

THE UNITED REPUBLIC OF TANZANIA



No. 1 OF 1967

I ASSENT,


President

15TH FEBRUARY, 1967

An Act to establish the National Bank of Commerce and to vest in that Bank the Assets and Liabilities of Banks hitherto carrying on Banking Business in the United Republic

[6TH FEBRUARY, 1967]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I
PRELIMINARY

1.-(1) This Act may be cited as the National Bank of Commerce (Establishment and Vesting of Assets and Liabilities) Act, 1967.

(2) This Act shall be deemed to have come into operation on the sixth day of February, 1967.

(3) This Act shall extend to Zanzibar as well as to Tanganyika.

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

"assets" means real and personal property of every kind including: -

- (a) rights under contracts and agreements;
- (b) books, books of account and records;
- (c) choses in action; and
- (d) all other rights, interests and claims in or to real or personal property, whether liquidated or unliquidated, certain or contingent, accrued or accruing,

but does not include any right to a refund of taxation under any law in force in the United Republic or elsewhere;

"bank" means a body corporate the name of which is set out in the Schedule;

"Board" means the Board of Directors established under section 5;

Short title
commence-
ment and
application

Interpreta-
tion

"effective date" means the time at which the banks closed for business on the 6th February, 1967;

"liabilities" includes obligations under contracts or agreements but does not include—

- (a) any liability of a bank to a director or member of that bank in his capacity as such a director or member;
- (b) any liability in respect of taxation under any law in force in the United Republic or elsewhere;

"Minister" means the Minister for the time being responsible for finance;

"National Bank of Commerce" means the body corporate established by section 3;

"Tanzanian assets" means assets, situated or deemed by law to be situated, in the United Republic;

"Tanzanian liabilities" means liabilities situated, or deemed by law to be situated, in the United Republic.

(2) For the purposes of this Act, a chose in action, wherever situate, relating to the banking business of a bank in the United Republic shall be deemed to be situate in the United Republic.

PART II

THE NATIONAL BANK OF COMMERCE

Establishment of the National Bank of Commerce

3. There is hereby established a corporation to be known as "the National Bank of Commerce" which shall-

- (a) have perpetual succession and a common seal;
- (b) in its corporate name be capable of suing and being sued;
- (c) subject to this Act, be capable of purchasing and otherwise acquiring, and of alienating, any movable or immovable property.

Objects of the National Bank of Commerce

4. (1) As from the effective date it shall be the duty of the National Bank of Commerce (in this Act referred to as "the National Bank")-

- (a) to provide in accordance with the conditions appropriate in the normal and proper conduct of banking business, adequate and proper banking services and facilities throughout the United Republic;
- (b) to conduct its business without discrimination except on such grounds as are appropriate in the normal and proper conduct of banking business;
- (c) not to divulge any information relating to, or to the affairs of, a customer of the National Bank, except in circumstances in which it is, in accordance with any written law or the practices and usages customary among bankers, necessary or proper for the National Bank to divulge that information.

(2) Without prejudice to the generality of paragraph (a) of subsection (1), the National Bank may, within the United Republic and elsewhere-

- (a) carry on the business of banking in all its branches and departments, including borrowing, raising or taking up money; lending or dealing in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, scrip and other instruments and securities, whether transferable or negotiable, or not; granting and issuing letters of credit and circular notes; buying, selling and dealing in bullion and species; acquiring, holding and issuing on commission, underwriting and dealing with stocks, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds, the negotiating of loans and advances; receiving money and valuables on deposit, or for safe custody, or otherwise; collecting and transmitting money and securities; managing property, and transacting all kinds of agency business commonly transacted by bankers;
- (b) undertake and execute any trusts the undertaking whereof may seem desirable, and also to undertake the office of executor, administrator, receiver, treasurer, registrar or auditor, and to keep for any company, Government authority, or body, any register relating to any stocks, funds, shares or securities, or to undertake any duties in relation to the registration of transfers and the issue of certificates;
- (c) take or concur in taking all such steps and proceedings as may seem best calculated to uphold and support the credit of the National Bank, and to obtain and justify public confidence, and to avert or minimize financial disturbances which might affect the National Bank.

5.-(1) There shall be a Board of Directors for the National Bank, which shall, subject to this Act, be responsible for the policy, control and management of the National Bank.

Management
of the
National
Bank

(2) The Board of Directors shall consist of: —

- (a) a chairman who shall be appointed by the President;
- (b) the General Manager of the National Bank;
- (c) such other members being not less than five nor more than nine as the Minister may appoint.

