system shall have documented purpose, data lineage, testing, validation, monitoring and accountable human ownership.
2. The institution shall assess bias, exclusion, manipulation, hallucination, security, drift and explainability appropriate to the decision.
3. No model shall make an unreviewable final decision affecting licence access, account closure, credit, collateral enforcement or complaint remedy.
4. The Bank may inspect source documentation, tests and controls without claiming intellectual property beyond lawful need.

Article 66 — Climate and environmental financial risk

1. An institution shall identify material physical, transition, liability and concentration risks arising from climate and environmental change.
2. Assessment shall be proportionate and grounded in credible scenarios rather than political slogan.
3. The Bank may require governance, disclosure, stress testing and risk management but shall not direct credit without Assembly authority.
4. Small farmers, pastoralists and vulnerable communities shall not be excluded through crude geographic proxies without individualized risk options.

Article 67 — Outsourcing

1. An institution remains responsible for an outsourced function and shall not outsource governance, legal accountability or the Bank's access.
2. Material outsourcing requires due diligence, written service levels, security, audit, continuity, exit, subcontracting and data safeguards.
3. Concentration in a common technology or service provider shall be assessed across the financial system.
4. The Bank may require remediation or exit where an arrangement prevents effective supervision or continuity.

Article 68 — Consolidated supervision

1. A financial group shall be supervised on a consolidated basis where group relationships create material risk to an Eritrean institution.
2. The Bank may obtain group financial, ownership, governance, exposure, capital, liquidity and risk information reasonably necessary.
3. Transactions and double gearing across affiliates shall be transparent and controlled.
4. A non-financial parent shall not impair the institution's independence, capital or access to information.

Article 69 — Stress testing

1. A bank and another prescribed institution shall conduct regular forward-looking stress tests covering severe but plausible conditions.
2. Scenarios shall consider domestic drought, conflict spillover, trade disruption, deposit run, exchange shock, cyber outage and concentrated borrower failure as relevant.
3. Results shall inform capital, liquidity, recovery and risk decisions and be reported to the board and Bank.
4. The Bank may conduct supervisory stress testing and publish aggregate results.

Article 70 — Recovery planning

1. A deposit-taking and systemically important institution shall maintain a credible recovery plan for restoring capital, liquidity and operations without extraordinary public support.
2. The plan shall contain early triggers, governance, asset and liability options, communication, operational continuity and implementation barriers.
3. It shall be updated annually and after a material change and tested through simulation.
4. The Bank may require correction where an option is unrealistic, illegal or dependent on harming protected customers.

Article 71 — Distributions and capital conservation

1. A financial institution shall not declare or pay a dividend, bonus, redemption or other capital distribution that causes or worsens breach of prudential requirements.
2. The Bank may restrict distributions under an early-intervention plan after reasons and proportionate assessment.
3. A restriction shall not permit expropriation and shall end when statutory conditions are restored.
4. Unlawful distribution may be recovered from a recipient who knew or reasonably should have known of the breach.

Article 72 — Regulatory reporting and disclosure

1. An institution shall submit accurate, complete and timely prudential reports in the standardized form prescribed by the Bank.
2. The Bank shall use secure interoperable digital reporting and avoid repetitive demands for information already held.
3. Material corrections shall preserve an audit trail and be reported promptly.
4. The institution shall publish understandable information on financial condition, governance, risk and customer terms as prescribed.

CHAPTER VI
PERMITTED BUSINESS AND STRUCTURAL LIMITS

Article 73 — Authorized banking business

1. A bank may accept deposits, provide credit, issue guarantees, transfer funds, deal in lawful financial instruments, provide custody and conduct other activities stated in its licence.
2. Foreign-exchange, payment, securities, fiduciary and other specialized business remains subject to applicable legislation and licence conditions.
3. The Bank may authorize a new activity where risks are understood and controls are adequate.
4. An authorization shall be published by category and not granted as secret personal privilege.

Article 74 — Non-financial activities

1. A financial institution shall not conduct ordinary commerce, manufacturing, mining, agriculture or real-estate development except as incidental to financial business or realization of security.
2. An acquired non-financial asset shall be disposed within a reasonable period unless necessary for operations or lawfully approved investment.
3. The restriction protects depositors and competition and shall not prevent responsible financing of productive enterprise.
4. A financial group may hold non-financial business only under a structure that prevents contagion, self-dealing and misuse of deposits.

Article 75 — Equity participation

1. A financial institution's equity participation in a non-financial enterprise shall remain within individual and aggregate prudential limits.
2. The institution shall not use depositor funds to obtain political or monopolistic control of ordinary industry.
3. Venture or development finance may be authorized through a ring-fenced subsidiary with appropriate capital and expertise.
4. Related-party and concentration requirements apply fully.

Article 76 — Real property

1. A financial institution may hold premises necessary for business and property acquired through lawful enforcement.
2. It shall not speculate in land or housing with depositor funds beyond prescribed limits.
3. Property acquired on enforcement shall be managed fairly and disposed within a period reflecting market conditions and debtor rights.
4. Transactions with insiders require independent valuation and approval.

Article 77 — Leasing and asset finance

1. A licensed institution may provide finance leases, operating leases and asset finance under the Commercial and Civil Codes.
2. Customer information shall state ownership, payment, maintenance, insurance, purchase option, default and repossession terms.
3. Repossession shall be peaceful, documented and subject to court process where contested.
4. Prudential treatment shall reflect residual-value, concentration and operational risk.

Article 78 — Factoring and receivables finance

1. A licensed institution may purchase, finance, administer or collect receivables according to applicable commercial law.
2. Assignment notice, recourse, fees, reserve, dispute and collection authority shall be disclosed clearly.

