



**LAW NO. 40-17**

**BEARING STATUTES OF  
BANK AL-MAGHRIB**

بنك المغرب  
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**Royal Decree No. 1-19-82 of 17 chaoual 1440 (21 June 2019)  
promulgating  
Law No. 40-17 bearing Statutes of Bank Al-Maghrib**

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PRAISE BE TO GOD ALONE!

*(Grand Seal of His Majesty Mohammed VI)*

Let it be hereby known – may God raise and improve its content!

That Our Honourable Majesty,

Having regard to the Constitution, especially Articles 42 and 50 thereof;

HAS DECIDED THE FOLLOWING:

Law No. 40-17 on the Statutes of Bank Al Maghrib is hereby promulgated and shall, pursuant to this Decree, be published in the Official Gazette (Bulletin Officiel), as adopted by the House of Councillors and the House of Representatives.

*Issued in Rabat, on 17 Chaoual 1440 (21 June 2019).*

Countersigned by:

*The Head of the Government,*

SAAD DINE EL OTMANI



**Law No. 40-17**  
**Bearing Statutes of Bank Al Maghrib**

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**TITLE 1:**

**LEGAL STATUS, MISSIONS, GOVERNANCE, AND CONTROL**

**Chapter I**

**Creation – Capital – Legal Status – Head Office**

**Article 1**

“Bank Al Maghrib”, established by Royal Decree No. 1-59-233 of 23 Dhou Al hija 1378 Anno Hegirae (June 30, 1959), hereinafter referred to as “the Bank,” is a public legal entity endowed with financial and administrative autonomy, whose objectives, functions and operations, as well as the administrative, management and control procedures are laid down in this law and in the texts adopted for its implementation.

**Article 2**

The capital of the Bank shall be fixed at 500,000,000 dirhams, entirely held by the State.

Pursuant to a decision of the Bank Board, the Bank’s capital may be increased by incorporating reserves, up to a maximum of 50 percent of the capital, after consulting the government commissioner.

In case the Bank's capital is insufficient, the Government is required to make a cash contribution to cover the shortfall in accordance with the same terms, subject to regulatory approval.

### Article 3

Subject to the derogations provided for in this law, the Bank's acts and operations shall be governed by the provisions of the legislation in force.

### Article 4

The Head office of the Bank shall be located in Rabat.

The Bank shall establish branches or agencies anywhere it deems necessary.

## Chapter II:

### MISSIONS

#### *Section 1: Core missions*

### Article 5

The Bank shall have the sole right of issuing banknotes and coins classed as legal tender throughout the Kingdom.

### Article 6

The Bank shall define and conduct monetary policy transparently, within the framework of the government's economic and financial policy.

The main objective of the Bank is to ensure price stability.

The Bank shall define the price stability objective and conduct monetary policy.

The Minister of Finance, reporting to the Head of Government, shall interact regularly with the Governor of Bank Al-Maghrib with a view to ensuring consistency of both macro-prudential and monetary policies with the other macro-economic policy instruments.

### Article 7

The Bank shall intervene on the money market by using appropriate monetary policy instruments and operations, as defined in article 66 below.

It shall oversee the proper functioning of the money market and ensure its control.

### Article 8

The Bank shall ensure the proper functioning of the banking system and monitor application of the legal and regulatory provisions governing the exercise and supervision of the activities of credit institutions and similar bodies.

### Article 9

The Bank shall take all the measures necessary to facilitate money transfer and ensure the proper functioning, security, and efficiency of payment systems.

In this regard, it shall oversee the security of the clearing, financial instruments settlement and delivery, and payment means systems, and ensure relevance of the applicable rules and regulations.

The Bank may request all documents and information necessary to accomplish the missions mentioned above.



## Article 10

The Bank shall contribute to the stability of the national financial system, particularly within the framework of the Systemic Risk Coordination and Monitoring Committee set up by virtue of the law on credit institutions and similar bodies.

In addition, the Bank may propose to the Government any other measure aimed at maintaining financial stability.

## Article 11

The Bank shall implement the exchange rate policy within the framework of the exchange rate regime and of the guidelines laid down by the Government, after seeking the opinion of the Bank.

## Article 12

The Bank shall exercise the public interest mission of holding and managing the country's foreign exchange reserves.

Foreign exchange reserves shall be entered on the assets side of the balance sheet of the Bank and be allocated to the latter to carry out its basic missions as defined in this law. They may not be subject to protective or enforcement measures ordered against the State nor guarantee obligations contracted by the latter.

