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THE DEPOSIT PROTECTION FUND ACT, 2024

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Part IX deals with certificate of membership. Clause 29 states that the Central Bank shall issue a certificate of membership to a bank or specialized deposit-taking institution that is a member of the Scheme. It further provides that the bank or specialized deposit-taking institution shall display the certificate in a conspicuous place at the main office of the bank or specialized deposit-taking institution and at each branch office, agency or outlet

Part X deals with payment of insured deposits

Part XI deals with financial statements , audit and annual report . Clause 31 provides that the financial statements and related documents shall be prepared by the Fund in accordance with international financial reporting standards and the Fund shall keep accurate and complete books of accounts.

Part XII deals with miscellaneous provisions . Clause 35 states that the Fund shall be exempted from paying income tax and dividend

MADE this day of , 2024

SHEKU A. F BANGURA,
Minister of Finance

FREETOWN
SIERRA LEONE.

No.



2024

Sierra Leone

A BILL ENTITLED

THE DEPOSIT PROTECTION FUND ACT, 2024

Short title.

Being an Act to provide for the repeal and replacement of the Deposit Protection Fund Act 2023 with a more comprehensive law that provides for the continuation of the Deposit Protection Fund, its control and regulation and other related matters

[] Date of commencement.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

PART I - PRELIMINARY

Commencement 1. This Act shall come into effect not later than twelve months after its enactment.

Interpretation 2. In this Act unless the context otherwise requires-

"bank" means a body corporate licensed by the Central Bank to carry on banking business;

"Board" means the Board of Directors of the Central Bank;

"Central Bank" means the Bank of Sierra Leone;

"deposit" means a sum of money paid on terms under which it is to be repaid with or without interest or premium and either on demand or at an agreed time under the legal or contractual conditions applicable and not referable to the provisions of property service or the giving of security;

"depositor" means a person that holds a deposit in member bank or a specialized deposit-taking institution

"differential premium" means an addition to the amount to the regular premiums based on the risk of the member institutions;

"extraordinary premium" means an addition to the regular premiums where the Fund has made or is likely to make payments to depositors which have been exhausted or are likely to exhaust the Fund;

"failed insured institution" means an insured institution whose operating license has been revoked by the Central Bank;

"Fund" means the Deposit Protection Fund established under section 3 of this Act;

"Governor" means the Governor of the Central Bank;

"initial premium" means a fixed amount payable by a member bank or specialized deposit-taking institutions for the establishment of the Fund as an initial capital provided for in this Act;

"insured institution" means a deposit taking financial institution licensed by the Central Bank;

"insurance event" means an event that requires the Fund to undertake payment of insured deposits;

"joint deposit" means the deposit held by two or more persons jointly and payment may be demanded by all or any of the joint beneficiaries in accordance with the mandate of the holders of that account;

"least cost test" means the calculation of the least costly resolution alternative for the Fund for payment of depositors of a failed bank or specialized deposit-taking institutions;

"member institution" means an institution licensed by the Central Bank and accepts deposits from the general public;

"Minister" means the minister responsible for finance and "Ministry" shall be construed accordingly ;

"ongoing premium" means the sum payable by the member banks or specialized deposit-taking institutions;

"person" means a natural or legal person;

"premium" means the sum payable by member banks or specialized deposit-taking institution;

"purchase and assumption" mean a merger or acquisition by another insured institution or contract to have the deposit liabilities assumed by another insured institution;

"reserved fund" means the fund that is derived from a member institution's premium contributions, investment income and any other income or resources provided to the fund;

"significant shareholder" means a person who holds directly or indirectly 5% or more of the total subscribed capital of a member bank or specialized deposit-taking institution;

"specialised deposit-taking institution" means a deposit taking financial institution that is not a bank;

"subrogation" means the claims of insured depositors and creditors paid by the Fund and entitled to the amount realized from liquidation of the failed bank;

"systematic" means the risk of disruption in the financial system with the potential to have serious negative consequences for the financial system and the real economy

PART II- POLICY OBJECTIVES AND FUNCTIONS OF THE DEPOSIT PROTECTION FUND

Continuation of Establishment

3. (1) There shall continue to be in existence the Fund known as the Deposit Protection Fund established within the structure of the Central Bank.

