

# THE NATIONAL BANK OF DENMARK

ACT, BY-LAWS ETC.



COPENHAGEN

1937

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THE NATIONAL BANK OF DENMARK ACT

(ACT No. 116 — APRIL 7th 1936)

WE CHRISTIAN THE TENTH, by the Grace of God King of Denmark and Iceland, the Wends and Goths, Duke of Slesvic, Holstein, Stormarn, Dytmarschen, Lauenburg and Oldenburg do hereby proclaim: The Rigsdag have enacted and We by Our Assent confirmed the following Act:

### OBJECTS OF THE BANK.

#### § 1.

»Danmarks Nationalbank« (The National Bank of Denmark) which, at the coming into force of this Act, confer § 33, takes over the »Nationalbanken i Kjøbenhavn« (The National Bank in Copenhagen) shall as the Central Bank of this country have the object in conformity with this Act and the regulations given under this Act to maintain a safe and secure currency system in this country, and to facilitate and regulate the traffic in money and the extension of credit.

### GENERAL CAPITAL FUND, DOMICILE.

#### § 2.

The General Capital Fund of the Bank shall be Kroner 50 millions.

The Head Office and Domicile of the Bank shall be in Copenhagen.

## MANAGEMENT.

## § 3.

The management of the Bank shall be committed to a Board of Directors, a Committee of Directors and a Board of Governors.

The members of the Board of Directors, the Committee of Directors and the Board of Governors shall be Danish subjects with domicile in Denmark, besides they shall be of age, in possession of the civil rights and not be deprived of the right to dispose of their estate.

## § 4.

The Board of Directors shall consist of 25 members, viz.:

- a) 8 members with a seat in the »Rigsdag«. These are to be elected according to the rules of § 45 of the Constitution. In case one of these members resigns his seat in the »Rigsdag« a new election shall be held for the remaining term of office of the resigning member. The resigning member keeps his seat in the Board of Directors until a successor has been elected.
- b) 2 members of which one shall be an economist the other a lawyer. These members, who must not be members of the »Rigsdag«, shall be appointed by the Minister of Trade, Industry and Shipping.
- c) 15 members with a thorough knowledge of trade. These members, who must not be members of the »Rigsdag«, shall be elected by the entire Board of Directors, so that 3 members retire every year. Due regard shall be paid at the election to establish a comprehensive representation of trade, also comprising the workers occupied in trade, and to secure a representation of the geographical divisions of the country.

The members mentioned in a—c shall be elected or appointed for 5 years. In case a member retires before the expiration

of his term of office, a new member shall be elected for the rest of the term.

The Board of Directors shall elect for one year at a time a chairman and a deputy-chairman.

Before amendments of the provisions governing the Bank be made, the Board of Directors shall have an opportunity of giving its opinion.

#### § 5.

The Committee of Directors shall be composed of the 2 members of the Board of Directors mentioned in § 4 b together with 5 members elected for 1 year at a time by the Board of Directors from among its members.

The proportional representation system shall be applied in conformity with rules laid down in the By-laws of the Bank, in the case 3 members of the Board of Directors demand it.

The Committee of Directors shall elect for one year at a time a chairman and a deputy-chairman. The election shall be approved of by the Minister of Trade, Industry and Shipping.

#### § 6.

The Board of Governors shall consist of 3 members. One of the Governors shall be nominated by the King, and the other Governors appointed by the Board of Directors on the recommendation of the Committee of Directors. The first mentioned Governor shall be chairman of the Board of Governors.

The Governors shall reside in Copenhagen or in places closely connected with Copenhagen. They shall not have a seat in the management of trade organisations or companies nor carry on or take part in the working of private trading activities. The Governors shall be under the obligation to send in their resignation before the expiration of the month in which they complete their 70th year.

## THE ROYAL BANK-COMMISSIONER.

## § 7.

The Minister of Trade, Industry and Shipping in his capacity of Royal Bank-Commissioner shall supervise that the Bank fulfils its obligations under this present Act and under the ordinances and provisions given pursuant to this present Act.

The Royal Bank-Commissioner presides at the meetings of the Board of Directors. He shall have admission to the meetings of the Committee of Directors and to be supplied with information concerning the Bank to the extent he might desire.

Decisions of particularly far-reaching character cannot be taken at a meeting of the Committee of Directors when the Royal Bank-Commissioner is not present, unless he has been informed in advance that the case will be dealt with at the meeting.

## BANK-NOTE ISSUE.

## § 8.

The Bank shall have the sole right to issue notes.

The notes issued by the Bank shall be legal tender between man and man and for payments and disbursements which take place in public pay-offices.

When the Minister of Trade, Industry and Shipping gives his permission notes may be called in, and they shall then cease to be legal tender from the date which might be fixed by ordinance from the Minister of Trade, Industry and Shipping. After the expiration of twelve months from this date the called in notes shall lose the validity as against the Bank, provided that the Bank shall have the right to redeem the notes also after this time if circumstances justify it.

The denominations, text and form shall be approved of by the Minister of Trade, Industry and Shipping.

## § 9.

The Bank shall be permitted to put into circulation the amount of notes which the traffic in money at any time may be found to require.

Provided that the Bank shall possess free from any encumbrance:

- a) A gold fund, as set forth in § 10.
- b) Assets of the nature laid down in § 11 at a value, corresponding to not less than that part of the active note circulation which is not covered by the gold fund.

## § 10.

The gold fund shall cover at least 25 per centum of the total active note circulation. It may consist of:

- a) Gold, be it in coin or ingots, either in the custody of the Bank or handed over by the Bank to the Royal Mint to be coined or melted.
- b) Gold, which properly secured has been deposited abroad or which is in transit through, to or from foreign countries. Provided that such gold shall not count when the Bank's right to dispose thereof is restricted. The gold under this subsection shall not exceed 5% of the total active note circulation.