The Bank may use the foreign exchange reserves to preserve the value of the dirham, if the foreign exchange regime and the orientations adopted so allow, after consulting the government authority in charge of finance.

As part of its foreign exchange reserve management and notwithstanding any other legislative provisions in force, the Bank shall be empowered to conclude agreements with its foreign counterparts based on master agreements signed with international professional associations.

The Bank may delegate the management of part of the foreign exchange reserves to authorized representatives subject to the conditions laid down by it.

### Article 13

The Bank, represented by the Governor of Bank Al-Maghrib, the Director General and the Board members, may not seek or accept instructions from the Government or from third parties in the conduct of its missions.

## *Section 2: Other Missions*

### Article 14

The Bank shall contribute to developing and implementing the national strategy for financial inclusion and promoting an inclusive financial system.

### Article 15

The Bank shall act as the financial advisor to the Government. The latter shall particularly seek its advice on all matters likely to affect the exercise of its prerogatives and functions as defined by this law. The Bank shall submit to the Government all opinions and suggestions relating to the same matters.

### Article 16

The Bank shall represent the Treasury in its banking operations in Morocco and abroad.

The Bank shall be entrusted, under the conditions laid down by the law, with operations involving the issuance, repurchase, conversion and reimbursement of national government loans and government securities and, generally, with the financial servicing of loans issued by the State.

Upon request of the government, the Bank may also take part in negotiations of external loans and borrowings contracted for the State.

### Article 17

The services provided to the Bank by the State shall be remunerated based on the expenses incurred by the latter for these services, in accordance with the conditions and the terms convened between the State and the Bank.

The Bank shall receive remuneration for the banking operations and financial services carried out on behalf of the State, to cover the expenses borne by the Bank thereof.

The procedures for implementing the provisions of the preceding paragraph shall be laid down in an agreement between the State and the Bank.

### Article 18

The Bank may, upon request of the Government, represent the latter before the international financial and monetary institutions founded to promote international monetary and financial cooperation.

### Article 19

Upon request of the Government, the Bank shall take part in negotiations of international financial agreements and may, where appropriate, be entrusted with their implementation.

Agreements referred to in the above paragraph shall be implemented on behalf of the State, which shall bear the risks and expenses thereof.

## Chapter III

### Operations of the Bank

#### Article 20

The Bank may:

- open and hold demand accounts, securities accounts and all deposit accounts in the name of:
  - the Treasury;
  - credit institutions licensed as banks;
  - foreign central banks;
  - international and regional financial organizations;
  - international and regional organizations;
  - other bodies or natural or legal persons, after approval by the Governor of Bank Al-Maghrib;
- carry out all securities collecting operations;
- carry out all foreign exchange transactions, both spot and forward;
- carry out all banking balancing operations and all operations on behalf of third parties, insofar as coverage of the said operations is provided or insured to the satisfaction of the Bank;
- obtain and grant credit, lend or borrow from foreign banks or foreign or international monetary and financial institutions. In connection with these operations, the Bank shall request or grant the guarantees it deems appropriate.

## Article 21

The Bank may print banknotes and mint coins, both for its own account and for the account of foreign states and duly authorized foreign central banks.

The Bank may, on behalf of the State, foreign States, or any other competent Moroccan or foreign body, subject to the legislation in force, manufacture secured or to be secured documents.

## Article 22

The Bank may acquire the real estate properties needed for its operations or its staff. It may sell and exchange such real estate to fulfil its operating requirements.

It may also accept, by way of pledge, mortgage or in lieu of payment, real estate or other property to cover its nonperforming loans. It may, for the same purpose, acquire real estate and all other property sold to it at forced sale.

Subject to the provisions of the first paragraph of this article, real estate and all other property thus acquired must be disposed of.

## Article 23

The Bank may, for the common interest, subscribe to the capital of national and international public financial institutions, other than those subject to its control.

## Article 24

The Bank may not carry out operations other than those authorized under articles 20 to 23 above, unless the concerned operations are:

- a) required for the conduct of the missions or for the settlement of operations referred to in this law;
- b) performed for the exclusive benefit of its personnel;

## Chapter IV

### Administration, Management, and committees

#### Article 24

The Bank shall be composed of the Management and the Administrative bodies.

