

STATUTORY INSTRUMENT

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THE BANK OF SIERRA LEONE ACT (Act No. 5 of 2019)

REDENOMINATION OF THE LEONE REGULATIONS, 2024

In exercise of the powers conferred upon it by subsection (4) Short title of section 27 of the Bank of Sierra Leone Act, 2019 the Bank of Sierra Leone hereby makes the following Regulations -

PART I - PRELIMINARY

1. In these Regulations unless the context otherwise requires- Interpretation.

"appointed date" means the date when the redenominated currency shall become legal tender;

"Bank" means the Bank of Sierra Leone established under the Bank of Sierra Leone Act 2019;

"circulation" means currency notes and coins being made available to the non-bank public;

"currency" means banknotes and coins issued by the Bank;

"existing currency" means the legal tender (bank notes and coins issued by the Bank) in circulation prior to the appointed date, which shall remain in circulation until the end of the transition period;

"financial service provider" means a bank or financial institution registered under the Banking Act 2019 or Other Financial Services Act 2001 or any other enactment;

"legal instrument" means a document with legal effect

"legal tender" means the notes or coins made by or issued under the authority of the Bank;

"redenomination" means the process of converting the existing currency whereby the face value of bank notes and coins is divided by one thousand;

"redenominated currency" means the notes and coins issued by the Bank as legal tender, starting on the appointed date;

"transition period" means the period during which both the existing and redenominated currencies shall be in circulation, commencing on 1st July, 2022 and ending on 31st December, 2023.

Commencement.

2. These Regulations shall be deemed to have come into operation on 21st April, 2022.

PART II - REDENOMINATION OF THE LEONE

Redenomination
of Leone.

3. (1) The existing currency shall be redenominated as provided under Regulation 1 of the Redenomination of the Leone (Characteristics) Regulations, 2021.

(2) The redenominated currency shall become legal tender from the appointed date.

(3) The existing currency shall continue to be prefixed by 'Le' and 'c' and the redenominated currency shall be prefixed by 'NLe.' and 'c' respectively during and after the transition period.

(4) The Governor may, in consultation with the Minister, issue directives that are necessary to give effect to these Regulations.

(5) Under these Regulations, the exchange of the existing currency for the redenominated ones shall be made at financial service providers or any other institutions, places or locations designated by the Bank.

(6) From the appointed date all amounts expressed in the existing currency shall automatically be converted into the redenominated currency.

4. The exchange of existing currency for redenominated currency under sub-regulation (5) of Regulation 3 shall be limited to an amount to be determined by the Bank. Exchange of currency existing

5. The exchange of the existing currency for the redenominated currency shall be done free of charge. Prohibition of charges for exchange.

6. (1) During the transition period, financial service providers shall receive cash deposits in both the existing and redenominated currencies while withdrawals shall only be made in the redenominated currency. Financial and non-financial service providers.

(2) Persons who are not financial service providers shall trade in both the existing and redenominated currencies in the transition period, but shall give change primarily in the redenominated currency and where such is not possible due to shortage of redenominated currency in the possession of such persons, change may be given in the existing currency.

(3) Exchange of currency after the expiration of the transition period may continue to take place at only the Bank. for a period to be determined by the Bank and thereafter, the Bank shall refuse to exchange the existing currency held by any member of the public.

(4) The Bank shall not exchange any existing currency notes for the redenominated currency notes after the period stated in sub-regulation (3) and shall not be liable for not exchanging existing currency thereafter.

PART III - CIRCULATION OF REDENOMINATED AND EXISTING CURRENCY

Circulation of redenominated and existing currency.

7. (1) On the appointed date, the Bank shall place the redenominated currency into circulation.

(2) Notwithstanding anything contained in these Regulations or any other law, the existing currency shall continue to be legal tender until the expiry of the transition period after which it shall cease to be legal tender.

Risk management and money laundering.

8. Institutions engaged in the exchange of the existing currency for the redenominated currency shall establish appropriate risk management systems and take adequate measures to address money laundering, financing of terrorism and any other serious offences.