For up to 5 per centum of the note circulation non-interest carrying net-credit-balances on demand with foreign Central-Banks, approved of in that respect by the Royal Bank-Commissioner, may take the place of gold.

The value of legal tender gold coin shall be determined by the nominal value, the value of other gold coin and of gold in ingots by the contents of fine gold, the price of the gold in Danish currency being calculated in conformity with the provisions of the Currency Act. Credit balances in foreign currency shall not be calculated at a higher price than that quoted on the Royal Exchange on the day of settlement.



## § 11.

As the basis for that part of the note circulation which is not covered by the gold fund may serve gold and net-credit-balances on demand with foreign banks, provided they have not been included under § 10, bills of exchange, Treasury bills, bonds and debentures subject to quotation on the Royal Exchange, besides advances for which proper security has been given.

## § 12.

The Bank shall at the expiration of every month report to the Royal Bank-Commissioner on the funding of the active note circulation.

In case of any deviation from the rules governing the funding of the notes of the Bank under §§ 9—11 it shall be the duty of the Bank to redress the deviation within the expiration of the succeeding month.

## § 13.

Under special circumstances the Board of Directors shall, after having obtained the permission of the Minister of Trade, Industry and Shipping, for a period of up to 3 months at a time be allowed to deviate from the funding rules prescribed. A decision to this effect shall be adopted by at least  $\frac{2}{3}$  of all the members of the Board of Directors. It shall be the duty of the Bank as soon as possible to re-establish the normal funding proportion.

## REDEMPTION OF THE NOTES OF THE BANK etc.

## § 14.

The Bank shall be under the obligation to redeem at its Head-Office on demand the notes issued by the Bank at their face value either with legal tender gold coin or with

gold-ingots of ordinary fineness and weight, when notes are delivered in items corresponding to the value of an ingot.

The Bank shall likewise be under the obligation to buy at its Head-Office from any person who might desire it ingots of fine gold at a price corresponding to the gold price fixed by the Currency Act with the deduction of  $\frac{1}{4}$  per centum seigniorage.

The above provision can only be suspended by Act.

## OTHER FUNCTIONS OF THE BANK.

### § 15.

The functions of the Bank shall especially comprise reception of money on folio-account and current-account, reception of deposits in safe custody, granting of advances and discounting of bills of exchange besides traffic in gold, foreign currency and securities.

The granting of advances shall only take place on satisfactory security and normally for 1—3 months but not exceeding 6 months. Renewal of advances may take place.

Further provisions governing the general functions of the Bank shall be laid down in the By-laws of the Bank.

### § 16.

The Bank shall receive payments and make disbursements for the State. The monthly balance sheet shall give the figures of the credit and/or debit balances of the State with the Bank.

## ACCOUNTS AND DISTRIBUTION OF PROFIT.

### § 17.

The financial year of the Bank shall be the calendar year. As soon as possible after the expiration of the financial year

the books shall be balanced and the accounts for the year expired drawn up. The accounts shall contain a working account and a balance sheet.

The accounts shall under careful consideration of existing values and obligations and with the undertaking of necessary writings-off and allocations be rendered as proper and cautious business practice dictates.

Securities admitted to public quotation on the Royal Exchange shall not be entered at a higher value than the latest buying rate quoted at the close of the financial year.

Securities not admitted to public quotation on the Royal Exchange shall be entered at the supposed value on the day of settlement, but the value shall not exceed the price at which they were acquired.

Foreign currency shall not be entered at a higher value than the rate of exchange quoted at the close of the financial year.

Real estate shall not be booked at a higher value than the buying price with addition of costs of improvements and deductions corresponding to the depreciation through age and use and not exceeding the value assessed for land and building tax.

The booked value of other assets shall not exceed the market value.

The accounts when approved by the Board of Directors shall be sent to the Minister of Trade, Industry and Shipping together with a report on the work of the Bank during the year expired.

When the accounts have been approved by the Royal Bank-Commissioner, they shall be published together with the Bank's report for the year expired.

#### § 18.

The accounts for the financial year shall be audited by 2 chartered accountants appointed by the Minister of Trade, Industry and Shipping for 1 year at a time.

## § 19.

The profit earned by the Bank shall go to the Exchequer if it be not allocated to the Reserve Fund or to special guarantee funds.

Out of the profit of the financial year the Exchequer shall prior to other payments receive Kr. 1 million.

Thereafter 25 per centum of the remainder shall be allocated to the Reserve Fund if this fund be less than Kr. 25 millions.

The rest of the profit shall be paid to the Exchequer under the observation of the following rules:

If the rest of the profit does not exceed Kr. 4 millions, one half of the amount shall be paid to the Exchequer and the other half written off the General Capital Fund Certificate. In case the rest of the profit exceeds Kr. 4 millions, Kr. 2 millions shall be paid and the remainder written off the General Capital Fund Certificate. When this certificate has been redeemed in full the total rest of the profit goes to the Exchequer unless the Board of Directors with the approval of the Royal Bank-Commissioner decides to allocate a part of the amount to reserves.

In case the losses of preceding years might have entailed drawing on the General Capital Fund all payments to the Exchequer shall be suspended until the loss of the General Capital Fund has been recovered.

In case the losses of preceding years might have reduced the Reserve Fund to less than the amount it constituted when the Bank commenced business, the payment under subsection 2 of this section shall be made, otherwise the whole profit shall be used to increase the Reserve Fund until it has regained the original size.

## GENERAL PROVISIONS.

## § 20.

The Minister of Trade, Industry and Shipping may at the request of the Board of Governors of the Bank supply the Board with such information concerning Banks, Savings-Banks and

the Stock Exchange as is to be had from the Bank Inspectorate, Savings-Banks Inspectorate and the Stock Exchange Inspectorate and which the Bank and the Minister find of interest for the Bank in its capacity as the Central Bank of the Country.