#### *Section 1: Management: The Board*

#### Article 25

In addition to the missions entrusted to it by virtue of this law, the Board shall be tasked with the following duties:

**I:**

- defining the price stability objective;
- setting the interest rate for the Bank's operations in the money market;
- fixing the ratio, the basis for calculation, and the interest rate of the reserve requirements mentioned in article 66 of this law;
- setting, with the assent of the Conseil Supérieur des Oulémas (Higher Council of Muslim scholars), the liquidity management intervention tools deemed appropriate for the specificities of the activities and operations of participatory banks, as provided for by the Law on Credit Institutions and Similar Bodies;
- defining the conditions for issuing and repurchasing debt securities mentioned in the 2<sup>nd</sup> indent of the 2<sup>nd</sup> paragraph of article 66 of this law;

- deciding on any other instrument of intervention in the money market or in the foreign exchange market;
- deciding on any instrument to be used and any action to be taken, in exceptional circumstances, particularly with regard to granting emergency liquidity and advances provided for in article 67 of this law;
- deciding on the terms and conditions for making monetary policy decisions public;
- giving its opinion on the different draft and proposed laws relating to the banking system;
- deciding the general rules for managing foreign exchange reserves;
- deciding on the terms and conditions for using foreign exchange reserves in order to preserve the value of the dirham.

The Board shall be regularly kept informed of the monetary policy conduct and of foreign exchange reserves management.

## II:

- Setting the features characterizing banknotes and coins issued by the Bank and deciding on their circulation and withdrawal in accordance with the procedures specified in Articles 58, 60 and 61 of the present law;
- approving the Bank's annual report on the economic, monetary and financial situation of the country as well as on the Bank's activities, to be submitted to HIS MAJESTY THE KING.

### III:

- discussing all issues relating to the Bank's organization and strategic guidelines;
- approving the terms and conditions for the awarding and performance of the Bank's contracts;
- deciding on the use of the Bank's own funds in representation of its capital and reserves account;
- ruling on the acquisition, sale, and exchange of real estate, both on behalf of the Bank and of the retirement and pension Funds of the Bank's staff;
- approving the Bank's annual budget and the changes made to it in the course of the fiscal year;
- ruling on the establishment and closure of the Bank's branches and agencies;
- deliberating, upon initiative of the Governor, on all treaties and conventions, and approves them;
- examining and approving the management report and the financial statement
- appointing the external auditor in charge of the annual audit of the Bank's accounts and setting the duration of its term of office;
- examining the external auditor's report and decide on the further action to be taken;
- examining and approving the internal audit charter as well as the annual internal audit program of the Bank;



- establishing the staff regulations and the general salaries and benefits scheme, as well as their retirement and social welfare schemes, and ensuring their continuity;
- reviewing and approving the Board's Rules of Procedure and the codes of ethics applicable to its members and to the Bank's staff, respectively;
- appointing the Directors of the Bank, upon proposal of the Governor of Bank Al-Maghrib;

The Board shall be informed periodically of the conduct of missions and activities as well as of the Bank's results.

The Board shall receive on a regular basis, and at least once a month, information regarding the Bank's accounting situation.

## Article 26

The Bank Board shall be composed of the following:

- The Governor of the Bank, Chairman;
- The Director General of the Bank;
- The Director of the Treasury and External Finance at the Ministry of Finance, who shall not vote on monetary policy decisions;
- Six members appointed by the Head of Government, including three proposed by the Governor, among persons known for their integrity and competence in the monetary, financial or economic fields, and holding no electoral office and no position of responsibility in public or private enterprises or in public administration. The three others shall be proposed by the government finance authority and should meet the same conditions.

These members shall be appointed for a six-year term, one-third renewable every two years.

The chairs for the first and second renewal operations shall be determined by drawing of lot.

The drawing of lots for the first renewal shall be carried out at the end of the second year following the first nomination.

The drawing of lots for the second renewal shall take place at the end of the fourth year following the first nomination. Members appointed during the first renewal are, however, not included in this drawing of lots.

Members referred to in the fourth indent of the first paragraph in this article may only be relieved of their functions prematurely if they become incapable of performing their missions or if they are guilty of serious misconduct. In such cases, the member's term ceases at the substantiated request of the Board upon decision of a majority of its members, excluding the concerned member. The terms for implementing provisions of this paragraph shall be fixed by the Ethics code applicable to the Board Members.

The member appointed to replace the resigning, revoked, or deceased member, shall complete the mandate of the replaced member.

## Article 27

The Board shall meet at least once every quarter at the initiative of its chairman and whenever so requested by at least three of its members.

The annual schedule of regular Board meetings shall be made public.

The Board may only deliberate when an absolute majority of its members is present. The decisions of the Board shall be adopted

by a majority vote of the members present. In the event of a tie, the Chairman's vote is decisive.

