

RESERVE BANK OF ZIMBABWE AMENDMENT BILL, 2016

Memorandum

This Bill will amend the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] (No. 5 of 1999) to enable the Reserve Bank, with the leave of the Minister responsible for finance to issue “bond notes” exchangeable at par value with the United States dollar, on the same basis that it previously issued bond coins.

At the same time, the opportunity is taken to validate the issuance of bond coins currently in circulation, “for the avoidance of doubt”.

In more detail the individual clauses of the Bill provide as follows:

Clause 1

This clause sets out the Bill’s short title.

Clause 2

This clause defines certain terms used in this Bill; especially noteworthy are the terms “bond note” and “unit of a bond note”, meaning a unit (“one dollar”) or multiple thereof in which a bond note is denominated.

Clause 3

This clause will insert in the Reserve Bank of Zimbabwe Act a new section enabling the Minister to prescribe by notice in a statutory instrument that a tender of payment of bond notes and coins issued by the Reserve Bank that are exchangeable at par value with any specified currency other than Zimbabwean currency prescribed as legal tender for the purposes of section 44A of the Act (“Legal tender of foreign currencies”) shall be legal tender in all transactions to the same extent as that prescribed currency.

Clause 4

This clause will statutize the provision for the issuance of bond notes temporarily enacted by the Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Bond Notes) Regulations, 2016. It will also validate the issuance of bond coins in circulation before that time.

BILL

To amend the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] and to provide for matters connected therewith or incidental thereto.

ENACTED by the Parliament and the President of Zimbabwe.

5 **1 Short title and commencement**

This Act may be cited as the Reserve Bank of Zimbabwe Amendment Act, 2016 and is deemed to have come into force on the 31st October, 2016.

10 **2 Interpretation**

In this Act—

10 “bond note” means a unit of legal tender whose par value in relation to the United States dollar is backed by a guarantee extended to the Reserve Bank by one or more international financial institutions, and “bond coins” shall be construed accordingly;

15 “principal Act” means the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] (No. 5 of 1999);

 “Reserve Bank” means the Reserve Bank of Zimbabwe Act referred to in section 4 of the Reserve Bank of Zimbabwe Act [*Chapter 22:15*] (No. 5 of 1999);

20 “unit of a bond note” means a unit (“one dollar”) or multiple thereof in which a bond note is denominated.

H.B. 12, 2016.]

3 New section inserted in Cap. 22:15

The principal Act is amended by the insertion in Part VI (“Banknotes and Coinage”) of the following section after section 44A—

“44B Legal tender of bond notes and coins

(1) In this section, “bond note” means a unit of legal tender whose par value in relation to the United States dollar is backed by a guarantee extended to the Reserve Bank by one or more international financial institutions. 5

(2) The Minister may by notice in a statutory instrument prescribe that a tender of payment of bond notes and coins issued by the Bank that are exchangeable at par value with any specified currency other than Zimbabwean currency prescribed as legal tender for the purposes of section 44A shall be legal tender in all transactions in Zimbabwe to the same extent as that prescribed currency. (3) Section 42 shall apply to bond notes 10

prescribed under subsection 15

(2) as they apply to banknotes.”

4 Issuance of bond notes and validation of bond coins

(1) The issuance by the Reserve Bank of—

(a) the bond notes referred to in this section; and

(b) the bond coins in circulation before the commencement of this Act; 20

shall be deemed to have been prescribed by the Minister in terms of section 44B(1) of the principal Act as inserted by this Act.

(2) There is hereby issued by the Reserve Bank in terms of section 44B(1) of the principal Act as inserted by this Act bond notes in such units as shall be specified by the Bank and whose design, form and material shall be determined by the Bank and notified to the public. 25

(3) The tender of payment of bond notes issued by the Reserve Bank shall be legal tender in all transactions in Zimbabwe as if each unit of a bond note is exchangeable for one United States dollar.

(4) Every one hundredth part of a unit of a bond note shall be deemed to be equivalent to and exchangeable for one United States cent. 30