



CENTRAL BANK OF SOLOMON ISLANDS (AMENDMENT) ACT 2023

(NO. 10 OF 2023)



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PASSED by the National Parliament this 18th day of October 2023.

(This printed impression has been carefully compared by me with the Bill passed by Parliament and found by me to be a true and correct copy of the Bill)

David Kusilifu
Clerk to National Parliament

ASSENTED to in His Majesty's name and on His Majesty's behalf this 3rd day of November 2023.

Sir David Vunagi
Governor-General

Date of Commencement: see section 2.

AN ACT TO AMEND THE CENTRAL BANK OF SOLOMON ISLANDS ACT 2012.

ENACTED BY THE NATIONAL PARLIAMENT OF SOLOMON ISLANDS.

**CENTRAL BANK OF SOLOMON ISLANDS (AMENDMENT) ACT
2023**

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CENTRAL BANK OF SOLOMON ISLANDS (AMENDMENT) ACT 2023

1 Short title

This Act may be cited as the *Central Bank of Solomon Islands (Amendment) Act 2023*.

2 Commencement

This Act commences on the day appointed by the Minister by notice in the *Gazette*.

3 Interpretation

“Principal Act” means the *Central Bank of Solomon Islands Act 2012*.

4 Section 2 amended

Section 2 of the Principal Act is amended by repealing the definition of “legal tender” and substituting a new definition:

“legal tender” means banknotes, coins and electronic money which any creditor is obliged to accept in payment for a debt in Solomon Islands;”.

5 Section 8 amended

Section 8(3) of the Principal Act is amended by inserting after the word “Government”, the words “to grow the economy”.

6 Section 12 amended

Section 12(1) of the Principal Act is amended:

- (a) in paragraph (b), delete “collateral.” and substitute “collateral; and”; and
- (b) after paragraph (b) insert a new paragraph (c):
 - “(c) despite section 36(4), buy and sell treasury bills in the primary market for monetary policy purposes.”.

7 Section 15 amended

Section 15 of the Principal Act is amended:

- (a) in subsection (2) by repealing "90 calendar days" and substituting "365 calendar days,"; and
- (b) in subsection (5) by repealing "180 calendar days." and substituting "365 calendar days, and subject to the approval of the Board, within an additional 182 calendar days.".

8 New section 15A inserted

The Principal Act is amended by inserting a new section after section 15:

"15A Interest rates

The Central Bank may prescribe market interest rates if it considers necessary, subject to the Board's approval."

9 Section 17 amended

Section 17 of the Principal Act is amended:

- (a) in subsection (1) substitute the word "yield" with "return"; and
- (b) in subsection (2):
 - (i) repeal paragraphs (c), (d), and (e) and substitute the following:
 - "(c) Deposit: Credit balances and deposits that are payable on demand or maturing within a short term, denominated in freely convertible foreign currencies and are held in accounts of the Central Bank, on the books of foreign central banks or international financial institutions or with accredited financial institutions or commercial banks domiciled both locally or abroad;
 - (d) Sovereign Securities: readily marketable debt securities issued by, or supported by, the full faith and credit of foreign governments or the central bank of that country, denominated in and payable in freely convertible foreign

currencies, with residual maturity not exceeding fifteen (15) years at the date of purchase;

- (e) Non-Sovereign Securities: readily marketable debt securities issued by highly rated non-sovereign institutions or issued by supranational institutions, denominated in and payable in freely convertible currencies, with the residual maturity not exceeding five (5) years at the date of purchase;”; and
- (ii) in paragraph (f), remove “and” at the end; and
- (iii) in paragraph (g), substituting the full stop at the end with “; and”; and
- (iv) after paragraph (g), insert a new paragraph (h) as follows:
“(h) Other Instruments: claims on international financial institutions resulting from repurchase agreements, sale and buy back transactions and securities lending agreements against the debt securities referred to in paragraph (d), including any use of financial derivative instruments, must be documented with appropriate agreements with accredited counterparties and other external assets as the Board may approve.”.