(3) The Chairman and the other members of the Board shall be appointed from amongst persons who have had experience of, and shown capacity in industrial, commercial or financial matters, administration or the organization of workers.

(4) The General Manager of the National Bank shall be appointed by the Board acting with the approval of the Minister-

Provided that the first General Manager shall be appointed by the Minister.

(5) The Board may, with the approval of the Minister, appoint a Deputy General Manager.

- (6) The Minister may make regulations with respect to-
- (a) the appointment of, and the tenure and vacation of office by, the members of the Board;
 - (b) the quorum, proceedings and meetings of the Board and determination of the Board;
 - (c) the execution of instruments and the mode of entering into contracts by or on behalf of the National Bank, and the proof of documents purporting to be executed, issued or signed by the National Bank, or a Director, officer, or servant of the National Bank.

(7) Subject to the provisions of any regulations made under subsection (6), the Board shall have power to regulate their own procedure.

Powers of Minister in relation to the Board

6.-(1) The Minister may, after consultation with the Governor of the Bank of Tanzania, give to the Board directions of a general character as to the exercise and performance by the Board of their functions in relation to matters appearing to the Minister to affect the national interest and the Board shall give effect to any such directions.

(2) The Board shall afford to the Minister facilities for obtaining information with respect to the property and activities of the National Bank and shall furnish him with returns, accounts and other information with respect thereto and afford to him facilities for the verification of information furnished, in such manner and at such times as the Minister may require.

Accounts and audit

7.-(1) The Board shall ensure that proper accounts and other records in relation thereto are kept by the National Bank and shall prepare in respect of each financial year of the Bank a statement of accounts in such form as the Minister may direct, being a form which shall conform with the best commercial standards.

(2) The accounts of the National Bank shall be audited by auditors of high repute who shall be appointed by the Minister.

(3) As soon as the accounts of the National Bank have been audited, the Board shall send a copy of the statement of accounts to the Minister together with a copy of any report made by the auditors.

(4) The Minister shall lay a copy of every such statement of account and auditors' report before the National Assembly.

PART III

NATIONALIZATION OF BANKS IN TANZANIA

Nationalization of banking business in Tanzania

8.-(1) The National Bank shall take over the banking business of the banks in the United Republic and shall be deemed to have taken over such business as from the effective date.

(2) All the assets of the banks, which are Tanzanian assets, subsisting upon the effective date, shall by virtue of this section and without further assurance be vested in the National Bank and shall be deemed to have so vested upon the effective date.

(3) All the liabilities of the banks, which are Tanzanian liabilities, subsisting at the effective date, shall by virtue of this section and without further assurance be vested in the National Bank and shall be deemed to have so vested upon the effective date and the banks shall be discharged from their obligations in respect of those liabilities.

(4) The Minister may by Regulations make such provisions supplementary to or consequential on the provisions of this section as appear to him to be necessary or expedient.

(5) Notwithstanding the other provisions of this section, the Minister may by Order exclude from the operation of the preceding subsections any asset, in whole or in part, of any bank and where an order under this subsection is made, any property and rights which would otherwise have been vested in the National Bank shall be deemed never to have been so vested.

9. (1) The instruments to which this section applies are instruments (including contracts, guarantees, agreements, bonds, authorities, mortgages, charges, bills of exchange, promissory notes, bank drafts, bank cheques, letters of credit and securities)-

Operation
of contracts
etc.

- (a) to which a bank is a party;
- (b) under which any money is or may become payable or any other property is to be, or may become liable to be transferred, conveyed or assigned to that bank; or
- (c) under which any money is, or may become, payable as any other property is to be, or may become liable to be transferred, conveyed or assigned, by that bank,

which are subsisting at the effective date and which relate to the business which has been taken over by virtue of this Act, but not including any contract or agreement between a bank and a director of or a person employed by the bank other than as a local employee (as defined in Part IV) in his capacity as such a director or person.

(2) An instrument to which this section applies shall, by virtue of this section, continue in full force and effect and the National Bank shall by this section—

- (a) be substituted for the bank as a party thereto;
- (b) be entitled to receive, and enforce payment of, any money payable thereunder;
- (c) be entitled to obtain a transfer, conveyance or assignment of, and enforce possession of any property which is to be transferred, conveyed or assigned thereunder;
- (d) be liable to make payment of any money payable thereunder; or
- (e) be liable to transfer, convey or assign any property which is to be transferred, conveyed or assigned thereunder,

as the case requires.

Compensation to be paid

10.-(1) The United Republic shall pay full and fair compensation in respect of the net value of the assets taken over under section 8 after taking into account the liabilities also taken over under that section.