Display of prices and symbols.

9. (1) During the transition period, the prices and tariffs of goods and services shall be displayed in both the existing and redenominated currencies.

(2) The symbol for the redenominated currency during the transition period shall be "NLe" for purposes of dual display of prices for goods and services.

Treatment of existing obligations.

10. (1) On the appointed date, the value of goods, services, rights and obligations existing prior to the appointed date shall be expressed in the redenominated currency.

(2) From the appointed date, any person, entity or institution that maintains records relating to the value of goods, services proprietary rights and obligations shall record the values or cause them to be recorded in the redenominated currency.

(3) From the appointed date, any amount expressed in the existing currency provided for in an Act of Parliament enacted prior to the appointed date shall be deemed to be an amount expressed in the redenominated currency.

(4) From the appointed date, a reference to the existing currency in any circular, guideline, directive or legal instrument shall be deemed to be a reference to the redenominated currency.

11. From the appointed date, financial statements for the period prior to the appointed date shall be prepared in the existing currency and all balances brought forward from that period shall be converted into the redenominated currency.

Presentation of financial statements.

12. (1) A party to a contract shall not rely on the redenomination of the existing currency as an event of frustration or force majeure so as to constitute a reason or excuse for the non-performance or breach of a contract or payment of compensation.

Redenomination not to constitute basis for non-performance of contract.

(2) The redenomination of the currency shall not, for the purposes of these Regulations or any other law, be relied upon as an unforeseeable event relating to the time when an existing contract was entered into.

13. An act to be performed under a legal instrument shall continue to be a valid act after the redenomination of the currency and shall be given legal effect.

Validity of acts performed under legal instrument.

14. (1) An amount converted from the existing currency to the redenominated currency shall be rounded off to 2 decimal places unless otherwise provided in these Regulations.

Rounding off.

(2) The rounding-off referred to in sub-regulation (1) shall be as follows -

- (a) where the third decimal of an amount converted to the redenominated currency is equal to or higher than 5, the second decimal shall be raised by one unit; and
- (b) where the third decimal of an amount converted to the redenominated currency is lower than 5, the second decimal shall remain unchanged.

Accounting
for rounding
off
differences.

15. Any difference caused by the rounding off of an amount in any accounting process shall be incorporated into the results of the financial year to which the accounting process is applied in accordance with generally accepted accounting principles.

Technological
adaptation.

16. A person, entity or institution shall, from the appointed date, ensure that technological systems and infrastructure are adjusted so that all transactions made and expressed in the existing currency are expressed in the redenominated currency.

PART IV - ENFORCEMENT

Inspections.

17. (1) The Bank may, in conjunction with other supervisory authority, carry out inspections of business entities to ensure compliance with these Regulations.

(2) The Bank shall require a business entity operating in Sierra Leone to provide compliance reports on their state of readiness for the redenominated currency and such business entities shall duly comply.

18. (1) A person shall not engage in an act in contravention of these Regulations. Offence and penalty.

(2) A person who breaches a condition or requirement under these Regulations or contravenes sub-regulation (1) commits an offence and is liable, upon conviction, to a penalty prescribed in subsection (5) of section 26 of the Bank of Sierra Leone Act, 2019.

19. (1) The Bank may, by notice published in Gazette, issue guidelines or directives as are necessary for the better carrying out of the provisions of these Regulations. Form of directives and guidelines issued by the Bank.

(2) The Bank may, in consultation with supervisory authorities, make sector specific guidelines or directives as are necessary for the better carrying out of the provisions of these Regulations.

20. The Redenomination of the Leone (Consequential Provisions) Regulations, 2022 is hereby revoked. Revocation of S.I. 7 of 2022.

MADE THIS 26TH DAY OF FEBRUARY, 2024.

IBRAHIM L. STEVENS

Governor, Bank of Sierra Leone

FREETOWN,
SIERRA LEONE