(2) The Fund shall be a body corporate with perpetual succession and power to acquire, hold and dispose of property whether movable or immovable, enter into contracts, sue and be sued in its corporate name and subject to this Act do all things which a body corporate may lawfully do.

4. The public policy objectives of the Fund shall be as follows - Public policy Objectives

- a) protecting small, less financially sophisticated depositors by providing an orderly and timely means of compensation if their insured financial institutions fail;
- b) contributing to the financial system stability in its role as a participant in the financial system safety net; and
- c) enhancing public confidence and systematic stability by providing a framework for the resolution and orderly exit mechanism for failing and failed insured institutions.

5. (1) The object for which the Fund is established is to promptly pay insured depositors of all member institutions. Functions of the Fund.

(2) Without prejudice to the generality of subsection (1), the Fund shall perform the following functions-

- a) insure covered deposit liabilities of licensed banks and any other deposit taking member institutions operating in Sierra Leone;
- b) reimburse insured depositors where the operating license of a member institution is revoked or payment is suspended up to the maximum amount stipulated under this Act;
- c) calculate and collect initial premium, ongoing premium and extraordinary premium;
- d) manage the assets of the Fund;
- e) monitor member institution's compliance with the Act, statutory instruments, directives and guidelines; and

- f) pursue any other measures necessary to achieve the functions of the Fund provided that such measures and actions are not in conflict with the objectives of the Fund.

PART III-EXCLUSIVITY OF THE DEPOSIT PROTECTION FUND

Prohibition on establishment and management of the scheme.

6 (1) Subject to this Act where an insurance event occurs a person or organization shall not manage a scheme for the prompt reimbursement of insured depositors of member banks and specialized deposit taking institutions.

(2) A person or organization who contravenes this section commits an offence and is liable on conviction to -

- a) 7 years imprisonment in the case of an individual; and
- b) a fine of NLe 500,000 in the case of an organization.

PART IV-ADMINISTRATION

Appointment of officer to manage the Fund.

7. (1) The Governor shall appoint a senior officer not below the rank of an Assistant Director who shall be responsible for managing the operations of the Fund.

(2) The terms and conditions of the officer appointed under subsection (1) shall be stipulated in his letter of appointment

Other staff

8. The Governor shall transfer certain employees of the Central Bank to the office of the Fund.

PART V-FUNDS

Capital

9. (1) The authorized capital of the Fund shall be established immediately the member institutions pay the initial premium.

(2) The capital referred to under subsection (1) may be increased immediately a new member institution pays its initial capital.

10. (1) A licensed member bank or a specialized deposit taking institution shall be a member of the Fund.

(2) The Fund shall determine the payment of the initial premium and it shall be deducted from the member institution's account at the Central Bank and credited to the Fund's account.

(3) A member financial institution licensed after the commencement of this Act shall pay the following into the Fund's account-

- (a) an initial contribution calculated as a percentage of the average amount of total deposits, excluding foreign currency deposits held at the start and end of the first year of its operations and the Central Bank may change the calculation to average total insured deposits when all member institutions can calculate insured deposits;
- (b) the initial premium payment within 30 days before the end of its first year of operations.

(4) The initial premium contributed shall be considered as the initial capital of the Fund.

(5) A licensed member bank or specialised deposit- taking institution shall pay quarterly premiums as the Fund may determine.

(6) The premium payment referred to under subsection (5) shall be deducted from the member institution's account at the Central Bank.

11. The Fund shall manage the Reserve fund and the Abandoned Deposit Fund. Management of funds.

Reserve Fund. 12. (1) The Reserve Fund shall be derived from member institution's initial and quarterly premium contributions, investment income and any other income or resources paid into the fund.

(2) The Fund may choose to have multiple reserve funds for banks and other specialized deposit-taking institutions.

Abandoned Deposit Fund. 13. Income from the Abandoned Deposit Fund shall be used to support the operational cost and the development of the Reserve Fund.