3. A debtor retains defences and protections that applicable law makes non-waivable.
4. The institution shall prevent duplicate financing and fraudulent invoices through proportionate verification.

Article 79 — Microfinance products

1. Microfinance shall support savings, productive credit, household resilience and small enterprise without debt traps or political allocation.
2. Products may use group methods, cash-flow assessment, mobile service and alternative collateral where consent and responsibility remain individual and clear.
3. No borrower shall be subjected to public humiliation, collective punishment, family coercion or seizure of essential livelihood items contrary to law.
4. The Bank shall promote transparent pricing, graduated limits and reliable credit information.

Article 80 — Participatory and faith-consistent finance

1. A financial institution may offer participatory, profit-sharing, asset-based or faith-consistent finance under published prudential and consumer rules.
2. The economic risks, ownership, fees, loss allocation, early termination and dispute terms shall be disclosed accurately.
3. A religious description shall not exempt the product from capital, governance, tax, customer or anti-financial-crime law.
4. An advisory body shall be independent, competent and free from misleading endorsement.

Article 81 — Fiduciary and custody business

1. A financial institution may act as custodian, trustee, escrow agent or other fiduciary only when authorized and competent.
2. Customer assets shall be identified, segregated, reconciled and protected from the institution’s creditors according to law.
3. Use, lending, pledge or investment requires lawful authority and informed agreement.
4. Fiduciary records shall remain available through insolvency and resolution.

Article 82 — Cross-border operations

1. An Eritrean institution shall obtain Bank approval before establishing a material foreign branch or subsidiary.
2. The proposal shall show business purpose, home-host cooperation, governance, capital, sanctions compliance and exit capacity.
3. The Bank may limit exposure where effective supervision is unavailable or foreign risk threatens domestic depositors.
4. Approval shall not substitute for authorization required by the host country.

Article 83 — Correspondent relationships

1. A financial institution shall conduct risk-based due diligence before establishing a correspondent or similar cross-border relationship.
2. It shall understand the respondent's ownership, business, supervision, controls and use by nested institutions.
3. A relationship with a shell bank is prohibited.
4. Controls shall support lawful remittances and financial inclusion and shall not impose indiscriminate de-risking without assessment.

CHAPTER VII
CUSTOMERS AND MARKET CONDUCT

Article 84 — Fair treatment

1. A financial institution shall treat customers honestly, fairly, respectfully and without unlawful discrimination throughout the product life cycle.
2. A product, channel, sales process and remedy shall be appropriate to the target customer and reasonably accessible.
3. An institution shall not exploit illiteracy, language, disability, urgency, displacement, poverty or lack of alternatives.
4. Compliance with a form does not excuse a substantively abusive practice.

Article 85 — Product governance

1. Before offering a retail product, an institution shall identify the target market, customer need, risks, cost, distribution method and foreseeable misuse.
2. It shall test, approve, monitor and revise the product using customer outcomes and complaint evidence.
3. A complex or high-risk product shall not be sold to a customer who cannot reasonably understand or bear it.
4. Discontinuation shall protect existing contracts and customer access to records.

Article 86 — Pre-contract information

1. A customer shall receive concise, accurate and comparable information on price, interest, exchange, fees, term, security, risk, withdrawal and complaint rights before commitment.
2. Information shall be available in clear language, accessible format and a principal Eritrean language reasonably understood by the customer.
3. A key-facts statement shall accompany a prescribed retail product.
4. Material oral representation by an agent binds the institution to the extent provided by ordinary agency and consumer law.

Article 87 — Contracts and customer records

1. A financial contract shall be provided on paper or a durable electronic medium chosen or reasonably accessible to the customer.
2. A unilateral-change term shall state lawful grounds, notice and termination rights and shall not permit arbitrary retroactive change.
3. The customer shall receive statements, transaction history and payoff information without unreasonable charge.
4. A lost device, changed number or lack of internet shall not deprive a customer of reasonable alternative access.

Article 88 — Interest, fees and total cost

1. Interest, fees, commissions, penalties and total cost shall be disclosed by a standardized method prescribed for comparability.
2. A charge shall correspond to a lawful service, risk or reasonable cost and shall not be hidden, duplicated or imposed retroactively.
3. Default interest and late fees shall be proportionate and shall not capitalize indefinitely into unpayable debt.
4. The Bank may prohibit an abusive charge and require refund while respecting lawful market pricing.

Article 89 — Exchange rates and foreign-currency transactions

1. A customer shall receive the applicable rate, spread, fee and resulting amount before a foreign-currency transaction.
2. Rates shall be market-consistent under the National Bank Act and shall not transfer private value to the State or institution through coercive official conversion.
3. A foreign-currency account shall not be converted, frozen or surrendered without the customer's instruction or specific published lawful authority consistent with property rights.
4. An error or unauthorized conversion requires prompt reversal, value restoration and applicable compensation.

Article 90 — Responsible lending

1. Before granting or materially increasing consumer credit, an institution shall assess ability to repay without severe hardship using reliable proportionate information.
2. The assessment shall consider income, obligations, essential expenses, foreseeable variation and the product's cost and currency risk.
3. Collateral value or a guarantor does not replace repayment-capacity assessment except for a genuinely asset-based product clearly understood.
4. A violation may support modification, refund, compensation or another proportionate remedy without automatically extinguishing principal received.

Article 91 — Credit information

1. An institution shall report and use credit information accurately, securely and only for lawful purposes under applicable credit-reporting and data law.
2. A customer shall be informed of a materially adverse credit decision and may obtain and correct the information relied upon.
3. Thin or absent credit history shall not be treated as misconduct and alternative evidence may be considered.
4. Disputed information shall be marked and investigated promptly.