The deliberations of the Board are recorded in minutes signed by the Chairman of the meeting and at least one member of the Board. In the event of an impediment for the Chairman, the minutes shall be signed by at least two of the members attending the meeting.

Copies and extracts of the minutes of the deliberations shall be duly certified by the Governor of Bank Al-Maghrif, or by the Director General jointly with a member of the Board.

The six members of the Board nominated by the Head of Government shall perceive an indemnity fixed by decree.

## Article 28

The Board may delegate the powers entrusted to it by this law, either to the Governor of Bank Al-Maghrif or to select committees created from among its members, to carry out specific tasks. The provisions of the 4<sup>th</sup> paragraph of article 27 above shall apply to the deliberations of these committees. A report on the results of the delegated missions shall be submitted to the Board.

## Article 29

Shall be established an Audit Committee consisting of at least two members appointed by the Board from among the six members designated by the Head of Government.

This committee shall be in charge of advising the Board on matters relating to accounting information, internal and external audit, internal control and risk management.

The operating procedures of this committee shall be approved by the Board.

## Section 2: Management: The Governor of Bank Al-Maghrib

### Article 30

The Governor of the Bank shall be appointed as provided for in article 49 of the Constitution for a six-year period, renewable one time.

He shall be chosen among the leading figures recognized for their competence, integrity and impartiality.

He shall take an oath before HIS MAJESTY THE KING. His compensation shall be fixed by decree.

### Article 31

Subject to the powers vested to the Board by virtue of the present law, the Governor shall run and manage the Bank. To that end, he shall:

- preside over the Board, convene it, and set the agenda for its meetings;
- keep the Board periodically informed on the monetary policy conduct, on foreign exchange reserves management and on other missions, activities as well as results of the Bank;
- prepare the draft annual report on the economic, monetary, and financial situation of the country and on the activities of the Bank, as stated in article 50 of the present law;
- adopt, by decision, the terms for carrying out the operations referred to in article 66 of this Law;
- authorize the activity of processing banknotes and coins for the purpose of their recirculation and lay down, by decision, the conditions for carrying out this activity;

- impose any administrative or pecuniary sanction against any person involved in banknotes and coins processing who has not complied with the provisions of this law or its implementing texts;
- determine the conditions for delegating the management of foreign exchange reserves;
- lay down the conditions for opening and operating demand accounts, securities accounts and any deposit account for any natural or legal person;
- propose to the Board the directors to be appointed and recruits and appoints all other functions.
- designate representatives of the Bank's in the boards of other institutions when so required;
- organize the Bank's units and define their missions;
- establish the Bank's contracting terms and conditions and submit them to the Board for approval;
- prepare drafts of the Bank's annual budget and the changes made to it in the course of the fiscal year;
- carry out any acquisition, disposal or exchange of real estate, as approved by the Board;
- take all general or individual decisions not devolved to the Board in accordance with the provisions of this law;
- represent the Bank vis-à-vis third parties. He shall initiate, pursue, and defend legal proceedings. He shall take all enforcement and precautionary measures he deems advisable. To this end, and notwithstanding any legislation to the contrary, resorting to a lawyer is not compulsory at all stages of the legal proceedings;

- delegate his powers for specific official documents.
- decide on the composition, powers and operating procedures of the Management Committee, the Monetary and Financial Committee and the Financial Stability Committee;
- submit the management report and the financial statements to the Board for approval;
- set the conditions for delegating the management of pension and social security funds of the Bank's staff.

In case of imperative and unforeseeable necessity making it impossible to convene and hold a Board meeting, the Governor of Bank Al-Maghrib is empowered to take all measures within the Board's remit. The decisions taken by virtue of this authorization shall be submitted to the deliberations of the next Board meeting.

### Article 32

The Governor of Bank Al-Maghrib shall implement decisions of the Board, take all measures necessary to this end and ensure its control.

### Article 33

The Governor of Bank Al-Maghrib shall be assisted by a Director General in accordance with the missions assigned to him and under his authority.

The Director General shall carry out all the missions entrusted to him by the Governor of Bank Al-Maghrib.

The Director General shall replace the Governor of Bank Al-Maghrib in case of absence or of impediment.

In the event of vacancy in the post of the Governor of Bank Al-Maghrib, the Director General shall dispatch current business pending the appointment of a new Governor.

In case of absence or extended impediment of the Governor of Bank Al-Maghrib for a period of six (6) months, a member of the Board, chosen by the latter from among its members appointed by the Head of Government, shall be appointed by decree to perform the functions of the Governor of Bank Al-Maghrib during this period.

