



Tonga

TONGA DEVELOPMENT BANK ACT 2014

Act 9 of 2014



TONGA DEVELOPMENT BANK ACT 2014

Arrangement of Sections

Section

PART 1 - PRELIMINARY		5
1	Short Title	5
2	Interpretation.....	5
3	Relationship with other Acts.....	7
PART II – INCORPORATION OF THE TONGA DEVELOPMENT BANK		7
4	Incorporation of Tonga Development Bank	7
PART III – CAPITAL AND SHAREHOLDERS		7
5	Capital and shareholders	7
PART IV – FUNCTIONS AND POWERS		8
6	Policy Directives.....	8
7	Functions of the Bank	8
8	Powers of the Bank	9
PART V – BOARD OF DIRECTORS		12
9	Appointment of the Board of Directors	12
10	Termination or resignation of a director	13
11	Functions of the Board.....	13
12	Powers of the Board.....	13
13	Board meetings and quorum	14
14	Conflicts of Interest	15

PART VI – CHIEF EXECUTIVE OFFICER	15
15 Appointment of the Chief Executive Officer	15
16 Responsibilities of the Chief Executive Officer	15
17 Appointment of staff	16
PART VII – FINANCIAL MATTERS	16
18 Accounts and dividends	16
19 Audits	17
20 Regulations.....	17
PART VIII - MISCELLANEOUS	17
21 Policies of the Bank.....	17
22 Confidentiality.....	17
23 Personal immunity of directors, officers and employees	18
24 Articles of Association	18
25 Management of special Funds.....	19
26 Repeal and Savings	19



TONGA DEVELOPMENT BANK ACT 2014

Act 9 of 2014

AN ACT TO ESTABLISH THE TONGA DEVELOPMENT BANK AND TO REGULATE ITS FUNCTIONS, POWERS AND OBJECTS AND MATTERS RELATIVE THERETO

I assent,
TUPOU VI,
20th August 2014.

BE IT ENACTED by the King and Legislative Assembly of Tonga in the
Legislature of the Kingdom as follows:

PART 1 - PRELIMINARY

1 Short Title

This Act may be cited as the Tonga Development Bank Act 2014.

2 Interpretation

In this Act, unless the contrary intention appears —

“**Articles**” or “**Articles of Association**” refer the Articles of Association of the Bank provided for under section 24 of this Act;

“**Bank**” means the Tonga Development Bank constituted under this Act;

“**Board of Directors**” or “**Board**” means the Board of Directors constituted under the provisions of section 9;

“**Cabinet member**” means a person who is a member of Cabinet in accordance with section 12 of the Government Act;

“**Chief Executive Officer**” means the head of the Tonga Development Bank appointed under section 15 of this Act;

“**customer**” means a person, including a natural person or a business entity, who utilises one or more services of the Bank;

“**Director**” means a Director of the Board of the Bank;

“**Enterprise**” means —

- (a) any person, group of persons or body (whether incorporated or unincorporated) that engages or proposes to engage in economic or socio-economic development, including any activity in agriculture, commerce or industry, whether or not the primary purpose of the engagement is profit; and
- (b) any undertaking owned, leased, managed, operated, promoted or developed by the Bank itself or jointly with any other person, group of persons or body (whether incorporated or unincorporated);

“**Foreign currency**” means notes, coins, postal notes, money orders, bills of exchange, promissory notes, drafts, letters of credit and travellers’ cheques, payable or expressed otherwise than in Tongan money, and also includes rights and instruments of title, to money other than Tongan money;

“**Government**” means the Government of the Kingdom of Tonga;

“**licensed financial institution**” means a financial institution licensed under the Financial Institutions Act;

“**Minister**” means the Minister of Public Enterprises;

“**money**” means the Bank-notes and other currency of any country, and includes postal notes, money-orders, promissory notes, bills of exchange and any other negotiable instruments payable in the currency of any country;

“**National Reserve Bank of Tonga**” means the Bank established under the National Reserve Bank of Tonga Act;

“**public enterprise**” means an entity listed in the Schedule of the Public Enterprises Act;

“**Remuneration Authority**” means the Authority established under the Remuneration Authority Act;

“**Shareholder**” means a holder for the time being of shares in the Bank;

“**shareholders**” means holders for the time being of shares in the Bank;

“**subsidiary**” means a statutory board, company or other entity in which the Bank has a controlling interest, either through the ownership of shares, or the vesting by Government or by the passage of Legislation.

3 Relationship with other Acts

The Bank will be subject to requirements on financial institutions under the Financial Institutions Act and the National Reserve Bank of Tonga Act.

PART II – INCORPORATION OF THE TONGA DEVELOPMENT BANK

4 Incorporation of Tonga Development Bank

- (1) There is hereby constituted for the purposes of this Act a corporation to be called the Tonga Development Bank which shall have its head office at Nuku'alofa, Tonga.
- (2) The Bank is a body corporate having perpetual succession and a common seal with power from time to time to make, alter, and renew the same with power to sue and with power for the purposes of this Act to acquire, hold, manage, turn to account, and to sell, let, lease, and dispose of real and personal property of all kinds in any manner in any part of the world, and further with such constitution, objects, and powers as are contained in this Act and subject to such Articles for the government of the Bank and the management of its business and other matters as are provided for in this Act or as may from time to time be lawfully altered.