Article 92 — Security and guarantors

1. A borrower and guarantor shall receive a clear description of secured property, maximum liability, enforcement triggers and release conditions.
2. A guarantee shall be freely given and shall not be obtained through family, employer, military or official coercion.
3. A creditor shall notify the guarantor of material default and proposed enforcement within a reasonable period.
4. Collateral and guarantee enforcement is subject to the Civil Code, procedural law and non-waivable consumer safeguards.

Article 93 — Arrears and debt collection

1. An institution shall contact a borrower in arrears respectfully and consider reasonable restructuring where hardship is temporary and repayment remains viable.
2. Threat, violence, public shaming, harassment, impersonation of authority, disclosure to unrelated persons and seizure without lawful process are prohibited.
3. A debt collector and agent are subject to the institution's oversight and applicable licensing law.
4. Payment shall be credited promptly and a settlement or release recorded accurately.

Article 94 — Deposits and account access

1. A deposit-taking institution shall record ownership, balance, interest, restrictions and transactions accurately and permit withdrawal according to contract and law.
2. A customer shall have access through at least one reasonably available channel during ordinary operations.
3. A hold or freeze requires lawful grounds, proportionate scope, record, notice where permitted and review.
4. The institution shall not condition access on political contribution, national-service status, unrelated tax claim or surrender of foreign currency.

Article 95 — Account closure

1. An institution may close an account for contractual, risk, inactivity, illegality or business reasons applied fairly and consistently.

2. Reasonable notice, balance return and transfer assistance shall be provided unless law prohibits notice or immediate action is necessary.
3. A customer shall receive a reason at a level consistent with security and anti-financial-crime law and may complain or seek review.
4. A basic account shall not be closed merely because the customer is poor, rural, politically critical or temporarily abroad.

Article 96 — Dormant accounts and unclaimed property

1. An account becomes dormant only after a published period without customer-initiated activity and reasonable attempts to contact the customer.
2. Dormancy shall not transfer beneficial ownership or permit unreasonable fees.
3. Unclaimed balances shall be transferred to a lawful custodial authority under legislation preserving an indefinite or reasonable reclaim right.
4. A searchable privacy-protective process shall permit owners and heirs to recover funds.

Article 97 — Vulnerable and underserved customers

1. An institution shall provide reasonable accommodation for disability, age, literacy, language, remoteness, displacement and limited digital access.
2. Alternative identity and address evidence shall be accepted where reliable and permitted by risk-based law.
3. A person may use a trusted assistant or accessible authorization subject to safeguards against abuse.
4. Accommodation shall not produce segregation, inferior service or unjustified price.

Article 98 — Complaints handling

1. A financial institution shall maintain free, accessible, time-bound complaint channels independent of the employee whose conduct is challenged.
2. It shall acknowledge, investigate, preserve evidence, explain the outcome and provide review information.
3. Aggregate complaint causes and remediation shall be reported to the board and Bank.
4. Use of an internal process shall not unreasonably delay urgent court or regulatory relief.

Article 99 — Financial Services Ombud

1. A Financial Services Ombud established by law or designated under a general administrative-redress Act may decide eligible customer disputes independently.
2. The process shall be accessible, inexpensive, fair, reasoned and capable of ordering correction, refund, interest, modest compensation and costs within prescribed limits.
3. Participation shall be compulsory for licensed institutions and free for individual complainants.
4. A party retains court rights according to the establishing law, and systemic issues shall be reported to the Bank.

Article 100 — Privacy and confidentiality

1. Customer information shall be kept confidential and processed under the Data Protection and Privacy Act.
2. Disclosure is permitted with consent, for contract, under court order, for lawful supervision, anti-financial-crime duty, credit reporting or another specific legal ground.
3. An official, institution or contractor shall not use customer information for political surveillance, personal gain, unrelated taxation or commercial sale.
4. A customer shall receive notice and remedy for an unlawful disclosure as applicable.

Article 101 — Automated decisions and artificial intelligence

1. A customer shall be informed when a materially significant decision is made substantially by automated processing.
2. The institution shall provide meaningful reasons, permit correction of data and offer timely human reconsideration.
3. Protected characteristics and unreliable proxies shall not produce unlawful discrimination.
4. Automated monitoring shall be necessary, proportionate, secure and subject to independent testing and audit.

Article 102 — Fraud prevention and unauthorized transactions

1. An institution shall maintain proportionate authentication, transaction monitoring, customer alerts and rapid reporting channels.
2. Liability for an unauthorized transaction shall reflect authorization, negligence, security failure, prompt notice and applicable payment law.
3. A customer shall not bear loss caused by the institution's system or agent merely because a credential was used.
4. Investigation and provisional credit shall occur within published periods appropriate to hardship and evidence.

Article 103 — Financial capability and inclusion

1. The Bank and institutions shall support practical, impartial financial education on savings, credit, digital security, investment risk and complaint rights.
2. Education shall not become product marketing or political propaganda.
3. Public information shall be accessible through schools, communities, diaspora networks, digital channels and principal Eritrean languages.
4. Inclusion initiatives shall be evaluated by access, use, quality, affordability and customer outcomes.

CHAPTER VIII
SUPERVISION AND ENFORCEMENT

Article 104 — Supervisory objectives

1. The Bank shall promote safety, soundness, depositor protection, fair conduct, competition, inclusion and financial stability within its statutory mandate.
2. It shall not guarantee profit, prevent every failure or direct ordinary commercial decisions.
3. Supervision shall be operationally independent, evidence-based, proportionate and accountable through reasons, reporting and court review.
4. Political, military, owner or competitor influence over an individual supervisory decision is prohibited.