(2) Owners of abandoned deposits shall maintain their rights to recover their deposits with no interest paid subject to verification of ownership of the abandoned deposits.

(3) In order to maintain financial integrity the Central Bank shall issue guidelines or procedures for owner's claim and shall maintain the abandoned deposits in the abandoned deposit fund.

(4) Where there is a sale or liquidation the Fund shall receive recoveries from assets of failed banks or failed specialized deposit-taking institutions to reimburse the subrogated claims of depositors.

Resources of the Fund. 14. (1) The Fund's resources shall be maintained in an independent account opened within the Central Bank.

(2) The Fund shall develop an investment policy that prioritizes safety and liquidity.

(3) The investment policy referred to under subsection (2) shall be submitted to the Central Bank for its approval .

(4) The Central Bank shall serve as the Fund's asset Manager.

Reserve target Fund. 15. (1) The Fund shall establish a reserve target fund that shall be adequate to cover potential losses.

(2) The size of the reserve target fund shall be between 3 to 5 % of total deposits to be reached within 10 years of the establishment of the reserve target fund.

(3) The Central Bank shall review the size of the reserve target fund at least once a year with regards to its actual and potential liabilities.

(4) Based on the review referred to under subsection [3] the Central Bank may set a higher minimum reserve target size for the reserve target fund that is in line with the objectives of protecting the interests of depositors and contributing to the resolution of member institutions.

(5) Where the reserve target fund is achieved the Central Bank may reduce or suspend the flat rate contributions of institutions provided that during the reduction or suspension period institutions shall continue to pay the risk adjusted contribution set by the Fund.

(6) Where the reserve target fund balance drops below the minimum range limit, the payment of flat rate contributions shall be restored.

16. (1) Where the reserve fund does not have sufficient liquidity to pay insured depositors the fund shall require funding from the Ministry. ^{Emergency Funding.}

(2) The Fund shall have a standing line of credit with the Ministry to provide liquidity for the resolution of non- systematic member institution in an insurance event.

(3) The Fund shall repay the Ministry without interest for all amount advanced over a time frame to be approved by the Bank and the Ministry.

17. (1) A member institution shall pay regular premiums into the Fund on a quarterly basis . ^{Premiums.}

(2) The assessment periods shall start on the 1st day of January, April, July and October of each year.

(3) Flat baseline premiums shall be calculated as a percentage of the average total deposits, excluding foreign currency deposits held by each member institution over the preceding assessment period and the Board may change the calculation to average total insured deposits where all member institutions can calculate insured deposits .

(4) A differential premium assessment system based on the risk of the member institutions shall be calculated as a percentage of the average total deposits, excluding foreign currency deposits held by each member institution over the preceding assessment period.

(5) The differential premium shall be added to the flat baseline rate based on the composite supervisory rating of the member institution by the Bank.

(6) The Central Bank shall determine and announce the rate at which regular and differential premiums shall be set before the commencement of each assessment period.

(7) The Central Bank may increase the rate at which the regular premiums are assessed at any time and may decrease the rate where the Fund has reached the minimum target level and all outstanding funding provided by the Bank has been fully repaid.

(8) The baseline and differential premiums shall be paid to the Fund by drawing from the accounts of the member institutions at the Central Bank.

(9) The Fund shall propose the method to be used for calculating the regular premiums and the procedure for collecting the premiums.

(10) Where the Fund has made or likely to make payments to exhausted or likely to be exhausted depositors the Fund with the approval of the Central Bank may impose extraordinary premiums on the member institutions in addition to the regular premiums.

(11) In order to enable the Fund to return to its minimum target size within a reasonable period the Central Bank shall determine the rate of the extraordinary premiums which shall not exceed twice the amount of the regular annual premiums paid by each member institution over the preceding assessment period.

(12) The extraordinary premiums shall be paid to the Fund by drawing from the accounts of the member institutions at the Central Bank.

18. (1) The Fund's resources may be used for the following- Use of fund.