For the appointment of the said member, the Board shall meet under the presidency of the Director General and upon his request.

#### Article 34

The Director General shall exercise his functions under the authority of the Governor of Bank Al-Maghrib.

He shall be appointed by decree upon proposal of the Governor of Bank Al-Maghrib, after having heard the Board.

#### Article 35

The Management Committee shall assist the Governor of Bank Al-Maghrib in the day-to-day management of the Bank's business.

#### Article 36

The Monetary and Financial Committee and the Financial Stability Committee shall assist the Governor of Bank Al-Maghrib in areas directly related to the Bank's fundamental tasks as defined by the present law.

### *Section 3: Signature of Official Documents*

#### **Article 37**

All official documents binding the Bank, other than those of day-to-day management, and all delegation of powers and authorities shall be signed by the Governor of Bank Al-Maghrib, or by the Director General acting on behalf of the Governor, subject to the special delegations of authority given by the Governor.

Day-to-day management documents of the Bank shall be signed by one or two persons authorized to do so by the Governor.

### *Section 4: Miscellaneous*

#### **Article 38**

The Governor, the Director General and the Directors of Bank Al-Maghrib, as well as the Board members, shall not contract any personal obligation engaging commitments for the Bank. They shall only be responsible for carrying out their mandates.

The Governor, the Director General and Directors of the Bank shall not be members of the management or control bodies of any commercial company, or hold an office whatsoever in a commercial enterprise, except for:

- State-run or state-supervised companies, or companies where the State directly or indirectly holds a participation, other than credit institutions, and whose corporate objective is related to a mission of general interest;
- international organizations;
- non-profit organizations.



They shall not represent third parties vis-à-vis the Bank nor enter into commitments vis-à-vis the Bank in conjunction with third parties.

The functions of the Governor, the Director General and the Directors of the Bank shall be incompatible with governmental functions.

The Governor and the Director General shall not hold an electoral mandate.

### Article 39

Any person who, in whatever capacity, takes part in the direction, administration, control, audit and management of the Bank is required to maintain professional secrecy.

### Article 40

Bank Al-Maghrib's Governor, Director General, the government commissioner and the six members of the Board appointed by the Head of Government, as well as the Bank's staff shall not enter into a situation of conflict of interest.

The Board shall decide on the corrective measures to be taken with regard to its members.

The Governor shall decide on the corrective measures to be taken with regard to the Bank's staff.

## Chapter V

### Bank Control

#### *Section 1: Control by the government commissioner*

##### Article 41

The Government Commissioner, on behalf of the State and in the name of the Minister of Finance, shall monitor the regularity of the Bank's financial operations in relation to the applicable legal and regulatory provisions. He shall attend the Board meetings on an advisory capacity and make any suggestions he deems useful.

He shall receive the minutes of the Board meetings and deliberations and may request all accounting documents.

##### Article 42

Upon proposal of the Minister of Finance, the Government Commissioner shall be appointed by a decree signed by the Head of Government, among the senior officials of the Ministry of Finance. He may be assisted by a deputy Government Commissioner appointed by decision of the Minister for Finance.

The Government Commissioner shall submit an annual mission report to the Minister of Finance.

#### *Section 2 : External Audit*

##### Article 43

The Bank's accounts shall be subject to an annual audit conducted under the responsibility of an external auditor, a legal person appointed by the Board, for a non-renewable period.

At the end of the mandate of the external auditor, the latter can no longer carry out the above mission for a minimum of three years.

The external auditor shall certify that the Bank's summary statements give a fair view of its assets, financial situation and results and shall assess its internal control mechanisms.

To this end, the external auditor shall establish an audit report to be sent to the Board members and the Government Commissioner, no later than five months after the end of the fiscal year.

### *Section 3: Control of the Court of Auditors*

#### **Article 44**

The Bank shall be subject to control by the Court of Auditors. To this end, the Bank shall annually submit its own accounts, along with those of its staff's social welfare bodies, to the Court of Auditors, as provided by the laws currently in force.

It shall provide the Court with extracts of the Board's minutes relating to its budget and its assets, along with copies of the external auditors' reports.

### *Section 4: Parliamentary hearing*

#### **Article 45**

The Governor of Bank Al-Maghrib shall be heard on the Bank's missions by the Parliament's permanent committee(s) in charge of finance, upon initiative of the latter. Such hearings should be followed by a debate.

## Chapter VI

### Accounting provisions and management report

#### Article 46

The Bank shall hold its accounting pursuant to the laws and regulations governing traders' accounting obligations, subject to the necessary adjustments adopted by the Board, after advice and approval of the National Accounting Council, according to the regulations in vigour.