Article 105 — Risk-based supervision

1. The Bank shall allocate supervisory attention according to risk, impact, conduct, complexity and systemic importance.
2. It shall use off-site analysis, on-site examination, thematic review, technology monitoring and supervisory dialogue.
3. A smaller sound institution shall not bear the same complexity as a systemically important bank without reason.
4. Risk-based supervision shall not excuse consistent enforcement of fundamental safeguards.

Article 106 — Supervisory information

1. The Bank may require information reasonably necessary to administer this Act in a specified accurate and secure form.
2. A demand shall identify legal authority, purpose, scope and time and shall avoid duplication where data are already available.
3. An institution shall preserve source evidence and certify material regulatory reports through responsible officers.
4. Legal professional privilege and protected customer rights remain subject to applicable law.

Article 107 — Examination and access

1. An authorized examiner may enter business premises at a reasonable time, inspect systems and records, interview responsible persons and test controls.
2. A private home or unrelated property requires consent or court authority unless another law expressly provides.
3. An examiner shall identify authority, protect confidentiality and avoid unnecessary disruption.
4. Remote and continuous-supervision tools shall be logged, secure and proportionate.

Article 108 — Supervision of financial groups

1. The Bank may examine a parent, subsidiary, affiliate, outsourced provider or related person to the extent necessary to understand risk to a licensed institution.
2. It may require structural simplification where opacity or mixed business materially impedes supervision or resolution.
3. Coordination with another domestic regulator shall prevent gaps and contradictory demands.
4. An unregulated affiliate shall not be represented as supervised merely because it belongs to a licensed group.

Article 109 — Auditor and expert cooperation

1. The Bank may require an auditor or independent skilled person to examine a defined issue at the institution's reasonable expense.
2. Selection, scope, conflicts, reporting and cost shall be transparent and proportionate.
3. The expert owes professional duties and shall not replace the Bank's decision responsibility.
4. The institution shall receive material findings and an opportunity to respond except during a justified urgent investigation.

Article 110 — Supervisory findings

1. A material examination finding shall be communicated with evidence, legal basis, risk assessment and proposed corrective period.
2. The institution may correct factual error, provide context and propose an equivalent safer measure.
3. The Bank shall distinguish recommendation, required action and formal sanction clearly.
4. Closure of a finding shall be recorded and persistent delay explained.

Article 111 — Corrective direction

1. Where an institution breaches law or operates unsafely, the Bank may direct a time-bound corrective plan, additional reporting, risk reduction, governance change, capital restoration or customer remediation.
2. A direction shall state facts, authority, required outcome, deadline, review and consequence of noncompliance.
3. The Bank may restrict new business, distributions or exposure where necessary to prevent material harm.
4. A direction shall not transfer property or control beyond authority expressly enacted.

Article 112 — Removal and suspension of responsible persons

1. The Bank may require removal of a director, controller or senior manager who is unfit, seriously breaches duty or obstructs lawful supervision.

2. An interim suspension may be ordered where continued role presents an immediate material risk.
3. The person and institution shall receive reasons, evidence and prompt independent review consistent with necessary confidentiality.
4. Removal from a role does not itself establish criminal guilt or general professional disqualification.

Article 113 — Administrative monetary penalties

1. The Bank may impose an administrative monetary penalty only where an Assembly Act defines the breach and liable person and enacts the applicable maximum.
2. The amount shall reflect seriousness, duration, harm, benefit, cooperation, history, resources and deterrence and shall remain within maximums enacted by the National Assembly.
3. A penalty on an institution shall not be passed directly to affected customers through a special fee.
4. No monetary penalty may be imposed until those statutory elements are in force; payment does not bar customer compensation or criminal process, but double punishment for the same legal interest shall be avoided.

Article 114 — Restitution and customer remediation

1. The Bank may require an institution to identify affected customers, stop harmful conduct, correct records, refund charges, restore value and pay lawful interest.
2. A remediation method shall be independently testable and shall not require each customer to prove information already held by the institution.
3. Acceptance of payment shall not waive additional private rights unless settlement is informed and lawful.
4. Unclaimed remediation shall be held and administered under transparent rules.

Article 115 — Publication of enforcement action

1. A final material licensing, corrective or penalty decision shall be published with facts, law, outcome and reasons.
2. Publication may be delayed or redacted only to protect financial stability, investigation, privacy or another compelling lawful interest.
3. The Bank shall correct a publication if a decision is materially changed on review.
4. Informal supervisory dialogue and minor resolved issues need not be public where accountability is preserved.

Article 116 — Administrative review

1. A person directly affected by a final Bank decision may seek internal reconsideration by officials not responsible for the original decision.
2. Reconsideration shall be timely, reasoned and shall not automatically suspend an urgent protective measure.

3. A material interim action affecting control, licence or customer access shall receive expedited review.
4. Internal review does not exclude the court or an independent tribunal established by law.

Article 117 — Judicial review and remedies

1. A final decision and an urgent coercive act are subject to judicial review for legality, reasonableness, proportionality and procedural fairness.
2. A court may grant declaration, suspension, correction, restoration, compensation or another effective remedy.
3. The court shall consider financial-stability consequences and may preserve a necessary temporary action while correcting illegality.
4. Confidential information may be protected by the least restrictive fair procedure and does not exclude review.