In the same manner the Minister may on application from the aforesaid Inspectorates and for their use ask for such information from the Bank as is of interest for the work of supervision.

§ 21.

The Bank shall be exempt from paying all direct taxes and rates whatever. Provided that the Bank shall pay taxes upon real estate which is not used for its own activity and such levies as have the character of consideration for special contributions.

§ 22.

The Bank may use unstamped paper for its notes and books and for the drafts, bonds and other documents executed in the course of banking.

Bonds by which collateral security is pledged to the Bank shall be made on unstamped paper.

§ 23.

When evidence placed before the Bank shows to the satisfaction of the Bank that a receipt for money received on deposit or a memorandum of deposit probably has been lost, the Bank shall be entitled by a notification in the »Statstidende«, the Government Gazette, to call the bearer to appear within 12 weeks. If nobody appears the Bank may pay the amount of the document to the person who is the rightful creditor according to the books of the Bank.

§ 24.

In case a contract of suretyship has been given for the repayment of an advance granted by the Bank and the bor-

rower makes default in payment of principal, instalment or interest, notification hereof shall not later than 6 months after the maturity of the contribution mentioned be sent by registered mail to each of the sureties or to the surety or sureties authorized by the others to receive such notification on behalf of all the sureties. Omission to do so shall have the effect that the Bank loses its claim on the sureties to the extent to which the remedy of the sureties as against the borrower has been reduced in value through the omission.

§ 25.

The Bank shall be subject to the provisions laid down in the Bank Act No. 122 of the 15th of April 1930, section 9, subsection 1—4 and 6—9, provided that the Governors of the Bank and Branch-Managers shall not obtain advances in the Bank or the guarantee of the Bank for advances or be sureties for debts to the Bank. Furthermore section 21 of the same Act shall apply correspondingly with regard to this present Act, the regulations given under this present Act, and the resolutions of the Board of Directors.

§ 26.

The Board of Directors shall on the recommendation of the Committee of Directors and subject to confirmation by the Minister of Trade, Industry and Shipping draw up the By-laws of the National Bank of Denmark, by which rules shall be laid down governing the functions and the management of the Bank and the salaries and old age pensions for the Board of Governors and the Staff etc. and the duties of the Auditors.

The By-laws may be amended by the Board of Directors subject to confirmation by the Minister of Trade, Industry and Shipping. The amendments shall be valid when passed by a simple majority of the whole Board of Directors.

## AGREEMENT CONCERNING THE TAKING OVER OF THE NATIONAL BANK IN COPENHAGEN.

### § 27.

By agreement between the National Bank in Copenhagen on one side and the Minister of Trade, Industry and Shipping and the Minister of Finance as representatives of the National Bank of Denmark on the other side it may be decided that all the assets and liabilities, rights and duties of the old Bank shall pass to the new Bank against a consideration in the form of bonds which are to be redeemed within a certain number of years. The Government guarantee the interest and redemption of the bonds. The consideration which the shareholders of the old Bank receive in the form of bonds shall not as far as any part thereof is concerned be included in the taxable income of the holder in question.

At the same time the new Bank commences business the old Bank shall cease to exist. The winding-up proceedings shall be conducted by the National Bank of Denmark. The statutory winding-up rules need not be observed. The aforesaid bonds shall be issued to bearer. The bonds as well as transfers endorsed thereon besides all other documents made for the purpose of the taking over shall be exempt from stamp-duty nor shall any fee be paid for the registration at the Courts of Law.

## THE ABOLITION OF THE ROYAL CHARTER etc.

### § 28.

The Royal Charter of the 4th day of July 1818, confer Act No. 157 of the 12th day of July 1907, Act No. 483 of the 30th day of August 1919 and Act No. 201 of the 20th day of May 1933 shall be repealed. The duty of the Bank to pay to the Exchequer the profit derived from the exemption to redeem with gold the notes issued by the Bank shall likewise fall away.

The statutory provisions which otherwise apply to the National Bank in Copenhagen shall in future apply to the National Bank of Denmark.

## TRANSITORIAL PROVISIONS.

## § 29.

The General Capital Fund of § 2 shall be paid by the Government in the form of a General Capital Fund Certificate at the coming into force of this present Act. By degrees as funds out of the annual profit be allocated to the General Capital Fund corresponding amounts shall be written off the General Capital Fund Certificate.

The payment of interest on the bonds mentioned in § 27 shall be made out of the working account of the Bank before the profit of the year be ascertained.

## § 30.

The members of the Board of Directors elected at the meeting of shareholders of the old Bank shall pass over to the Board of Directors of the new Bank and take over the tasks laid upon the members mentioned in § 4 c. They shall remain on the Board of Directors until their term of office expires under the rules hitherto in force. At the new elections which the Board of Directors holds until the expiration of the month of July 1938 the provisions of § 4 c shall not apply in the case of a re-election.

## § 31.

When the bonds of § 27 are to be allotted to the shareholders of the National Bank in Copenhagen they shall be delivered to the person who holds the shares with legal title in due form.

In exchange of shares registered in the name of the holder in the books of the Bank bonds may also be handed out under the observance of the following rules:

a) When evidence placed before the Bank shows to the satisfaction of the Bank that a share-certificate probably has been lost the National Bank of Denmark shall be entitled by a notification in the «Statstidende», the Government Gazette, to call the person who might be in possession of the share-certi-



ificate to appear within 6 months. If nobody appears the Bank may deliver the bonds corresponding to the share-certificate to the person registered in the books of the Bank as proprietor of the share-certificate.

b) In case of defects in the transfers of title endorsed on a share-certificate the National Bank of Denmark shall, if it is of opinion that the asserted ownership of the bearer is well founded, be entitled to call the person or persons who might have any objections to the bearer's property in the share-certificate to appear within the aforesaid notice. If no objections are made the Bank may deliver the bonds to the bearer of the share-certificate.