#### Article 47

The Bank's fiscal year shall start on January 1st and end on December 31st each year.

At the end of each fiscal year, the Bank shall establish its summary statements, which include the balance sheet, the income and expenses account and the statement of additional information.

Along with these statements, a management report shall be submitted to the Board to provide it with the information necessary to assess the Bank's activity and the development of its financial position over the past year.

The management report and summary statements shall be presented by the Governor of Bank Al-Maghrib to the Board for approval.

#### Article 48

The Bank's net profit, plus or minus, as applicable, the operating results brought forward from the previous financial year, shall be allocated in a proportion of at least ten percent (10%) to form a general reserve fund until the latter reaches an amount equal to the Bank's capital.

Upon proposal from the Governor of Bank Al-Maghrib, and after approval of government finance authority, the Board may decide to allocate part of the profits to form a special reserves fund.

The balance of the available net profit, considering the deductions mentioned in the preceding paragraphs, and by virtue of the agreements concluded between the State and the Bank, shall be transferred to the Treasury.

The Governor of Bank Al-Maghrib shall send to the Minister of Finance a monthly comparative statement on the accounting situation of the Bank, at the end of each month.

The summary of this statement shall be published in the "Official Gazette".

## Article 49

The net real estate asset accounted by the Bank pursuant to the provisions of article 22 above, plus investments recorded pursuant to article 23 above, as well as all other values accounted by the Bank in representation of its capital and reserve accounts, may not exceed the total amount of the said accounts.

## Chapter VII

### Annual report - Communication - Statistics

## Article 50

An annual report on the economic, monetary and financial situation of the country as well as on the Bank's activities shall be submitted to HIS MAJESTY THE KING before June 30 following the end of the relevant financial year. Once submitted to HIS MAJESTY THE KING, this report shall be published in the "Official Gazette", on the Bank's website and in any other communication support.

## Article 51

The Board's decisions relating to monetary policy shall be made public pursuant to the procedures defined by it.

## Article 52

The Bank shall prepare and publish Morocco's monetary and financial statistics.

It shall periodically publish all other statistical information as well as the reports related to the exercise of its missions.

## Article 53

As part of the conduct of its missions, the Bank may:

- request and obtain all statistical information necessary for the collection and analysis purposes;
- collaborate with the relevant government authorities as well as with any other concerned person to collect or publish statistics or any other relevant information.

## **Title II:**

# **Modalities Of Conduct Of The Bank's Core Missions**

## **Chapter I**

### **Banknotes and coins issuing, circulation, and withdrawal**

#### **Article 54**

Only banknotes and coins issued by the Bank shall be legal tender all over the Kingdom.

Banknotes shall bear the signature stamps of both the Governor and the Government Commissioner.

#### **Article 55**

Legal tender of banknotes issued by the Bank shall be unlimited.

Legal tender of coins issued by the Bank shall be limited up to the amount fixed for each type of coin by the regulation for its entry into circulation, as referred to in article 58 below. No objection to these limits may be raised by the Bank, the public accountants, or the banks established in Morocco. However, the legal tender of commemorative coins shall be unlimited.

#### **Article 56**

No opposition may be notified to the Bank, nor be admissible by the latter because of the loss, theft or destruction of the banknotes and coins it has issued.

## Article 57

The Bank shall decide:

- the denominations, measurements, thumbnails, colours and all other features of the banknotes;
- the denominations, types, nature, weight, size, tolerances and all other features of the coins.

## Article 58

Entry into circulation of a new type of banknotes or coins shall be decided by the Bank and approved by decree.

## Article 59

Subject to the provisions of article 62 of this law, the Bank shall have exclusive power to assess and maintain the quality of the banknotes and coins in circulation.

## Article 60

Banknotes and coins which no longer satisfy the conditions of money circulation shall be withdrawn from circulation by the Bank.

Any mutilated, altered or damaged banknote bearing all its acknowledgment signs shall be refunded. In other cases, its total or partial refund shall be decided by the Bank alone. The Bank shall also assess the extent to which any coin that cannot be identified as a result of alteration or mutilation should be exchanged.

The Bank shall withdraw from circulation and cancel, without refund, the falsified banknotes and coins which are presented to it or which it considers to be of such nature as to allow fraudulent manoeuvres or to damage the image of the Moroccan currency.



## Article 61

The withdrawal, by exchange, of a type of banknotes or coins in circulation, as well as the deadline and the terms of the exchange shall be fixed by decision of the Board and approved by decree upon proposal of the Minister of Finance.