- (a) capital expenditure and recurrent expenses of the Fund;
- (b) payment of insured deposits to depositors of failed member institution;
- (c) facilitate payment of depositors through a purchase and assumption agreement based on the least costly resolution alternative;
- (d) investment in government securities issued or guaranteed by the government;
- (e) servicing of loans used by the Fund for paying insured deposits; and
- (f) reimbursement to the Bank for its contribution to the Fund's operating expenses where the Fund reaches the maximum target range.

(2) The reserve fund shall not be used for investment, deposits or placement in member banks or in specialized deposit-taking institutions.

Establishment and maintenance of bank account. 19. (1) The Deposit Protection Fund shall start off as a Unit and later transform into a Department within the Central bank.

(2) An account in the name of the Fund shall be created in the accounting system of the Central Bank.

Operating Expenditures. 20. (1) The initial expenses for planning, development and implementation of the Fund shall be borne by the Central Bank.

(2) The Central Bank shall cover the Fund's operating expenses for a period not exceeding 5 years.

(3) Where the Fund reaches its minimum target range in less than five years, the Central Bank shall terminate the coverage of the Fund's operating expenses.

(4) The Central Bank shall advance funds to the Fund to cover operating expenses or pay the expenses on an on-going basis.

(5) Where the reserve target fund reaches the minimum percentage the Central Bank shall require the Fund to repay the operating cost advanced by the Central Bank with no interest.

PART VI-NOTICE OF ADMINISTRATIVE SANCTIONS , CESSASTION OF MEMBERSHIP AND MERGER OF MEMBER INSTITUTIONS

Administrative Functions. 21. (1) The Central Bank shall impose administrative Functions sanctions on a member institution or a person that violates this Act or statutory instruments made under the Act.

(2) The administrative sanctions referred to under subsection (1) shall be as follows-

- (a) written warning;
- (b) orders to comply with specific instructions; or
- (c) pecuniary penalties .

22. (1) A bank or specialized deposit-taking institution Membership shall automatically cease to be a member of the Fund upon the occurrence of the following - Cessation of Membership.

- (a) surrender, cancellation or revocation of a member bank's licence by the Central Bank ;
- (b) issuance of a winding-up order against the member bank or specialised deposit taking institutions;
- (c) transfer of all deposit liabilities of a member bank to any other bank or specialised deposit-taking institutions.

(2) After the termination of membership of a member bank or specialised deposit-taking institution, the Central Bank and the Fund shall jointly and as soon as it is reasonably practicable cause the name of the member bank or specialised deposit-taking institution to be published in at least 2 daily newspapers of nationwide circulation.

(3) Where a member bank or specialized deposit-taking institution ceases to be a member of the Fund, the bank or specialised deposit-taking institutions shall not be relieved from its obligations or liabilities to the Fund that accrued before the cessation of its members.

23. Upon the merger or amalgamation of a member bank with any other bank or specialized deposit-taking institutions the following shall apply- Merger or Amalgamation.

- (a) the insured depositors shall have the same deposit protection as the banks or specialized deposit taking institutions for a period of 6 months;
- (b) the merged banks or specialized deposit taking institutions shall notify depositors that the double coverage shall end with 6 months and shall provide the Fund with proof of the notification.

PART VII - DEPOSIT PROTECTION SCHEME

Membership of the Fund. 24. (1) A deposit-taking institution licensed by the Central Bank shall become a member of the Fund.

(2) The membership of a deposit-taking institution shall take effect on the date the banking or operational business license is issued by the Central Bank.

(3) The deposit-taking institution referred to under this section shall pay a fixed initial premium determined by the Fund.

Insurable Event. 25. An insurance event shall take place on the date the Central Bank announces the revocation of a business license of a failed bank or specialized deposit-taking institution and the Fund undertakes to pay the insured deposits.

Coverage. 26 (1) The coverage limit of the Fund shall be set by the Central Bank and it shall not be less than NLe 20,000.

(2) The Central Bank may revise the coverage limit based on relevant economic data.

(3) The Governor shall order a review of the coverage limit every 3 to 5 years to determine whether or not the coverage the coverage is appropriate.

(4) The Fund shall pay insured deposits per depositor and per member institution .