Article 118 — Domestic cooperation

1. The Bank may exchange necessary information with the Deposit Protection Fund, Insurance Regulatory Commission, Financial Intelligence Unit, Competition Authority, tax and customs authorities, Auditor General, Advocate General and other competent bodies.
2. Cooperation shall have a lawful purpose, defined scope, security, confidentiality and accountability.
3. A memorandum may coordinate work but shall not create coercive power or override an Assembly Act.
4. A body receiving information shall use it only for the authorized purpose.

Article 119 — International supervisory cooperation

1. The Bank may cooperate with foreign and regional supervisors, resolution authorities and standard-setting bodies under lawful arrangements.
2. It may exchange protected information where confidentiality, reciprocity, purpose and human-rights safeguards are adequate.
3. No arrangement may surrender Eritrean legislative or judicial authority, impose an unauthorized treaty obligation or permit political persecution.
4. Material cooperation arrangements shall be registered and published to the extent lawful under the Treaty-Making Act.

Article 120 — Supervisory confidentiality

1. A person performing duties under this Act shall protect confidential supervisory, commercial and personal information.
2. Disclosure is permitted for lawful supervision, resolution, prosecution, court process, parliamentary accountability or another specific legal purpose.
3. Aggregate and anonymized information shall be published where it supports market discipline and public understanding.

4. Confidentiality shall not conceal corruption, unlawful conduct or a final material public-interest finding.

CHAPTER IX
RECOVERY, RESOLUTION AND LIQUIDATION

Article 121 — Early-intervention triggers

1. The Bank shall intervene early where capital, liquidity, governance, risk, conduct, recovery capacity or operational resilience materially deteriorates.
2. Triggers shall include quantitative and qualitative indicators published by regulation.
3. Action shall increase with severity and shall seek private correction before value is destroyed.
4. A trigger does not itself establish insolvency or criminal fault.

Article 122 — Recovery measures

1. The Bank may require activation or revision of the recovery plan, capital raising, liability management, asset sale, cost reduction or management change.
2. A measure shall preserve critical services and fair customer treatment and shall not assume coercive unpaid support.
3. Owners and creditors shall bear ordinary commercial loss before public resources are considered.
4. The institution shall report progress at intervals stated in the direction.

Article 123 — Temporary administrator

1. The Bank may appoint a qualified independent temporary administrator where management cannot or will not restore lawful safe operation and urgent control is necessary.
2. The appointment shall state powers, objectives, term, reporting, conflicts, remuneration and review and shall not exceed twelve months without court approval.
3. The administrator may exercise specified management powers but shall preserve board or shareholder powers not expressly suspended.
4. The appointment does not transfer ownership and is subject to judicial review.

Article 124 — Resolution authority

1. The Bank shall perform resolution functions through an operationally independent unit separated from ordinary supervision and monetary policy conflicts.
2. The unit shall have expert staff, protected information, contingency plans and access to the Deposit Protection Fund according to law.
3. Material resolution decisions shall be taken by the authority designated under the National Bank Act with recorded conflict management.
4. The authority is accountable to the National Assembly, courts and Auditor General without disclosure that destabilizes an active resolution.

Article 125 — Resolution objectives

1. Resolution shall protect financial stability, continuity of critical functions and insured depositors while minimizing public cost.
2. It shall allocate loss to owners and creditors according to lawful priority, subject to protected claims and safeguards.
3. It shall preserve property and competition no more than necessary and avoid rewarding responsible insiders.
4. A resolution action shall be proportionate to the institution’s failure and public interest.

Article 126 — Conditions for resolution

1. An institution may enter resolution only where it is failing or likely to fail, no timely private or ordinary supervisory measure would restore viability, and resolution is necessary in the public interest.
2. Failure includes insolvency, inability to pay, severe capital deficiency, loss of authorization conditions or operational collapse threatening obligations.
3. The authority shall record the evidence, valuation, alternatives and public-interest determination.
4. If public-interest resolution is unnecessary, ordinary liquidation shall apply.

Article 127 — Independent valuation

1. Before or promptly after urgent resolution action, an independent qualified person shall value assets, liabilities, off-balance-sheet positions and probable recoveries.
2. A provisional valuation may support urgent action where delay would materially increase loss.
3. Assumptions, uncertainty and conflicts shall be documented and reviewed.
4. A final valuation shall support loss allocation and no-creditor-worse-off compensation.

Article 128 — General resolution powers

1. The resolution authority may transfer shares, assets, rights or liabilities; establish a bridge institution; separate impaired assets; restructure liabilities; and replace management as expressly provided by this Act.
2. It may continue contracts, operations, payment access and essential services notwithstanding shareholder objection, subject to statutory safeguards.
3. A power shall be used only for a resolution objective and on the least rights-restrictive effective basis.
4. The authority shall maintain a complete decision and transaction record.

Article 129 — Transfer of business

1. The authority may transfer selected or all shares, assets and liabilities to a sound willing purchaser without consent otherwise required, subject to fair process and valuation.

2. The transfer shall preserve protected netting, security and customer rights except where this Act expressly permits a necessary modification.
3. The purchaser shall meet licensing and operational requirements or receive a narrowly temporary authorization.
4. Marketing shall be as open and competitive as urgency, confidentiality and financial stability permit.

Article 130 — Bridge institution

1. A bridge institution may be established temporarily to receive and continue critical business pending sale, transfer or orderly closure.
2. It shall be licensed or specifically authorized, professionally governed and operated commercially without political allocation of credit.
3. Public ownership shall be temporary, audited and reported, with a plan for exit.
4. The bridge shall not assume liabilities beyond those expressly transferred.