The equivalent value of the banknotes and coins withdrawn from circulation and not reimbursed shall be transferred to the Treasury.

## Article 62

The Bank may authorize the exercise of the currency processing activity for recirculation purposes under the conditions it defines.

The Bank shall set the rules for processing and recycling banknotes and coins, applicable to all concerned stakeholders.

The Bank shall be vested with the power to supervise and apply administrative and pecuniary sanctions in the event of non-compliance, subject to the conditions and rules provided for in the two preceding paragraphs.

## Article 63

The applicable administrative sanctions shall be:

- the warning;
- the order to remedy the consequences of the detected shortcomings;
- license withdrawal.

The license may be withdrawn in the following cases:

- false statements;

- failure to obey the bank's orders;
- resort to anti-competitive practices or those which may undermine the bank, one of the concerned actors or the activity, referred to in article 62 above.

The bank shall take all the necessary measures to inform about its license-withdrawing decision all the actors concerned by the activity of banknotes and coins processing and recycling.

Any decision to withdraw the license must be justified.

### Article 64

Pecuniary sanctions shall be incurred for any repeat offender who commits an act that has earned him or her a warning, as well as against any obstruction to the Bank's control.

Pecuniary sanctions incurred against anyone breaching the provisions of this chapter and the texts adopted for their implementation shall not exceed one hundred thousand dirhams per offense.

The sums corresponding to the pecuniary sanctions shall be paid to the Treasury and collected in accordance with the conditions provided for by Law No.15-97 defining the code of public debt collection.

Without prejudice to the provisions of article 65 hereinafter, the Bank shall notify the concerned offender of the applied sanction, its grounds and the date of its settlement in its counters.

### Article 65

Except for the warnings and orders provided for in article 63 of the present law, sanctions can only be incurred after the interested party has been ordered to issue written observations within a maximum period of 15 days.

## Chapter II

### Monetary policy

#### Article 66

The Bank may intervene in the money and exchange markets mainly by carrying out:

- outright purchase or sale transactions;
- spot or futures transactions;
- repurchase or reverse repurchase transactions;
- lending or borrowing transactions of claims or negotiable securities denominated in currencies determined by the Bank;
- lending transactions against appropriate securities.

The Bank may also carry out the following operations:

- suggest to credit institutions licensed as banks to invest liquidity in the Bank in the form of time deposits;
- issue and repurchase its own debt instruments from money market actors. This issuance shall not be subject to the legislative provisions ruling public offerings.

The Bank may require from credit institutions licensed as banks to hold minimum reserves with the Bank in the form of deposits.

The Bank may set any other instrument for its intervention on the money or exchange markets.

The Bank shall adapt its intervention instruments to the specificities of participatory banks.

## Article 67

As part of its mission to contribute to maintaining financial stability, the Bank may provide, on a discretionary basis, an emergency liquidity for:

- credit institutions encountering temporary liquidity problems, but raising no concerns over their solvency;
- credit institutions having liquidity difficulties and raising concerns over their solvency, subject to having the State guarantee to cover such transactions.

For each case, the Bank shall determine the amount of liquidity and the modalities for its provision, especially regarding the eligibility, remuneration, guarantee and maturity conditions.

Conditions for granting the State's guarantee shall be fixed by regulation.

As part of the same mission mentioned in the first paragraph of this article, the Bank may, in exceptional situations, grant advances to the Deposit Guarantee Funds, provided for in Articles 67 and 128 of Law No. 103-12 on credit institutions and similar bodies, enabling them to reimburse depositors.

The Bank shall determine the conditions and modalities for granting those advances, particularly in terms of remuneration and guarantee.

## Article 68

The Bank shall determine the modalities for carrying out the transactions mentioned in article 66 of this law.

Decisions taken in application of the previous paragraph shall be subject to appropriate publicity on the Bank's website and in any other support.

## Article 69

The Bank may not guarantee commitments contracted by the State, directly acquire debt securities or Sukuks issued by it or grant it cash loans, except in the form of cash facilities mentioned in the second paragraph hereinafter.

Cash facilities shall be limited to five (5) percent of the tax revenues made during the previous fiscal year. The total period for using this facility may not exceed 120 days, consecutive or not, during a fiscal year. The amounts actually used under this facility are paid according to the base rate applied for banks' refinancing by the Central Bank.

The Bank may suspend the use of this facility when it deems that the situation of the monetary market so justifies.

