

34. The bank may not—

- (a) Issue notes of a denomination of less than 10s. :
- (b) Engage in trade or otherwise have a direct interest in any commercial, industrial, or other similar undertaking :
- (c) Purchase its own shares or the shares of any other bank, or grant loans on the security thereof, excepting those of the Bank for International Settlements :
- (d) Make unsecured loans or advances :
- (e) Purchase or make advances on real estate, except as provided in Article 35 or as may be required to enable the bank to conduct its business :
- (f) Pay interest on money placed on deposit or current account with the bank, except that interest may be paid to the New Zealand Government on foreign balances as provided for in Article 39. In particular, the bank shall pay no interest on the deposits which other banks are required to keep with it, amounting to 7 per cent. of the demand liabilities and 3 per cent. of the time liabilities of those banks :
- (g) Allow the renewal of maturing bills of exchange purchased or discounted by, or pledged to, the bank, save, in exceptional circumstances and after a resolution passed by the Board of Directors, in which case one renewal may be permitted :
- (h) Draw or accept bills payable otherwise than on demand :
- (i) Grant accommodation to the State, State undertakings, or public authorities, directly or indirectly, by way of discounts, loans, or advances exceeding three months' revenue of such authorities.

35. In the event of any claim of the bank being endangered, the bank may secure itself on real property of the debtor and may acquire such property, provided that it is resold at the first opportune moment.

36. The bank shall at all times make public the minimum rate at which it is prepared to discount or rediscount bills.

*(b) Relations with the State.*

37. The bank shall manage, without remuneration, the receipts and disbursements of the State. All State receipts shall be paid into the bank and disbursed under competent authority in writing directed to the bank. For this purpose the bank shall open current accounts for the Treasury.

38. All accounts of the State shall be kept at the bank, including the accounts of the Post Office Savings-bank and all other State undertakings.

39. No interest shall be paid by the bank on such accounts, except that the bank may pay on Government funds held abroad interest at a rate lower by not less than  $\frac{1}{2}$  per cent. per annum than the average rate earned by the bank on all short-term funds held abroad.

40. The Government shall entrust the bank with all their money, remittance, exchange, and banking transactions in New Zealand and elsewhere.

41. The bank shall, if so requested by the Treasury, manage the State debt and act as the agent of the Treasury in paying all dividends, interest, allocations to sinking funds, or repayments of maturing securities.

42. The bank shall be exempt from all State taxes except land and income tax and the special tax provided for in Article 49 of these statutes.

43. During the period of the privilege granted to the bank under Article 44 the New Zealand Government undertakes not to issue or reissue money of any kind whatever, other than subsidiary coins of denominations not higher than 5s., and these only to the bank and at its request.

*(c) Note-issue.*

44. The bank shall have the sole right of issuing notes in New Zealand for a period of twenty-five years from the date prescribed by the law of [*Date*] ; but the privilege may be revoked at any time if the bank fails to ensure that the value of its notes remains stable.

45. A tender of a note of the bank expressed to be payable on demand shall be a legal tender to the amount expressed in such note, so long as the bank shall continue to pay its notes in the manner prescribed in Article 46.

46. On presentation at the Head Office of the bank in Wellington the bank shall be obliged to give in exchange for its notes sterling for immediate delivery in London.

The bank shall also be obliged to deliver its notes on demand in Wellington in exchange for sterling for immediate delivery in London tendered to it.

The obligation of the bank to convert its notes applies to any amount not less than £5,000.

When the bank gives sterling in exchange for its notes, or *vice versa*, the rate at which such exchange is effected shall not at any time vary from parity with sterling by more than 30s. either way.

The provisions of this article shall not come into operation until a date to be fixed, at the request of the bank, by Order in Council and published in the *Gazette*.

47. The bank shall maintain a minimum reserve of not less than 30 per cent. of the amount of its notes in circulation and other demand liabilities.

48. The term "reserve" in the preceding Article shall include only—

- (a) Gold coin and bullion in the unrestricted ownership of the bank :
- (b) Deposits at the Bank of England :
- (c) British Treasury bills maturing within three months :
- (d) Bills of exchange payable in London bearing two good signatures, maturing within three months :
- (e) Net foreign gold exchange in the unrestricted ownership of the bank, provided that it be on a country the currency of which by law and in practice is convertible on demand at a fixed price into exportable gold.