PART III – CAPITAL AND SHAREHOLDERS

5 Capital and shareholders

- (1) The authorized capital of the Bank is such amount as the shareholders may determine from time to time and included in the Articles of Association.
- (2) Shares held by a shareholder shall entitle the shareholder to participate *pari-passu* in proportion to the capital paid upon their shares respectively in all sums distributed by way of dividend and in a winding up all surplus assets shall belong to and be divided amongst the holders of the said shares *pari-passu* in proportion to the amounts paid up on such shares at the commencement of the winding up.
- (3) No shareholder shall be liable to contribute to the debts or liabilities of the Bank any sum exceeding the amount (if any) for the time being unpaid on the shares held by such shareholder.

PART IV – FUNCTIONS AND POWERS

6 Policy Directives

- (1) The Minister may, with the consent of Cabinet, issue to the Board written policy directives necessary to give effect to the achievement of statutory objectives of the Bank as specified under sections 7(1) and 7(2) of this Act.
- (2) The Minister and the Board shall endeavour to reach agreement, where there is a difference of opinion between them about whether a policy is appropriate to the achievement of the Bank's statutory objectives.
- (3) The Minister, upon receipt of a statement of the difference of opinion from the Board, shall forthwith submit it to Cabinet within 7 days of receipt to determine the policy in relation to that difference of opinion to be adopted by the Bank.
- (4) The Minister shall inform the Board in writing of the decision of the Cabinet and that the Government accepts responsibility for the adoption by the Board of that policy.
- (5) The Minister shall publish, within 14 days a —
 - (a) copy of the order determining the policy; and
 - (b) copy of the statement furnished to the Minister by the Board.
- (6) The Board shall publish the documents referred to in subsection (5) on the Bank's website.

7 Functions of the Bank

- (1) The functions of the Bank are to promote the expansion of the economy of Tonga for the economic and social advancement of the people of Tonga by giving financial and advisory assistance in its discretion to any enterprise operating or about to operate in Tonga.
- (2) The Bank shall also from time to time, offer such banking products and services for the benefit of current and prospective customers and for shareholders of the Bank, while maintaining its general purpose to operate as a profitable business under section 4 of the Public Enterprises Act.
- (3) In carrying out its functions, the Bank shall have due regard to the —
 - (a) general economic and development policies of Government as conveyed in writing by the Minister responsible for Finance, in consultation with the Minister, to the Bank from time to time;
 - (b) purpose of the Bank to support the economic and social development of Tonga; and
 - (c) prospects of the enterprise being or continuing to be successful and the prospects of repayment of any finance made available to it by the Bank.

- (4) The Bank shall ensure that appropriate risk management systems are in place, and are operating to protect the Bank's financial position and assets.

8 Powers of the Bank

- (1) In addition to powers provided under this Act or any other law, the Bank shall be empowered to —
- (a) establish, carry on, extend and develop in Tonga the business of a development finance institution in all its branches and departments, and to transact and do all business, matters and things incidental thereto;
 - (b) lend and advance money to or negotiate loans for or otherwise financially assist any enterprise, and generally to transact or engage in any class of business commonly undertaken by financiers;
 - (c) guarantee or become liable for the payment of money or for the performance of any obligations undertaken by any enterprise, and generally to carry on guarantee and indemnity business of all kinds and to effect counter guarantees;
 - (d) provide technical, agricultural, engineering, managerial, financial, institutional, marketing and any other advisory extension for the benefit of any enterprise;
 - (e) identify, promote, advise, assist and bring about new endeavours of development or the expansion of existing areas of development for enlargement of the economic productivity of Tonga;
 - (f) provide, promote and facilitate transaction banking services to customers and the public;
 - (g) effect remittances of money;
 - (h) take, acquire, underwrite, buy, hold, sell and deal in shares, stock, government securities, mortgages, bonds, obligations, securities and investments of all kinds;
 - (i) establish, subsidise, advise, assist, promote and concur in the promotion and establishment of any enterprise, and to manage or take part in the management of, supervise, conduct or control the business and affairs of any enterprise, and whether promoted by the Bank or not, and whether the Bank is a member thereof or not;
 - (j) act as agents, attorneys, correspondents and custodians, and to administer and supervise funds for any government, authority, corporation, company, Bank, firm, person or persons;
 - (k) act as executors, trustees, custodian trustees, administrators, nominees, receivers, managers, financial managers, committee, liquidators, accountants, treasurers, registrars and secretaries, and to undertake and execute any trusts and obligations;