(2) When the amount of compensation payable to any person entitled thereto by virtue of subsection (1) has been determined, the Minister shall issue to that person a certificate setting out such amount and that amount shall constitute a charge on and be paid out of the Consolidated Fund:

Provided that the said amount of compensation shall be payable in such manner and in such installments as the Minister, after consultation with the person entitled, shall determine.

PART IV

EXISTING STAFF OF THE BANKS

Interpretation of Part IV

11. (1) In this Part, unless the context otherwise requires- "employee of the banks" includes every officer or servant of a bank employed in connection with the banking business of that bank in the United Republic on the effective date and who is resident in, or is ordinarily resident in, the United Republic on that date;

"local employee" means an employee of a bank who is a citizen of the United Republic or whose terms and conditions of service require the person concerned to serve within East Africa only;

"other employee" means an employee of a bank who is not a citizen of the United Republic and whose terms and conditions of service require the person concerned to serve the bank within East Africa or elsewhere.

(2) Notwithstanding the definitions contained in subsection (1), a person who is an employee of a bank in consequence of an agreement or arrangement with a foreign government for technical aid or is seconded or otherwise made available temporarily by a bank not listed in the Schedule shall be deemed to be an "other employee" and not a "local employee"

Local employees

12.-(1) Each person employed by a bank as a local employee immediately preceding the effective date shall be employed, and as from the effective date shall be deemed to have been employed, by the National Bank.

(2) After a person becomes employed by the National Bank by virtue of subsection (1), the terms and conditions of service applicable thereafter to him shall be not less favourable than those which were applicable to him immediately before his transfer to the service of the National Bank and such a person shall be deemed to have been appointed to the service of the National Bank in such employment as the Board shall determine (being employment in a like office to that in which he was serving immediately prior to the effective date); and, for the purposes of determining any right to gratuity or other superannuation benefit, his service with the National Bank shall be regarded as continuous with his service immediately preceding the effective date.

(3) After a person becomes employed by the National Bank by virtue of subsection (1), his employment immediately prior to the effective date and his employment by the National Bank shall be deemed to be continuous employment by one employer within the meaning of section 8A of the Severance Allowance Act, 1962, and that Act shall apply to the parties in the same manner as it applies to the cases set out in subsection (1) of the said section 8A.

13. If a bank notifies the National Bank that it is willing to second other employees to the service of the National Bank, the National Bank may enter into arrangements with such bank and with the staff concerned whereby such employees are seconded to the service of the National Bank upon terms and conditions to be agreed but not in any case less favourable than those which were applicable to the employees concerned immediately before the effective date.

Existing staff other than local staff

PART V OFFENCES

14.-(1) Notwithstanding anything contained in any other written law, or in any licence or other instrument, a bank listed in the Schedule to this Act shall not carry on banking business in the United Republic on or after the effective date.

Prohibition of Banking business of Banking

(2) Any bank which contravenes the provisions of subsection (1) shall commit an offence and on conviction shall be liable to a fine not exceeding two hundred thousand shillings (Shs. 200,000).

15.-(1) A bank, and every director of and person employed by such bank in relation to its banking business in the United Republic immediately preceding the effective date, shall do or join in doing all acts or things which it is necessary or convenient to do for or in relation to the operation of any of the provisions of this Act, and, in particular, for or in relation to-

Staff to assist in respect of transfer of business

(a) the taking over by the National Bank under this Act of the assets and business of that bank;

(b) the assumption by the National Bank under this Act of the liabilities of that bank.

(2) Any bank or person who contravenes the provisions of subsection (1) shall be guilty of an offence and on conviction shall be liable to a fine not exceeding ten thousand shillings in respect of each day that the contravention continues.

PART VI GENERAL

16. The Banking Ordinance shall not apply in any respect to the National Bank.

Banking Ordinance (cap. 430) not to apply Regulations

17. The Minister may make Regulations prescribing all matters which are by this Act required or permitted to be prescribed, or for carrying out or giving effect to the purposes and provisions of this Act and in particular for prescribing penalties not exceeding twenty thousand shillings for offences against the Regulations.

SCHEDULE

National and Grindlays Bank Limited.
The Standard Bank Limited.
Barclays Bank D.C.O.
Algemene Bank Nderkand N.V.
The Bank of India Limited.
The Bank of Baroda Limited.
Commercial Bank of Africa Limited.
National Bank of Pakistan.
Tanzania Bank of Commerce Limited.

Passed in the National Assembly on the fourteenth day of February,
1967.


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Clerk of the National Assembly