The Bank may not grant financial loans, in any form whatsoever, to any enterprise or public body, nor guarantee any commitment contracted by them. Nonetheless, these provisions shall not apply to public credit institutions licensed as banks, for their refinancing operations with the Bank.

## Article 70

The Bank shall regulate and supervise the money and repurchase markets.

Regarding the aspects falling within the scope of its intervention, the Bank shall regulate and supervise the foreign exchange market as well as the futures market for financial instruments.

The Bank shall oversee the good functioning of the said markets and ensure stakeholders' compliance with the applicable legislative and regulatory texts.

## Chapter III

### Exchange reserves Management

#### Article 71

The Bank shall perform all operations on:

- gold and precious metals;
- foreign banknotes, and generally all payment instruments labelled as foreign currency and used in international transfers;
- foreign currency holdings, in demand and term accounts;
- promissory notes, denominated in foreign currencies, drawn from Morocco and payable abroad, which fulfil the eligibility criteria set by the Bank;
- securities or values issued or guaranteed by foreign States, as well as those issued by central banks or international organizations;
- securities or values issued by foreign financial organizations.

#### Article 72

The Bank shall regularly value its net assets in gold, precious metals and currency. The valuation gap shall be totally recorded in the liabilities side of the balance sheet under the heading "Foreign reserves valuation account".

The credit balance of this account can neither be included in the revenues of the financial year, nor distributed or allocated to any other expense.

If, at the end of the financial year, the balance of this account is below a minimum threshold, an exchange loss reserve shall be set up from the net profit.

The aforementioned minimum threshold, as well as the conditions for constituting and returning the said reserve to the Treasury, shall be fixed by agreement between the State and the Bank.

### **TITLE III: MISCELLANEOUS PROVISIONS**

#### **Article 73**

Persons subject to supervision, control and monitoring of the Bank, by virtue of this law and the law No. 103-12 mentioned above, shall make a contribution to the Bank to cover on-site inspection fees.

Modalities for the application of this Article shall be determined by the Board.

#### **Article 74**

The Government shall secure and protect the Bank's administrative sites, its currency museums and its subsidiaries and branches. It shall provide escorts as required for the security of the transportation of funds and valuables.

An agreement between the State and the Bank shall set the modalities for implementing provisions of the above paragraph.

## Article 75

Holdings of credit institutions licensed as banks opened in the books of the Bank shall be exempt from seizure.

However, notices to third-party holders, issued by public accountants against the institutions referred to in the first paragraph above shall be enforceable, provided that they do not cause prejudice to:

- the good functioning and the security of the payment systems;
- the implementation of the monetary policy;
- the financial instruments settlement delivery system.

The Bank shall set the modalities for implementing provisions of this article.

## Article 76

Without prejudice to the provisions entitling the Bank to take measures in exceptional circumstances, the Bank may not hold shares in Moroccan or foreign credit institutions or similar bodies.

As part of the exceptional measures, equity investments shall not be subject to the provisions of article 8 of law No. 39-89 authorizing the transfer of public enterprises to the private sector, promulgated by Royal Decree No. 1-90-01 of 15 Ramadan 1410 Anno Hegirae (11 April 1990).

## Article 77

Without prejudice to the provisions entitling the Bank to take measures in exceptional circumstances, the Bank may not be represented in the administrative and supervisory bodies and in other bodies of credit institutions and similar ones under its supervision or governed by special legislative provisions.



## Article 78

Assets of the Bank's staff pension and social security funds shall be held and managed by the Bank on behalf of the said Funds.

The Bank may delegate the management thereof under the terms it shall define.

Those assets shall definitively and irrevocably be allocated to the Bank's staff pension and social security schemes.

The Bank may not use or dispose of them to cover its transactions.

Activities and operations of the abovementioned Funds shall be accounted separately.

## Article 79

As part of its contribution to the stability of the national financial system, and in the absence of a State guarantee, the Bank shall have a general privilege to collect its related claims due on credit institutions. This privilege shall rank immediately after that of the Treasury and of the local authorities provided for by the law No.15-97 mentioned above.

## Article 80

The Law No.76-03 bearing statutes of Bank Al-Maghrib and promulgated by Royal Decree No 1-05-38 dated on 20 Chaoual 1426 Anno Hegirae (23 November 2005) shall be repealed. All regulatory texts enacted pursuant to the said law, for provisions not inconsistent with this law, shall remain in force until they are replaced by virtue of the present. Notwithstanding the provisions of the first paragraph of article 26, the six members appointed by the Head of Government shall, on a transitional basis, continue to carry out their duties until their replacement.

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