Article 131 — Asset-management vehicle

1. Impaired or hard-to-sell assets may be transferred to a separate vehicle only where necessary to maximize value or support effective resolution.
2. Transfer price, governance, funding, conflicts, recovery strategy and lifespan shall be transparent and independently audited.
3. The vehicle shall not become a permanent warehouse for political debts or insider assets.
4. Recoveries and losses shall be reported publicly in aggregate and returned according to lawful priority.

Article 132 — Liability restructuring and bail-in

1. The authority may write down or convert eligible unsecured liabilities only to absorb loss and recapitalize a viable resolved institution.
2. Insured deposits, secured claims to collateral value, client assets, employee claims within protected priority and other excluded liabilities shall not be bailed in.
3. Creditors of the same class shall receive equal treatment unless a justified departure is necessary and compensation safeguards apply.
4. No bail-in may create a claim inferior to the result the creditor would receive in ordinary liquidation without compensation.

Article 133 — Depositor protection and preference

1. Insured depositors shall receive prompt access or transfer under the Deposit Protection Act.
2. The Deposit Protection Fund is subrogated to insured claims it pays and shall participate according to statutory priority.
3. Eligible deposits of natural persons and small enterprises shall have preference over ordinary unsecured claims to the extent enacted in the liquidation hierarchy.

4. A depositor shall not be required to prove information reliably held in the institution's records except to resolve genuine identity or ownership doubt.

Article 134 — Continuity and stays

1. The authority may impose a brief stay on termination, acceleration, enforcement or payment where necessary to execute resolution.
2. The stay shall be published or notified, time-limited and subject to protected exceptions for payment systems, client assets and other prescribed critical claims.
3. Resolution entry alone shall not trigger termination where substantive obligations continue to be performed.
4. A stay shall not extinguish a valid security interest or netting right.

Article 135 — Treatment of shareholders and management

1. Existing shareholders bear first loss and may be diluted, written down or displaced according to valuation and law.
2. Directors and senior managers responsible for failure shall be removed where necessary without prejudging civil or criminal liability.
3. A person who did not contribute to failure shall not be punished merely for holding office.
4. Compensation, bonus and severance may be withheld or recovered according to contract and applicable law.

Article 136 — No creditor worse off

1. A shareholder or creditor shall not receive less in resolution than the person would have received in a lawful ordinary liquidation at the resolution date.
2. An independent post-resolution valuation shall determine the counterfactual result.
3. A shortfall is a right to monetary compensation and does not reverse a completed transfer necessary for financial stability.
4. The valuation and compensation decision are subject to judicial review.

Article 137 — Public financial support

1. Public capital, guarantee or loss support may be used only as a last resort under specific Assembly appropriation and transparent fiscal-risk assessment.
2. Owners and eligible creditors shall absorb losses first to the maximum lawful extent consistent with stability.
3. Support shall state amount, terms, security, governance, recovery, exit and accountability and shall not be hidden through the Bank's balance sheet.
4. The Auditor General shall audit public support, and emergency confidentiality shall end as soon as stability permits.

Article 138 — Court protection and review

1. A resolution action is subject to prompt judicial review while the court considers the need for continuity and financial stability.
2. A transfer or restructuring completed in good faith shall not be unwound where monetary relief can remedy illegality without disproportionate systemic harm.
3. The authority bears the burden of establishing statutory conditions and valuation basis.
4. Protected information may be handled through sealed or restricted procedures consistent with fair hearing.

Article 139 — Ordinary liquidation of financial institution

1. A financial institution not resolved in the public interest shall be liquidated under the Commercial Code as modified by this Act and the Deposit Protection Act.
2. The Bank, institution or another authorized person may petition the competent court where statutory insolvency or licence grounds exist.
3. The court shall appoint an independent qualified liquidator after consulting the Bank.
4. Liquidation shall protect customer records, reconcile claims, realize value fairly and report to the court and Bank.

Article 140 — Financial-institution claim priority

1. Client assets held in custody and property subject to a valid security interest are returned or applied outside the free estate to the extent of the client's or secured creditor's lawful proprietary right.
2. The free estate shall pay, in order, necessary resolution or liquidation costs; protected employee claims under the Labour Code; insured deposits and the subrogated Deposit Protection Fund; and remaining eligible deposits of natural persons and small enterprises.
3. Ordinary unsecured claims, including public-revenue claims not secured by law, rank after preferred deposits; valid subordinated instruments rank after ordinary unsecured claims; and administrative fines rank after compensatory claims.
4. Shareholders receive only a lawful residual after all creditor claims are satisfied, and claims within the same rank share proportionately when the estate is insufficient.

Article 141 — Cross-border resolution

1. The Bank may recognize or support a foreign resolution where the foreign process is lawful, equitable, cooperative and does not prejudice Eritrean financial stability or protected creditors.
2. Recognition requires court approval where property or rights in Eritrea are materially affected unless urgent temporary action is expressly authorized.
3. The Bank may enter institution-specific cooperation arrangements consistent with the Treaty-Making Act.
4. An Eritrean branch or subsidiary may be resolved independently where home action is inadequate or discriminatory.

CHAPTER X
STATE OWNERSHIP, COMPETITION AND ACCESS

Article 142 — Equal prudential treatment

1. A state-owned financial institution is subject to the same licensing, capital, governance, conduct, supervision, resolution and insolvency requirements as a comparable private institution.
2. State ownership does not imply a guarantee unless an Assembly Act expressly creates and funds it.
3. A public institution shall not receive customer deposits through coercion, exclusive payroll direction or denial of government services.
4. The Bank shall disclose any material prudential forbearance and its lawful basis when stability permits.