When evidence placed before the Bank shows to the satisfaction of the Bank that a share-certificate, which according to the books of the Bank is made out to bearer, probably has been lost, and the person notifying the loss possesses the coupons belonging to the share, the National Bank of Denmark shall be entitled to pay to such person the interest due on the bonds corresponding to the share. If the Bank does not find to its satisfaction that the share-certificate has been destroyed, the interest shall not be paid to him till the 1st day of February 1937. If nothing to invalidate the right of the person notifying such loss has transpired within the expiration of 5 years from the taking effect of this Act the Bank may deliver the bonds to him.

In case cash amounts are to be allotted to the shareholders payment shall be made against the production of the dividend coupon for the year current at the taking effect of this present Act.

After the expiration of 5 years from the taking effect of this Act all rights to claim bonds in exchange of the old shares or cash allotments shall be forfeited, and the undelivered bonds and cash amounts shall fall to the National Bank of Denmark without compensation to the former shareholders. Amounts gained in this way shall be allocated to the Reserve Fund of the Bank.

### § 32.

In the period till the expiration of the year 1948 the above pro-

visions can only be amended by the consent of a majority of all the members of the Board of Directors, confer however § 14 last subsection.

## COMMENCEMENT.

### § 33.

§ 27, subsection 1, shall take effect at once. Otherwise the Act shall take effect on such date as may be fixed in the agreement mentioned in § 27. The Minister of Trade, Industry and Shipping shall publish the date of the taking effect of this Act.

With which all those concerned shall have to comply.

Given on Amalienborg, the 7th day of April 1936.

Under Our Royal Hand and Seal.

Christian R.

(L. S.)

*Johs. Kjærbo.*

## ACT

(No. 67 - March 15th, 1967)

amending the National Bank of Denmark Act.

Section 1. The following sub-section 2 shall be inserted in section 33:

"Sub-section 2. The Act shall enter into force for Greenland on July 1st, 1967."

Section 2. The Minister for Greenland shall promulgate rules governing the continued validity of the existing Greenland credit notes for a transitional period.

ORDINANCE No. 152

of

the 28th day of May 1936 concerning the coming into force of the National Bank of Denmark Act, Act No. 116 of the 7th day of April 1936.

By an agreement made between the National Bank in Copenhagen, the Minister of Finance and the Minister of Trade, Industry and Shipping it has been provided that the National Bank of Denmark Act, Act No. 116 of the 7th day of April 1936, shall come into force on the 28th day of May 1936.

Which is hereby publicly announced.

The Ministry of Trade, Industry and Shipping,  
the 28th of May 1936.

Johs. Kjærbøl.

*K. Skat-Rørdam.*

BY-LAWS  
OF  
THE NATIONAL BANK OF DENMARK,

MADE ON THE 28<sup>TH</sup> DAY OF MAY 1936 PURSUANT TO  
§ 26 OF THE NATIONAL BANK OF DENMARK ACT,  
ACT No. 116 OF THE 7<sup>TH</sup> DAY OF APRIL 1936, AND  
CONFIRMED BY THE MINISTER OF TRADE, INDUSTRY  
AND SHIPPING ON THE 28<sup>TH</sup> DAY OF MAY 1936.

## BY-LAWS OF THE NATIONAL BANK OF DENMARK.

On the 28th day of May 1936 the Board of Directors of the National Bank of Denmark on the recommendation of the Committee of Directors has made the below By-laws of the Bank pursuant to the provisions of § 26 of the National Bank of Denmark Act, Act no. 116 of the 7th day of April 1936, in expectation of the said By-laws being confirmed by the Minister of Trade, Industry and Shipping in his capacity of Royal Bank-Commissioner:

### I. MANAGEMENT.

#### A. *The Board of Directors.*

##### § 1.

The Board of Directors shall consist of 25 members, viz:

- a) 8 members with a seat in the »Rigsdag«. These are to be elected according to the rules of § 45 of the Constitution. In case one of these members resigns his seat in the »Rigsdag«, a new election shall be held for the remaining term of office of the resigning member. The resigning member keeps his seat on the Board of Directors until a successor has been elected.
- b) 2 members of which one shall be an economist and the other a lawyer. These members, who must not be members of the »Rigsdag«, shall be appointed by the Minister of Trade, Industry and Shipping.
- c) 15 members with a thorough knowledge of trade. These members, who must not be members of the »Rigsdag«,

shall be elected by the entire Board of Directors, so that 3 members retire every year. Due regard shall be paid at the election to establish a comprehensive representation of trade, also comprising the workers occupied in trade, and to secure a representation of the geographical divisions of the country.

The members mentioned in a—c shall be elected or appointed for 5 years.

The members mentioned in c shall be elected at the meeting of the Board of Directors where the annual accounts are submitted for approval. The term of office shall commence on the ensuing 1st day of April.

The members mentioned in a and b shall be elected or appointed for a corresponding term of office.

If a member of the Board of Directors dies or retires before the expiration of the term of office another member shall be elected for the rest of the term.

The Board of Directors shall elect for 1 year at a time a Chairman and a Deputy-Chairman. The elections shall take place at the meeting of the Board of Directors where the annual accounts are submitted for approval. The term of office shall commence on the ensuing 1st day of April.

### § 2.

The Board of Directors shall meet once every three months and otherwise as often as the Chairman deems it necessary, or when the Royal Bank-Commissioner or 5 members demand it. The Board of Directors forms a quorum when 15 members are present.