10 Section 19 amended

Section 19 of the Principal Act is amended by:

- (a) repealing subsection (1) and substituting a new subsection (1):
“(1) Subject to the provisions of this section, the currency of Solomon Islands shall comprise of banknotes, coins and electronic money issued by the Central Bank, and which shall be legal tender in Solomon Islands.”;
- (b) after subsection (1), insert a new subsection:
“(1a) For the purposes of this Part, “electronic money” shall have the meaning in section 3 of the *Payment Systems Act 2022*.”;

- (c) in subsection (2), substitute the words “banknotes and coins” with “banknotes, coins and electronic money”;
- (d) in subsection (3), substitute the words “banknotes and coins” with “banknotes, coins and electronic money”;
- (e) in subsection (4), substitute the words “banknotes and coins” with “banknotes, coins and electronic money”;
- (f) in subsection (5), substitute the words “banknotes and coins” with “banknotes, coins and electronic money”; and
- (g) in subsection (6), substitute the words “banknotes and coins” with “banknotes, coins and electronic money”.

11 Section 20 amended

Section 20 of the Principal Act is amended by substituting the words “banknotes and coins” with the words “banknotes, coins and electronic money”.

12 Section 22 amended

Section 22 of the Principal Act is amended by substituting the words “banknotes or coins” and “banknotes and coins” wherever it appears with “banknotes, coins and electronic money”.

13 Section 23 amended

Section 23 of the Principal Act is amended by substituting the words “banknotes and coins” with the words “banknotes, coins and electronic money”.

14 Section 24 amended

Section 24 of the Principal Act is amended:

- (a) in subsection (1) by substituting the words “Banknotes and coins” with “Banknotes, coins and electronic money”; and
- (b) in subsection (3) by substituting the word “notes” where it twice appears with “banknotes, coins, and electronic money”.

15 Section 25 amended

Section 25 of the Principal Act is amended:

- (a) in subsection (1), by substituting the words “currency notes and coins” with the words “currency notes, banknotes, coins and electronic money”; and
- (b) in subsection (2):
 - (i) by placing a full stop after the word “offence”;
 - (ii) repealing the words “and liable on conviction to a fine not exceeding fifty thousand penalty units or imprisonment of seven years.”; and
 - (iii) inserting the following immediately after subsection (2):

“Maximum penalty: 2,000,000 penalty units, or 20 years imprisonment, or both such fine and imprisonment.”.

16 Section 29 amended

Section 29 of the Principal Act is amended:

- (a) in subsection (1), between “financial institutions” and “and may issue”, insert “and credit utilities,”; and
- (b) in subsection (2), after “bank credit” insert “and non-bank credits”.

17 Section 30 amended

Section 30(1) of the Principal Act is amended:

- (a) in paragraph (c), delete “and” at the end; and
- (b) in paragraph (d), substitute the full stop at the end with “; and”; and
- (c) after paragraph (d), insert a new paragraph (e):

“(e) conduct research for policy purposes to enhance, and strengthen the implementation of the Bank’s mandate.”.

18 Section 36 amended

Section 36 of the Principal Act is amended by:

- (a) repealing subsection (6) and substituting the following:
 - “(6) The total outstanding advances, credit facilities or guarantees of the Central Bank to the Government shall not exceed fifteen percent (15%) of the annual average of the Government ordinary revenue for the three financial years immediately preceding for which accounts are available.
 - (6a) Where the limitation of 15% is reached, the Central Bank must notify the Minister of that fact and shall not allow further advances, credit facilities or guarantees directly or indirectly to the Government.
 - (6b) Despite subsection (6a), where a State of Emergency is declared pursuant to the Constitution, the Bank, subject to the Board’s approval, may permit an additional temporary advance, which shall not exceed 5% of the threshold of the average annual government ordinary revenue for the three preceding financial years.
 - (6c) The Government must ensure that any additional temporary advances to Government stated in subsection (6b) is fully repaid within two (2) years.”;
- (b) in subsection (7), substitute “subsections (5) and (6).” with “subsections (5), (6), (6a), (6b) and 6(c).”;
- (c) in subsection (8), substitute “subsection.” with “section.”.

19 Section 39 amended

Section 39 paragraph (p) is amended by substituting the words “banknotes and, coins” with “banknotes, coins and electronic money;”.

20 Section 67 amended

Section 67(1) of the Principal Act is amended by repealing paragraph (c) and substituting a new paragraph (c):

“(c) acquire by purchase, lease, or otherwise any rights in or to real property, except as it shall consider necessary or expedient, the Bank, subject to the Board’s approval may lease any of its properties, premises, office space or amenities currently not occupied or in use, until such a time the Bank may require for the performance of its functions.”