Article 143 — Governance of state-owned institution

1. Directors and managers shall be selected through transparent merit processes and owe duties to the institution under law.
2. A minister, party, military body or public owner shall not direct individual credit, employment, procurement or enforcement decisions.
3. Ownership policy, public purpose, financial targets and dividends shall be published.
4. The institution is subject to independent audit, Auditor General jurisdiction and public-enterprise legislation.

Article 144 — Public-policy mandate

1. A government may assign a development or inclusion mandate only through published law or contract stating objective, beneficiaries, cost, duration and performance.
2. A subsidy, guarantee or below-market programme shall be appropriated and recorded transparently.
3. The financial institution shall assess credit and risk professionally and shall not conceal policy loss in deposits or capital.
4. The mandate shall be reviewed for effectiveness and competitive neutrality.

Article 145 — Directed credit prohibited

1. No official may compel a financial institution to lend, forgive, renew, classify or enforce credit for a named person outside lawful published programmes.
2. An institution shall record and report an attempted direction through protected channels.
3. Refusal of unlawful direction shall not ground removal, retaliation or denial of public business.
4. A general macroprudential or inclusion standard lawfully issued by the Bank is not prohibited directed credit.

Article 146 — Competitive neutrality

1. Public and private institutions shall compete under equivalent tax, capital, procurement, payment-access and regulatory rules unless a transparent public-service distinction is justified.
2. Government deposits and service contracts shall be allocated through lawful risk, value and procurement criteria.
3. A licence, branch, foreign-exchange allocation or infrastructure access shall not be withheld to protect an incumbent.
4. Competition concerns shall be coordinated with the Competition Authority.

Article 147 — Privatization and change of state control

1. Privatization or reduction of state control is governed by the State-Owned Enterprises and Privatization Act, the Commercial Code and this Act.
2. The Bank shall assess the proposed owners, funding, governance and financial stability independently of the sale authority.
3. The process shall disclose valuation, beneficial ownership, conflicts and material terms.
4. No sale shall waive customer claims, prudential deficit or responsibility for corruption.

Article 148 — Access to financial infrastructure

1. A licensed institution shall receive fair, risk-based and transparent access to essential payment, clearing, identity, credit-information and communications infrastructure.
2. An operator may impose objective security, capital, technical and cost requirements under applicable law.
3. Denial, restriction or differential pricing shall be reasoned and reviewable.
4. Access shall not be conditioned on political affiliation, state ownership or surrender of proprietary customer information beyond lawful need.

Article 149 — Rural, pastoral and diaspora access

1. The Bank shall facilitate sound agency, mobile, cooperative, remittance and digital models serving rural, pastoral, island, border and diaspora-connected communities.
2. Regulation shall recognize mobile livelihood, alternative addresses, seasonal income and cross-border family support without weakening integrity controls.
3. Services shall be developed with community consultation and principal-language accessibility.
4. Inclusion shall not justify inferior security, coercive exchange or exploitative pricing.

Article 150 — Financial-sector development plan

1. The Bank shall publish at least every three years a plan assessing competition, inclusion, stability, skills, technology, capital, credit, diaspora participation and infrastructure.
2. The plan shall identify legal and market barriers and assign measurable actions without directing individual commercial decisions.

3. Institutions, customers, businesses, workers, local communities and experts shall be consulted.
4. Progress and data shall be reported annually to the National Assembly and public.

CHAPTER XI
OFFENCES AND ACCOUNTABILITY

Article 151 — Unauthorized deposit-taking offence

1. A person who intentionally conducts or directs deposit taking without a required licence commits a Class 8 serious offence under the Penal Code.
2. A person who unknowingly performs a minor administrative or technical role is not guilty merely because the enterprise was unauthorized.
3. A court may order restitution, tracing, preservation and disqualification in addition to the sentence authorized by law.
4. The Bank shall act promptly to protect customers and shall not wait for criminal conviction before seeking a civil protective order.

Article 152 — False licence and public guarantee

1. A person who intentionally represents an unlicensed person as licensed or falsely claims a state or deposit guarantee commits a Class 9 serious offence under the Penal Code.
2. An honest promptly corrected error is not an offence but may require public correction and customer remediation.
3. The court may prohibit continued use of misleading names, systems and advertising.
4. Liability of a company and responsible natural person shall be determined separately.

Article 153 — False supervisory information

1. A responsible person who knowingly submits materially false supervisory information or destroys a record to conceal a material breach commits a Class 9 serious offence under the Penal Code.
2. Negligent error is addressed through correction, governance and administrative measures proportionate to harm.
3. A person is not liable for refusing to waive legal professional privilege or for correcting earlier information in good faith.
4. The institution shall protect employees who report pressure to falsify.

Article 154 — Obstruction and retaliation

1. A person who intentionally destroys or conceals a material supervisory record, or retaliates against a protected reporter so as to cause substantial harm, commits a Class 9 serious offence under the Penal Code.
2. A person who intentionally obstructs a lawful examination without substantial harm commits a Class 1 petty offence under the Penal Code.

3. Peaceful challenge, legal advice, request for authority or exercise of review is not obstruction.
4. The Bank may seek a court order for access, preservation or protection before criminal referral.
5. A victim retains employment, civil and constitutional remedies.

Article 155 — Misuse of customer property and information

1. Theft, fraud, unauthorized use of customer assets, bribery, insider abuse and unlawful disclosure are governed by the Penal Code and other applicable law.
2. A licence or office does not reduce criminal or civil responsibility.
3. The Bank shall preserve and refer credible evidence to the Advocate General or other competent authority.
4. A referral is not a determination of guilt and shall protect fair-trial rights.