(5) The insurable coverage of a depositor shall be determined by aggregating all the deposits of the depositor maintained in the different accounts including the accrued interest on those deposits up to the date the insurance event occurs.

(6) In the case of a joint deposit, the contributions of each depositor in the common account shall be considered equal unless the bank records or documents a different portion or the depositor submits evidence to the contrary .

(7) Where a deposit contract is for the benefit of a third party (trust account) the person on whose behalf the deposit was placed shall be the insured depositor unless otherwise stipulated in the contract.

(8) The beneficiary of the trust referred to under subsection (7) shall have all the accounts under his name aggregated and shall not be insured over the coverage limit.

(9) Where a deposit serves as a collateral for the member institution or a third party the insured deposit payable for the deposit shall be withheld until the deposit is no longer under a collateral.

(10) The following shall be insured accounts-

- (a) current account;
- (b) savings account;
- (c) time and term account;
- (d) non-interest account; and
- (e) other deposits account listed under Banking Act.

Power to
Collect
Information

(11) The following deposits shall be excluded from insurance coverage -

- (a) foreign currency deposits;
- (b) secured deposits;
- (c) deposits of banks or specialized deposit-taking institution;
- (d) deposit of government or an agency of government;
- (e) deposits of branches of financial institutions operating outside Sierra Leone;
- (f) deposit of the following
 - (i) significant shareholder;
 - (ii) a director;
 - (iii) a managing director or chief executive officer;
 - (iv) deputy managing director of the bank or specialized deposit-taking institution;
 - (v) spouse or relation in the first degree of consanguinity or affinity of the shareholder, director, president or vice president; and
 - (vi) legal entity in which the significant shareholder, director, managing director, chief executive officer or deputy managing director of the bank or specialized deposit-taking institution and the spouse or relation in the first degree of consanguinity or affinity of

the shareholder, director, managing director, chief executive officer or deputy managing director holding in excess of 10% of the voting rights;

- (g) a depositor who the Bank believes profited from the failed institution and not entitled to the payments of the insured deposits;
- (h) deposit of an external auditor of the member banks or specialized deposit-taking institutions and partner(s);
- (i) counterclaim of a person who maintains both deposit and loan account, the former serving as a collateral for the loan;
- (j) deposits frozen by the court;
- (k) deposits of persons under criminal investigation or who are suspected of being involved in money laundering or terrorist financing; and
- (l) any other deposit as may be specified from time to time by the Fund

27. Where a depositor has obligations with the bank or specialised deposit-taking institutions the following shall apply - Right of Offset.

- (a) performing loans shall not offset against insured deposits;
- (b) non-performing loans shall automatically offset against insured deposits;
- (c) uninsured depositor claim may be offset against performing and non-performing loans.

PART VIII-MONITORING OF INSURED INSTITUTIONS

Power to
Collect
Information.

28 (1) A member of the scheme shall submit periodic reports to the Fund in a manner prescribed by the Central Bank.

(2) In order to fulfill its objects the Fund may request the Central Bank's supervisory department to-

- (a) carry out a special examination of a member bank or specialized deposit-taking institution;
- (b) submit the information obtained from the examination to the Fund.

(3) During the preparation for an insurance event the Fund shall work with the Central Bank's supervisory departments, member banks and specialized deposit-taking institutions to ensure that there are adequate systems and software for the aggregation of depositor accounts to determine insured deposits and transfer of data .

PART IX - CERTIFICATE OF MEMBERSHIP

Certificate of
Membership.

29 (1) The Central Bank shall issue a certificate of membership to a bank or specialized deposit-taking institution that is a member of the Scheme.

(2) After receipt of the membership certificate under subsection (1) the bank or specialized deposit-taking institution shall display the certificate in a conspicuous place at the main office of the bank or specialized deposit-taking institution and at each branch office, agency or outlet.

PART X - PAYMENT OF INSURED DEPOSITS

Payment of
insured.