Decisions shall be passed by a majority of votes; in the case of an equality of votes the Chairman shall have the casting vote.

The Royal Bank-Commissioner shall preside at the meetings of the Board of Directors.

### § 3.

No person in the service of the Bank may be a member of the Board of Directors.

During the absence of a Governor a member of the Board of Directors may temporarily be appointed Governor; but the person appointed shall not in that period be entitled to vote on the Board of Directors. A deputy of the Governor nominated by the King shall be appointed by the Royal Bank-Commissioner. A deputy of a Governor appointed by the Board of Directors shall be appointed by the Chairman of the Board of Directors, as far as possible after conference with the Committee of Directors.

§ 4.

All matters of special importance which may be considered to be outside the domain of daily management shall to the greatest extent possible be submitted to the Board of Directors. However, if the case be so urgent, that in the opinion of the Board of Governors the decision cannot prudently be postponed until such submission, the Board of Governors shall act, if possible after preceding deliberation with the Committee of Directors, and shall see to it that the case as soon as possible be submitted to the Board of Directors.

The Board of Directors shall supervise that the rules governing the functions of the Bank as laid down in the National Bank of Denmark Act and in these present By-laws be observed, thereunder that notes are not issued in violation of the rules prescribed.

After the expiration of every three months the Board of Governors shall submit to the Board of Directors balance sheets from the ledgers of the Bank, and a statement on the funding of the note circulation. Moreover, at the quarterly meeting the Board of Governors shall report on the more important business done in the Bank since the latest quarterly meeting.

It shall be the duty of the Board of Directors:

- 1) To elect on the recommendation of the Committee of Directors 2 of the 3 Governors of the Bank. A majority of all the Directors shall be required to validate the election of a Governor.

- 2) To draw up the By-laws governing the functions of the Bank under § 26 of the National Bank of Denmark Act, and submit the said By-laws to the Royal Bank-Commissioner for confirmation.
- 3) To decide on the establishment and closing of branches.
- 4) To make regulations for the salaries and old age pensions of all the officials of the Bank inclusive of the Governors.
- 5) To elect every three months 2 directors, who together with a member of the Committee of Directors are to examine the holdings and engagements of the Bank from samples of these drawn at random. The said directors shall in each single case be free to determine what departments of the Bank they wish to examine.
- 6) On the basis of the report of the Board of Governors and the Committee of Directors to go through the annual accounts of the Bank, to decide upon writings-off and allocations etc., to determine the application of the annual profit and to submit the annual accounts to the Royal Bank-Commissioner for approbation.
- 7) To make decisions pursuant to § 13 of the National Bank of Denmark Act concerning permission to deviate from the funding rules laid down in the said Act.

Contributions to undertakings for the public benefit may on the recommendation of the Board of Governors and the Committee of Directors be granted by the Board of Directors when approved of by the Royal Bank-Commissioner.

#### *B. The Committee of Directors.*

##### § 5.

The Committee of Directors shall be composed of the 2 members of the Board of Directors mentioned in § 1 b together with 5 members elected for 1 year at a time by the Board of Directors from among its members. The election shall take place at the meeting of the Board of Directors where the annual accounts are submitted for approval. The term of office shall commence from the ensuing 1st day of April.



If 3 members of the Board of Directors demand it, the proportional representation system according to Andræ's extended method shall be applied.

If a member of the Committee of Directors dies or retires before the expiration of the term of office another member shall be elected for the rest of the term.

The Committee of Directors shall elect for 1 year at a time a Chairman and a Deputy-Chairman. The elections shall be sanctioned by the Minister of Trade, Industry and Shipping. The elections shall take place as soon as possible after the meeting of the Board of Directors where the annual accounts are submitted for approval. The terms of office shall commence on the ensuing 1st day of April.

The members of the Committee of Directors shall not have a seat in the management of other banks. Chairman and Deputy-Chairman shall not have a seat in the management of other money institutions either.

#### § 6.

The Committee of Directors shall meet once every month and otherwise as often as the Chairman deems it necessary, or when the Royal Bank-Commissioner or 3 members demand it. The Committee of Directors forms a quorum when 4 members are present, hereof at least 1 of the 2 members mentioned in § 1 b.

Decisions shall be taken by a majority of votes; in the case of an equality of votes the Chairman shall have the casting vote.

The Royal Bank-Commissioner shall have admission to the meetings of the Committee of Directors.

Decisions of particularly far-reaching character cannot be taken at a meeting of the Committee of Directors when the Royal Bank-Commissioner is not present, unless he has been informed in advance that the case will be dealt with at the meeting.

#### § 7.

The Committee of Directors shall keep itself informed as regards the more important sides of the functions of the Bank.

It may at any time demand from the Board of Governors such information as it might consider necessary in order to comply with the duties laid upon it.

The Committee of Directors and the Board of Governors should mutually enter into negotiation and deliberation on cases and matters which are of a more general importance for the functions of the Bank, thereunder the rules governing the granting of advances, even though a submission to the Board of Directors be not required.

All matters placed before the Board of Directors shall first be submitted to the Committee of Directors. The Committee reports to the Board of Directors on the matter; the report may be accompanied by the recommendations of the Board of Governors. Cases which due to their urgent character cannot be postponed until the submission to the Board of Directors has taken place, shall as far as possible be submitted to the Committee of Directors.

At least once every year the Committee of Directors shall examine the more important liabilities of the Bank and have all the assets of the Bank checked in order to ascertain their existence. A report concerning these examinations shall be sent to the Board of Directors.

It shall rest with the Committee of Directors to see to it, that the annual accounts under careful consideration of existing assets and liabilities, and with the undertaking of necessary writings-off and allocations have been rendered as proper and cautious business practice dictates. Before the Committee of Directors reports to the Board of Directors, it shall negotiate with the Royal Bank-Commissioner concerning the application of the profit of the year on the basis of the recommendation of the Board of Governors.