Article 156 — Institutional and managerial liability

1. A legal person is accountable for a breach committed within its activities according to the Penal Code and applicable law.
2. A director or officer is not personally liable solely by title but may be liable for participation, consent, reckless disregard or failure of a specific legal duty.
3. Effective compliance, prevention, self-reporting, cooperation and remediation may be considered.
4. No owner, employee group or family shall bear collective guilt.

Article 157 — Disqualification

1. A court or the Bank within its administrative jurisdiction may disqualify a person from a regulated role for serious dishonesty, incompetence, unsafe conduct or repeated breach.
2. The order shall state scope and duration and consider seriousness, role, rehabilitation and public protection.
3. An indefinite or profession-wide disqualification requires exceptional justification and court review.
4. The public register shall show a final disqualification only to the extent necessary.

CHAPTER XII
REGULATIONS, TRANSITION AND FINAL PROVISIONS

Article 158 — Power to issue regulations

1. The Bank may issue published regulations and prudential standards necessary to administer this Act within authority delegated by the National Assembly.
2. A regulation may classify institutions, set prudential metrics, prescribe reports, govern licensing procedure, protect customers and implement resolution mechanics consistent with this Act.

3. It shall not create a criminal offence, impose a tax, appropriate money, authorize expropriation, compel artificial exchange or contradict an Assembly Act.
4. A material draft shall receive public consultation and a statement of legal authority, evidence, impact and proportionality.

Article 159 — Emergency prudential standard

1. The Bank may issue an immediately effective temporary prudential standard where delay presents a serious and imminent threat to depositors or financial stability.
2. It shall publish reasons, legal authority, scope and expiry as soon as compatible with the protective purpose.
3. Consultation shall follow promptly, and the standard expires after ninety days unless remade through ordinary procedure.
4. An emergency standard shall not authorize forced currency surrender, permanent market closure or public expenditure.

Article 160 — Regulatory guidance

1. The Bank may publish guidance explaining supervisory expectations and acceptable means of compliance.
2. Guidance shall be clearly distinguished from binding law and shall permit an institution to demonstrate an equally effective lawful approach.
3. A secret letter, oral instruction or unpublished manual shall not create general legal duty.
4. Material guidance and interpretive decisions shall be searchable and periodically consolidated.

Article 161 — Existing institutions

1. An institution lawfully operating under Financial Institutions Proclamation 94/1997 may continue temporarily under its existing category subject immediately to protective provisions of this Act.
2. It shall apply for classification and a replacement licence within twelve months after commencement.
3. The Bank shall conduct a transparent asset, capital, ownership, governance, technology and customer-protection review without using transition to exclude an institution arbitrarily.
4. Failure to meet a new requirement shall result in a proportionate restoration, restructuring, transfer or exit plan rather than concealed forbearance.

Article 162 — State-owned legacy institutions

1. Within twelve months, each state-owned bank or finance institution shall disclose its legal basis, ownership, board, public mandate, capital, non-performing assets, guarantees and related-party exposure.
2. The Bank shall assess it under the same prudential standards and publish a time-bound remediation plan where necessary.

3. Unfunded policy loans and directed credits shall be identified separately from ordinary commercial assets.
4. Recapitalization, restructuring, merger or privatization requires lawful appropriation and applicable state-enterprise legislation.

Article 163 — Legacy customer rights and contracts

1. A valid deposit, credit, guarantee, security, employment, payment and service relationship continues notwithstanding repeal or relicensing.
2. A new law does not authorize unilateral confiscation, forced conversion, cancellation or retrospective charge.
3. A term inconsistent with a protective mandatory provision is adjusted only to the extent necessary.
4. Pending complaints, claims and proceedings continue before the competent institution under fair transitional procedure.

Article 164 — Repeal

1. Financial Institutions Proclamation 94/1997 is repealed on commencement of this Act.
2. A regulation, directive, circular, licence or practice made under the repealed Proclamation continues only to the extent consistent with this Act and until lawfully replaced.
3. An unpublished rule, political direction, forced exchange practice, discriminatory licensing restriction or immunity inconsistent with this Act has no continuing effect.
4. The Statute Law Revision, Repeals and Transitional Continuity Act shall identify consequential amendments to Proclamation 93/1997 and other legacy instruments without reviving superseded authority.

Article 165 — Savings and accrued responsibility

1. Repeal does not extinguish a lawful accrued customer right, debt, security, regulatory claim, investigation, penalty proceeding or cause of action.
2. An act validly done under prior law remains effective unless inconsistent with a constitutional right or lawfully set aside.
3. A limitation period continues subject to applicable transitional and constitutional law.
4. No saving validates indefinite secrecy, lack of judicial review or an act beyond constitutional authority.

Article 166 — Periodic legislative review

1. The National Assembly shall review this Act within three years after commencement and at least every five years thereafter.
2. The review shall examine stability, competition, inclusion, customer outcomes, technology, resolution, supervisory independence and proportionality.
3. The Bank shall provide public data, implementation experience and recommendations while protecting lawful confidentiality.

4. Banks, customers, businesses, workers, diaspora, rural and pastoral communities and independent experts shall have meaningful opportunity to contribute.

Article 167 — Commencement

1. This Act enters into force ninety days after publication in the Gazette except for provisions made immediately applicable by an Assembly commencement schedule.
2. The Bank shall publish an implementation timetable, required applications and transitional standards within thirty days after publication.
3. Consumer protection against forced currency conversion, retaliation, unauthorized disclosure and denial of records applies immediately.
4. No delay in regulation, appointment, budget or technology postpones a right or safeguard that is capable of direct application.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA