LEGAL NOTICE NO. 148

THE CENTRAL BANK OF KENYA ACT
(Cap. 491)

IN EXERCISE of the powers conferred by section 57 of the Central Bank of Kenya Act, the Central Bank of Kenya makes the following Regulations—

THE CENTRAL BANK OF KENYA (CURRENCY HANDLING) REGULATIONS, 2008

1. These Regulations may be cited as the Central Bank of Kenya (Currency Handling) Regulations, 2008.

2. In these Regulations, unless the context otherwise requires—

"coin" means Kenya currency minted coins of any denomination issued by the Bank for current use, and includes all coins previously issued by the Bank at any given time and from time to time; and

"note" means Kenya currency printed banknotes of any denomination issued by the Bank for current use, and includes all banknotes previously issued by the Bank at any given time and from time to time.

3. (1) No person shall make use of currency notes or coins, current or historical, for publication or promotional or other purposes other than as currency without the prior written approval of the Bank.

(2) No person shall make use of images of currency notes or coins for publication or promotion or other purposes without prior written approval of the Bank.

(3) Any person desirous of making use of currency or images of currency notes or coins in any publication or for any other purpose shall apply in writing to the Bank for approval.

(4) An application made under paragraph (3) shall provide full information on the manner and purpose for which images of notes or coins are intended to be used including—

(a) full names and address of the applicant;

(b) nationality of the applicant;

(c) purpose for which the images are intended to be used;

(d) specimen of the works over which such use is intended;

(e) a declaration that the intended use would not infringe on the Bank's copyright over the notes or coins.

(5) An application for authority to make use of images of notes
or coins shall be considered by the Bank within fourteen days of the date of receipt of the application and the applicant shall then be notified of the Bank's decision in writing.

(6) The Bank's decision under paragraph (5) shall be final and the Bank shall not be obliged to render the reasons upon which any decision was reached.

4. (1) Notwithstanding section 367A of the Penal Code, a person may apply to the Bank in the manner set out in paragraph (2), for a licence to use or operate a cash defacement security device in the transit of notes and coins.

(2) An application under paragraph (1) shall be made in the form provided for in the Schedule.

(3) The Bank shall, upon satisfaction that an applicant meets the criteria set out in the application form, and upon payment of the prescribed fee, register the applicant and grant a licence to use or operate a cash defacement security device.

(4) A licence granted under this regulation shall be renewable annually upon fulfilment of the conditions of grant and payment of the prescribed renewal fees.

(5) The Bank may, at any time during the currency of a licence, suspend the licence for breach of any of the terms of licensing.

5. (1) The Bank shall have the sole right and discretion to exchange notes or coins in the case of such notes or coins—

(a) having become unserviceable owing to ordinary and natural wear and tear;

(b) having been mutilated, defaced or soiled accidentally and the Bank having, in its sole discretion, agreed to make an exchange based on the circumstances of the accident;

(c) having been deliberately defaced by a person licensed to operate a cash defacement device under these Regulations.

(2) An application for exchange of mutilated or defaced notes or coins shall be made to the Bank in writing at the nearest branch of the Bank and shall, in the minimum, require the following information to be provided—

(a) number and total value of the mutilated or defaced notes or coins;

(b) denominations of the mutilated or defaced notes or coins;

(c) cause of the mutilation or defacement.

(3) Upon receipt of an application for exchange of mutilated or defaced currency under paragraph (2), the Bank shall either—

(a) on the face of the information provided, agree to exchange the notes or coins;
(b) defer its decision to allow for a reasonable time within which to verify the information provided; or

(c) decline the application.

4. An application deferred under paragraph (3) shall be considered by the Bank and decided upon within fourteen days from the date it was deferred and the Bank’s decision shall be final.

6. The Bank shall, in its absolute discretion, consider applications for exchange of bank notes and coins defaced outside Kenya under the same criteria applying to locally defaced notes and coins.

7. (1) The Bank shall, prior to consideration of any application for exchange of defaced notes or coins, verify and prove that the notes and coins were genuine currency before the event leading to their defacement.

(2) No application for replacement of defaced note or coins shall be allowed if the Bank proves that the affected currency was counterfeit.

8. (1) A person licensed under regulation 4 shall keep proper records and accounts of any cash in notes or coins in transit at any given time, and shall, whenever required, produce for inspection by the Bank such records and accounts.

(2) In the event of any defacement of notes or coins in transit through trigger of cash defacement security devices, the Bank shall consider replacement of such defaced notes or coins as shall tally with the records held of the amounts of currency under transit at the time of trigger of the defacement device used:

Provided that the Bank shall not consider for replacement any currency defaced without record back up.

9. (1) A person licensed under these Regulations shall, in addition to any other insurance cover taken out to provide protection against transit perils, take out an additional insurance cover to meet the replacement cost of any currency defaced through application of cash-in-transit security devices.

(2) The Bank shall be designated as the beneficiary of the additional mandatory cover taken out under paragraph (1), and shall duly advise on the replacement sum payable on the occurrence of every incident of security triggered defacement of cash in transit.

10. (1) The Bank may, in addition to the penalty imposed under any law, recover as a civil debt from a person convicted of an offence under these Regulations, the replacement cost of notes or coins defaced or otherwise tampered with without authority.

(2) A licensee under these Regulations in breach of any terms of the license shall, in addition to the penalty imposed under any law, be liable to daily surcharges for any breach that is not remedied on conviction or within the time notified for that purpose by the Bank, and the Bank shall assess and enforce such daily penalties.
SCHEDULE
FORM OF APPLICATION FOR LICENCE
THE CENTRAL BANK OF KENYA ACT
(Cap. 491)
APPLICATION FOR LICENCE TO USE CASH DEFACEMENT SECURITY
DEVICES ON CASH IN TRANSIT OPERATIONS

1. Name of Company

2. Physical and Postal address of head office:
   (a) City/Town
   (b) L.R. No
   (c) Street
   (d) Building
   (e) Postal address

3. Date and country of incorporation


5. Licence application for the period:

6. Details of branch network and number of years each has conducted business:

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<thead>
<tr>
<th>Branch Name</th>
<th>No. of years in operation</th>
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7. Particulars of Directors:

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<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>I.D/ Passport No.</th>
<th>Date of appointment</th>
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8. Particulars of senior officers both in the head office and branches:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>I.D/ Passport No.</th>
<th>Designation/ Branch</th>
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9. Details of devices to be used.

Device type (Dye, Smoke, etc.)

Device model

Source of device

10. Declaration (By Chief Executive Officer):

I, the undersigned, hereby declare:

(a) THAT the particulars set out herein are true and correct to the best of my knowledge and belief;

(b) THAT if licensed, I shall use cash defacement security devices in accordance with the provision of the Central Bank of Kenya Act and of any regulations, guidelines or directive as may from time to time be issued by the Central Bank of Kenya.

Name

Signature

Date

Note:

1. Please attach certified copies of:
   a) Certificate of incorporation
   b) Valid operating licence

2. Replacement of any of the senior operating officers must be notified to the Bank and particulars of new officers submitted to the Bank immediately.

Dated the 3rd November, 2008.

NJUGUNA NDUNG’U,
Governor,
Central Bank of Kenya.