The Committee of Directors shall see that the daily audit provided for in § 36 is properly organized.

Furthermore the Committee of Directors appoints and dismisses on the recommendation of the Board of Governors the officials of the Bank with a higher charge than that of senior clerk, confer § 14, while the other officials are appointed by the Board of Governors.

*C. The Board of Governors.*

## § 8.

The Board of Governors shall consist of 3 members. One of the Governors shall be nominated by the King, and the other Governors appointed by the Board of Directors on the recommendation of the Committee of Directors. The first mentioned Governor shall be Chairman of the Board of Governors.

The Governors shall reside in Copenhagen or in places closely connected with Copenhagen. They shall not have a seat in the management of trading organizations or companies nor carry on or take part in the working of private trading activities. The Governors shall be under the obligation to send in their resignation before the expiration of the month in which they complete their 70th year.

## § 9.

The Governor nominated by the King as well as the Governors elected by the Board of Directors shall be appointed for an unlimited time, but may be dismissed by the King and the Board of Directors respectively. A majority of  $\frac{2}{3}$  of the whole Board of Directors shall be required in the latter case.

The Governors shall be entitled to pension under the old age pension regulations of the Bank.

## § 10.

The Board of Governors shall meet as often as it is deemed necessary. Decisions shall be passed by a majority of votes. In the case of an equality of votes the Governor nominated by the King shall have the casting vote.

The Governors shall divide the duties laid upon them by mutual agreement and determine what may be left to a single Governor for decision.

## § 11.

The Governors shall be present at the meetings of the Committee of Directors and the Board of Directors, unless matters are treated which concern them personally.

The Governors shall be entitled to take part in the deliberations.

## § 12.

The daily management of the Bank shall be vested in the Board of Governors. It shall particularly be the duty of the Board of Governors:

- 1) To see that all the transactions of the Bank be properly entered into the accounts, and that the staff of the Bank on the whole discharge the duties laid upon them,
- 2) To watch the safe-keeping of all the assets of the Bank and the valuables entrusted to the Bank,
- 3) To supervise the printing of the bank-notes and the safe-keeping and destruction of cancelled notes,
- 4) To see that the management of the business of the branches be properly supervised,
- 5) To report every month to the Royal Bank-Commissioner, the Chairman of the Board of Directors and to the Committee of Directors on the funding of the notes in circulation.

## § 13.

At least once every month the Board of Governors itself, or by the auditors mentioned in § 36, shall examine the cash in hand and the holdings of the cashiers of the Bank.

*D. General Regulations.*

## § 14.

The regulations for the salaries and old age pensions of the Governors and other members of the staff of the National Bank in Copenhagen shall remain in force for the Governors and staff of this Bank until they be altered in conformity with the rules laid down.

The Board of Directors shall fix the number of the officials of the Bank with a higher charge than that of senior clerk.

## § 15.

A member of the Board of Directors or the Committee of Directors shall have no vote in cases concerning agreements between the Bank and such member or relating to actions brought against such member nor in case of agreements with

or actions brought against third party in so far as such member has a considerable interest therein, which may be in conflict with that of the Bank.

The Directors are under the obligation to keep secret what they learn through their work in the Bank.

A Governor shall not make nor take part in decisions which concern himself in a similar manner.

§ 16.

It shall rest with the Committee of Directors and the Board of Governors to watch the justifiableness of and the security for the engagements which the Bank makes with the single members of the Committee of Directors or the Board of Directors or with companies of which these members are managers or directors.

The same shall hold good of engagements which might be contracted with the Bank by persons attached to the Governors through marriage, relationship or affinity in lineal ascent and descent or as brothers and sisters, or by companies of which such persons are managers.

§ 17.

If a member of the Committee of Directors or Board of Governors of the Bank, a branch manager or other member of the staff of the Bank on behalf of the Bank supervises an undertaking in which the Bank is interested economically, any remuneration of the person in question will have to be defrayed by the Bank. The amount of the remuneration shall be fixed by the Committee of Directors.

§ 18.

Governors, branch managers or other members of the staff of the Bank must not in any form make or join in speculative transactions.

§ 19.

Governors, branch managers and auditors must not raise loans in the Bank, obtain the guarantee of the Bank for loans or enter into contracts of suretyship for debts due to the Bank.

## § 20.

The signatures of two duly authorized persons shall be required to bind the Bank. The Chairman of the Committee of Directors shall authorize officials within the Bank to sign on behalf of the Bank. The names of the persons authorized to sign on behalf of the Bank shall be published in the »Statstidende«, the Government Gazette.

## II. THE FUNCTIONS OF THE BANK.

## § 21.

The denominations, text and form of the notes shall remain unchanged until otherwise provided under § 8 of the National Bank of Denmark Act.

## § 22.

Besides the issue of notes and the activities and business in connection therewith the general functions of the Bank shall particularly comprise the following transactions:

- 1) Reception of money on folio-account and current-account,
- 2) Discounting of bills of exchange,
- 3) Granting of advances against security,
- 4) Drawing of checks on Danish and foreign places,
- 5) Issuing of Bank-Promissory-Notes,
- 6) Depositing of money with correspondents,
- 7) Purchase and sale of securities,
- 8) Purchase and sale of precious metal in coin and ingots,
- 9) Purchase and sale of foreign currency,
- 10) Reception of deposits in safe custody.

## § 23.

The Board of Governors shall fix the rate of interest on folio-account and current-account. It may decide, that no interest is to be paid on money deposited.

## § 24.

Where for 5 years an amount of interest originating from previous deposits but no actual deposit has been standing to the credit of an account, such amount may fall to the Bank.