30 The following shall prevail in the case of deposits payment of insured deposits -

- (a) the deposit account records of a member institution shall be prima facie evidence of the existence, validity, nature and ownership of the insured deposits;
- (b) the Fund shall pay the member institution's depositors up to the amount of the insured deposits in the case of the insurance event;
- (c) upon reimbursement of an insured depositor, the Fund shall be discharged from any liability to the insured depositor to the extent of the reimbursement;
- (d) the Fund shall pay the insured deposits through a paying agent bank determined by the Central Bank or through an assuming bank in a purchase and assumption agreement;
- (e) the appointed receiver of the member institution, working for the Central Bank and the Fund shall prepare written records and supporting documentation on the insurable deposits of that member institution within 3 days from the date of the appointment;
- (f) within 2 working days from receipt of the records and documents referred to under paragraph [e] the Fund shall publish in at least 2 widely circulating newspaper the date when repayment to depositors shall start, the place where the payment is to be effected and the documents required for effecting payment of the insured deposits;
- (g) repayment of depositors shall start no later than 7 working days and shall end no later than 180 working days from the day the insurance event occurred;

- (h) subject to paragraph [j] depositors who for justifiable reasons do not meet the deadline referred to under paragraph (g) shall be eligible to claim for their insured deposits;
- (i) five years after the insurance event occurred the Fund shall be relieved of all respective liabilities and the unclaimed funds shall revert to the Fund;
- (j) the Fund shall not pay interest on insured deposits after the date of the insured event;
- (k) by paying the insured deposit the Fund shall assume the place of the depositor up to the amount paid;
- (l) the Fund shall regularly inform the receiver and the Central Bank on the payments made by the Fund to the depositors; and
- (m) the reimbursement process shall be subject to an independent audit and the findings submitted to the Central Bank.

PART XI-FINANCIAL STATEMENTS, AUDIT AND ANNUAL REPORT

Financial Accounts and Audit.

31. (1) The financial statements and related documents shall be prepared by the Fund in accordance with international financial reporting standards.
- (2) The Fund shall keep accurate and complete books of accounts.
- (3) Within one month after the end of each financial year, the Fund shall prepare and submit to the Central Bank proforma (unaudited) financial statements.
- (4) The Central Bank shall appoint an external auditor annually.

(5) Within three months after the end of each financial year the Fund shall prepare and submit an audit report to the Board for its review and approval.

(6) The Fund's financial statements duly audited and signed by an auditor shall be submitted to the Central Bank for publication in the annual report of the Central Bank.

32. (1) The Fund shall prepare a report containing the following - Annual Report.

- (a) the Fund's financial information;
- (b) annual activities for its operations;
- (c) statistical data on keys aspects of its operations.

(2) The Fund shall submit the report referred to under subsection (1) to the Central Bank for publication in the annual report of the Central Bank.

(3) The Fund in consultation with the Central Bank shall conduct a meeting relating to its annual reporting with member institutions within six months before the end of the fiscal year.

PART XII- MISCELLANEOUS PROVISIONS

33. An insured institution shall not advertise its insured status unless it obtains approval from the Central Bank. Advertisement.

34. A member institution shall inform the public about its membership in the Fund. Public Awareness.

35. The Fund shall be exempted from paying income tax and dividend. Tax Exemption.

36 (1) No action or any other proceedings shall lie or be instituted against any officer or agent of the Fund in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of his functions under this Act. Immunity.

(2) An officer or agent in the performance of his duties not shall be personally liable for any debt or obligation emanating from transactions expressly done in good faith in the exercise of his functions under this Act.

Disclosure
and
Transparency

37. (1) The Fund may collect any information under this Act from the Central Bank's supervisory departments and member institutions to fulfill its object.

(2) The information collected shall not be disclosed or caused to be disclosed to any person unless the disclosure is -

- (a) made for the purpose of fulfilling the requirements of this Act;
- (b) made to recipients who are legally authorized to obtain the information;
- (c) made to any authority to which the Fund is accountable;
- (d) ordered by a court of competent jurisdiction;
- (e) required for the purpose of meeting Sierra Leone's obligations under any international agreement that it is a party to.