## § 25.

The Board of Governors shall fix the rate of discount and the rate of interest for advances.

When the Board of Governors wishes to alter the rate of discount (the Bank Rate) it shall notify the Royal Bank-Commissioner and the Minister of Finance to that effect. The Royal Bank-Commissioner and the Minister of Finance shall be entitled personally or by deputy to take part in the negotiations, but they shall have no right of voting.

When a decision has been taken the Chairman of the Board of Directors and of the Committee of Directors shall immediately be notified.

## § 26.

The decisions of the Board of Governors concerning applications for advances or discounts are as a rule given orally. No applicant shall be entitled to learn the reason for a refusal.

## § 27.

Advances are normally granted for 1 to 3 months, but never exceeding 6 months, and against such security as may be considered satisfactory. Renewal of advances may take place. The Board of Governors shall decide what securities may be accepted as security for advances, and what percentage of the value of the security may be granted as an advance.

## § 28.

The Bank may demand prepayment of interest for the full term of an advance or for a part thereof.

## § 29.

The Bank may issue Bank-Promissory-Notes to specified persons and payable up to eight days after date or at sight.

Bank-Promissory-Notes shall be paid at the head office of the Bank as well as at its branches.

## § 30.

The Board of Governors may decide that checks and transfer orders shall not be issued for amounts less than Kroner 200.

## § 31.

The Board of Governors shall lay down rules governing the purchase and sale of foreign exchange and the purchase and sale of securities.

## § 32.

The Board of Governors shall fix the price at which the Bank shall purchase and sell precious metal in coin or in ingots, confer however § 14, 2nd and 3rd subsection of the National Bank of Denmark Act.

## § 33.

The Bank shall be legal depository of monies and securities, which are lodged pursuant to Act no. 29 of the 16th day of February 1932 concerning debtors' right to release through deposit.

## § 34.

The Bank receives deposits for safe-keeping. The rules governing the deposit and the fees to be charged shall be fixed by the Board of Governors.

The Bank shall be entitled to refuse to receive a deposit as well as to let a safe. Moreover, it shall be entitled to demand the withdrawal of a deposit and to terminate the letting of a safe without stating the reason.

Where a deposit has been unclaimed for 20 years and the Bank does not know the address of the owner it shall be entitled, by a notification in the »Statstidende«, the Government Gazette, to demand the depositor, or the person or persons who deem themselves owners of the deposit, to take possession of the deposit within 6 months, and if nobody appears, to have the deposit destructed or sold by public auction, the proceeds of which shall fall to the Bank, confer however § 5 of Act no. 29 of the 16th day of February 1932.

Memorandums of deposit drawn up before the coming into force of these By-laws, and which contain the clause that the proceeds in case of statute barring fall to the Exchequer, shall remain in force.



## III. ACCOUNTS AND AUDIT.

## § 35.

The financial year of the Bank shall be the calendar year.

The Board of Governors shall not later than the first day of February hand over the annual accounts to the Chartered Accountants appointed by the Royal Bank-Commissioner. When the Committee of Directors has made its report on the annual accounts and the negotiation with the Royal Bank-Commissioner has taken place, confer § 7, subsection 5, the annual accounts shall be submitted to the Board of Directors, but in no case later than the 20th day of March.

## § 36.

The daily audit of all the books of the Bank shall at the head office be made by the officials appointed for that purpose, and at the branches by the auditors appointed by the Committee of Directors. This audit shall commence immediately at the beginning of the financial year and be continued daily, so that it always follows directly after the daily entries.

The auditors' records shall be submitted to the Board of Governors and produced at each meeting of the Committee of Directors.

The auditors shall enter into their records all that may be of importance to the Board of Governors, Committee of Directors and Board of Directors to learn. In case the auditors discover essential irregularities the auditors shall, besides making entries thereof into the records, without delay notify the Board of Governors and the Chairman of the Committee of Directors.

It shall be the duty of the auditors to call the attention of the Board of Governors and the Committee of Directors to deficiencies in audit and book-keeping if such might be found.

## § 37.

The Minister of Trade, Industry and Shipping shall appoint for one year at a time two Chartered Accountants to audit the annual accounts of the Bank. The Chartered Accountants

shall be of age, not be deprived of the right to dispose of their estate, nor be in the service of the Bank, be members of the Board of Directors or Committee of Directors nor be attached to any member of the Board of Directors, Committee of Directors or Board of Governors, to accountant or cashier by being in their service, through marriage, relationship or affinity in lineal ascent and descent, or as brothers and sisters.

During the audit, which shall be performed under careful consideration of existing values and obligations, the Chartered Accountants shall have admission to all books relating to the book-keeping of the Bank and to examine the cash in hand and the holdings of the cashiers of the Bank. The Committee of Directors and the Board of Governors shall be under the obligation to give the Chartered Accountants any information they might demand to ascertain the correctness of the accounts. When the Chartered Accountants have audited the accounts they shall enter a report on the audit into the Chartered Accountants' records. This shall be submitted at the first ensuing meeting of the Committee of Directors, and the members of the Committee present shall by their signature confirm that they have taken notice of the contents. Moreover the records shall be produced at the first ensuing meeting of the Board of Directors.

The Chartered Accountants are under the obligation to keep secret what they learn through their activity.

#### § 38.

Amendments in these By-laws may be passed by the Board of Directors. In order to make an amendment valid a majority of all the Directors shall vote in favour thereof and the resolution shall be confirmed by the Royal Bank-Commissioner.

#### § 39.

These By-laws shall come into force when confirmed by the Royal Bank-Commissioner.