Cooperation

38. The Fund and the Central Bank's supervisory departments shall work together in relation to the following

- (a) conduct examination of member institutions;
- (b) exchange of information or data with respect to distressed financial institution;
- (c) sharing of information and data; and
- (d) any other matters considered necessary by the Fund.

39. The Central Bank after consultations with the Directives and Fund shall by statutory instruments make rules and Guidelines regulations and issue directives and guidelines for giving effect to the provisions of this Act. Regulations.

40. (1) The Deposit Protection Act 2023 is hereby repealed. Repeal.

(2) Notwithstanding subsection (1) any statutory instrument made under the repealed Act and in force immediately before the commencement of this Act shall continue to be in force with modifications if necessary to bring them into conformity with this Act until the statutory instrument is revoked under this Act.

MEMORANDUM OF OBJECTS AND REASONS

This Bill is divided into twelve parts.

Part I contains the commencement and interpretation clause. Clause two defines words and phrases used throughout the Bill.

Part II deals with the policy objectives and functions of the deposit protection fund. Clause four outlines the public policy objectives of the Fund such as protecting small, less financially sophisticated depositors by providing an orderly and timely means of compensation if their insured financial institution fails

Clause five deals with the functions of the Deposit Protection Fund. Sub clause (1) stipulates that the object for which the Fund is established is to promptly pay insured depositors of all member institutions. Sub-clause (2) sets out the functions of the Fund such as insuring covered deposit liabilities of licensed banks and any other deposit taking member institutions operating in Sierra Leone and reimbursing insured depositors where the operating license of a member institution is revoked or payment is suspended up to the maximum amount stipulated under the Act

Part III deals with the exclusivity of the Deposit Protection Fund. Clause six prohibits the establishment and management of a scheme for the prompt reimbursement of insured depositors of member banks and specialized deposit taking institutions.

Part IV covers administration of the Fund. Clause (7) stipulates that the governor shall appoint a senior officer not below the rank of an Assistant Director who shall be responsible for managing the operations of the Fund

Part V deals with funds. Sub-clause (1) of clause 9 stipulates that the authorized capital of the Fund shall be established immediately the member institutions pay the initial premium

Clause 12 deals with the reserve fund. It provides that the reserve fund shall be derived from member institution's initial and quarterly premium contributions, investment income and any other income or resources paid into the fund

Clause 13 deals with the abandoned deposit fund. This clause provides that the income from the abandoned deposit fund shall be used to support the operational cost and the development of the reserve fund.

Clause 14 provides that the fund's resources shall be maintained in an independent account opened within the Central Bank

Sub-clause (1) of clause fifteen provides that the fund should establish a reserve target fund that shall be adequate to cover potential losses. Sub-clause (2) of clause fifteen provides that the size of the reserve target fund shall be between 3 to 5% of total deposits to be reached within 10 years of the establishment of the reserve target fund.

Sub-clause (1) of clause sixteen provides that where the reserve fund does not have sufficient liquidity to pay insured depositors, the fund shall require funding from the Ministry.

Clause seventeen deals with premiums. It provides that a member institution shall pay regular premiums into the Fund on a quarterly basis.

Part VI covers notice of administrative sanctions, cessation of membership and merger of member institutions. Sub-clause (1) of clause 21 provides that the Central Bank shall impose administrative sanctions on a member institution or a person that violates this Act or statutory instrument made under the Act

Part VII covers deposit protection scheme. Clause 24 provides that a deposit-taking institution licensed by the Central Bank shall become a member of the Fund. It further provides the membership of a deposit-taking institution shall take effect on the date the banking or operational business license is issued by the Central Bank. Clause 26 deals with coverage limit it stipulates that the coverage limit of the Fund shall be set the Central Bank and it shall not be less than NLe 20,000. It further states that the Central Bank may revise the coverage limit based on relevant economic data and the Governor shall order a review of the coverage limit every 3 to 5 years to determine whether or not the coverage the coverage is appropriate.

Part VIII deals with monitoring of insured institutions. Clause 28 provides that a member of the scheme shall submit periodic reports to the Fund in a manner prescribed by the Central Bank