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Pursuant to § 26 of the National Bank of Denmark Act (Act no. 116 of the 7th day of April 1936) the above By-laws of the National Bank of Denmark passed this day by the Board of Directors of the Bank on the recommendation of the Committee of Directors of the said Bank are hereby confirmed as being valid until otherwise be provided.

The Ministry of Trade, Industry and Shipping,

the 28th day of May 1936.

Johs. Kjærbøl.

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*K. Skat-Rørdam.*

ORDINANCE No. 344

of

the 22nd day of December 1937 concerning the redemption  
of the notes of the National Bank of Denmark.

Pursuant to section 1 of the Act of the 22nd day of December  
1937 concerning the redemption of the notes of the National  
Bank of Denmark and measures to the safeguard of the Danish  
exchange the following is hereby provided:

§ 1.

The National Bank of Denmark shall for the time being  
— apart from the cases where the Royal Bank-Commissioner  
might order otherwise — be exempted from its duty to redeem  
with gold the notes issued by the Bank and to buy gold.

§ 2.

This Ordinance shall take effect on the 31st day of December  
1937.

Which is hereby publicly announced.

The Ministry of Trade, Industry and Shipping,  
the 22nd of December 1937.

Johs. Kjærbøl.

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P. Villadsen.

# ACT

(No. 166 - April 13th 1938)

amending Act No. 116 of the 7th day of April 1936,  
The National Bank of Denmark Act.

WE CHRISTIAN THE TENTH, by the Grace of God King of Denmark and Iceland, the Wends and Goths, Duke of Slesvic, Holstein, Stormarn, Dytmarschen, Lauenburg and Oldenburg do hereby proclaim: The Rigsdag have enacted and We by Our Assent confirmed the following Act:

## § 1.

Section 23 of Act No. 116 of the 7th day of April 1936, the National Bank of Denmark Act, shall run as follows:

»When evidence placed before the Bank shows to the satisfaction of the Bank that a receipt for money received on deposit or a memorandum of deposit probably has been lost, the Bank shall be entitled by a notification, which is to be inserted in the first number of the »Statstidende« (the Government Gazette) published in a quarter of a year, to call the bearer to appear within 3 months. If nobody appears the Bank may pay the amount of the document to the person who is the rightful creditor according to the books of the Bank.«

## § 2.

This Act shall take effect on the 1st day of July 1938.

With which all those concerned shall have to comply.

Given on Amalienborg, the 13th day of April 1938.

Under Our Royal Hand and Seal.

Christian R.  
(L. S.)

*Johs. Kjerbøl.*

# ACT

(No. 88 - March 15th 1939)

amending the wording of various provisions laid down in the Penal Code No. 126 of the 15th day of April 1930 and other Acts.

(Loss of rights due to the violation of law.)

WE CHRISTIAN THE TENTH, by the Grace of God King of Denmark and Iceland, the Wends and Goths, Duke of Slesvic, Holstein, Stormarn, Dytmarschen, Lauenburg and Oldenburg do hereby proclaim: The Rigsdag have enacted and We by Our Assent confirmed the following Act:

.....

## Chapter 2.

### § 44.

*Act No. 116 of the 7th day of April 1936, the National Bank of Denmark Act.*

Section 3, 2nd subsection shall run as follows:

»The members of the Board of Directors, the Committee of Directors and the Board of Governors shall be Danish subjects with domicile in Denmark, besides they shall be of age, enjoy the reputation and confidence prerequisite to the offices (appointments, tasks) and not be deprived of the right to dispose of their estate.«

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## Chapter 3.

### § 52.

Subsection 1. This Act shall take effect on the 1st day of July 1939.

.....

With which all those concerned shall have to comply.

Given on Christiansborg, the 15th day of March 1939.

Under Our Royal Hand and Seal.

Christian R.

(L. S.)

*Steincke.*

## AMENDMENTS OF THE BY-LAWS

as adopted on the 20th of March 1942 by the Board of Directors on the recommendation of the Committee of Directors of the Bank and confirmed by the Minister of Trade, Industry and Shipping on the 1st of April 1942.

*re § 2:*

The following subsection to be added:

»When the Chairman deems that a case for special reasons should be decided without a meeting being held, the decision of the Board of Directors may be made in writing unless the Royal Bank-Commissioner or at least 5 members of the Board of Directors demand the case to be dealt with in a meeting.«

*re § 4:*

Subsection 4, number 5, to be amended as follows:

»To elect every three months 2 directors who together with a member of the Committee of Directors by an examination in the Bank make themselves acquainted with its work and, if convenient, without assuming an auditor's liability draw samples at random from the holdings and engagements of the Bank in such a way that the members in question in each case shall be free to decide what departments of the Bank they wish to examine.

*re § 5:*

The last subsection to be amended as follows:

»The members of the Committee of Directors shall not have a seat in the management of other banks. The Chairman and Deputy-Chairman shall not be attached to other banks or savings-banks.«

*re § 6:*

Subsection 1, first clause, to be amended as follows:

»The Committee of Directors shall meet once every month unless other decision be made, and otherwise as often as the Chairman deems it necessary, or when the Royal Bank-Commissioner or 3 members demand it.«

*re § 9:*

Subsection 2 to be amended as follows:

»The Governors shall be entitled to pension from the old-age pension fund of the National Bank of Denmark.«

*re § 36:*

Subsection 1, first clause, to be amended as follows:

»The daily audit of all the books of the Bank shall be made by officials appointed for that purpose. At a branch, however, the audit may, on the recommendation of the Board of Governors, be made by an auditor appointed by the Committee of Directors.«

Subsection 2 to be amended as follows:

»The auditors shall keep a record. The auditors' record shall be submitted to the Board of Governors once a month and produced at the monthly meeting of the Committee of Directors. If the audit at a branch be made by an auditor specially appointed, a report on this audit based on information from this auditor shall be entered into the record.«