- (l) hold, manage, record, advise on and provide services relating to the lawful investment of moneys and other property, and generally to conduct the business of investment consultant and manager;
- (m) carry on the business of and act as managers of provident, benefit, superannuation or retirement funds or trusts, and of fixed and flexible trusts, and of unit trusts, and of investment trusts, and of any other trusts or funds or common interests whatsoever whether of a similar or dissimilar nature, and to act generally as a trust management company;
- (n) promote and support schemes for the provision of pensions and of guarantee and other funds for or in connection with the employees of the Bank and others;
- (o) purchase, take on lease or in exchange, hire or otherwise acquire, and hold, administer, carry on as a going concern, turn to account, develop, sell, let, lease, dispose of or otherwise deal with, all assets, business and property of the Bank, and within the limits of its authority, all assets, business and property which the Bank may hold on behalf of other persons in any capacity whatsoever;
- (p) make deposits, enter into recognisances and bonds, and otherwise give security for the due execution and performance whether by the Bank or by any officer of the Bank or by any other person of the duties of executor, administrator, trustee, receiver, manager, committee or liquidator;
- (q) receive money on deposit, current accounts or loan with or without security and upon such terms it deems expedient, to obtain the use and control of such money and securities and to employ and use the same;
- (r) borrow, or raise, or secure the payment of money in such manner as the Bank may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other acknowledgement incurred or to be entered into by the Bank in any way and in particular by the issue of debentures perpetual or otherwise charged upon all or any of the Bank's property (both present and future) including its uncalled capital, and to purchase, redeem or pay off any such securities;
- (s) keep for any government, company, authority or enterprise any register relating to stocks, funds, shares, or securities, and to undertake any duty in relation to the register of transfers, the issue of certificates or otherwise, and to undertake any kind of agency business;
- (t) buy, sell, discount and rediscount bills of exchange, promissory notes and treasury bills;
- (u) buy, sell, and deal in bullion, specie, precious metals, currencies, and exchanges of and with all countries;
- (v) prescribe administrative charges, fees, or costs in relation to the execution of the Bank's functions under this Act;

- (w) acquire from any sovereign state or authority in Tonga or elsewhere any concession, grant, decree, right, power and privilege whatsoever which may seem capable of being turned into account by the Bank and to work, develop, carry out, exercise, and turn to account the same; and
 - (x) do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.
- (2) With the prior approval of the National Reserve Bank of Tonga, the Bank shall be empowered to -
- (a) buy, borrow, sell, lend or exchange foreign currency;
 - (b) appoint agents, attorneys, correspondents and custodians, and to establish agencies or connections in relation to the business of the Bank in Tonga or elsewhere;
 - (c) buy and sell securities issued by any Government;
 - (d) enter into and carry into effect any arrangements with any Bank, corporation or entity which the Bank may think necessary or convenient for the purposes of its business;
 - (e) form and assist in forming any company or enterprise for the purposes of carrying on any business which the Bank is authorised to carry on or any other business which may be conducive to any of the interests of the Bank or to acquire by purchase or otherwise the whole or any part of the business, property, goodwill and liabilities, or the whole or any part of the shares or stock of any company carrying on or proposing to carry on any such business as aforesaid and to hold shares, stock, debentures, debenture stock, or any interest in any such company and to dispose of such shares, stock, debentures, debenture stock, or interest and to make or carry out arrangements for giving the Bank the entire or partial control and management or benefit of the business of any such company and to guarantee dividends and interest on shares, stock, debentures, debenture stock, mortgages, bonds or securities of any such company; or
 - (f) procure the Bank to be registered or recognised in any country, state, or place outside Tonga, and to comply with any condition necessary or expedient in order to enable the Bank to carry on business in any such country, state, or place and to establish or guarantee local companies or branch offices constituted or regulated under or by local laws for carrying on any business which the Bank is authorised to carry on.
- (3) Subject to the Financial Institutions Act, the Bank shall be empowered to -
- (a) give letters of credit on agents and banking connections in any part of the world; or
 - (b) provide finance to employees of the Bank whether by making loans or by giving guarantees, for purposes of economic development and for housing, domestic and personal needs.

- (4) The objects specified in each of the paragraphs in subsections (1), (2) and (3) shall be regarded as independent objects and shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph or the name of the Bank.

PART V – BOARD OF DIRECTORS

9 Appointment of the Board of Directors

- (1) The Chairman and members of the Board shall be appointed by the Minister with the approval of Cabinet in accordance with the terms of employment.
- (2) There shall be no less than 3 or more than 7 directors appointed to the Board.
- (3) A person shall not serve as a director who is, or later becomes a member of Cabinet or the Legislative Assembly, or who registers as a candidate for the Legislative Assembly.
- (4) A person who –
- (a) is under 18 years of age;
 - (b) is an undischarged Bankrupt or enters into a scheme of arrangement with his creditors;
 - (c) is prohibited from being a director under the Companies Act;
 - (d) is not a natural person;
 - (e) is a director, officer or employee or who holds or exercises power over the voting stock of a locally registered Bank;
 - (f) has acted in a similar position in a licensed financial institution in Tonga or abroad which has had its license revoked or which has been wound up by a court;
 - (g) has, in Tonga or abroad, been convicted of an offence involving dishonesty; or
 - (h) has, in the case of a person having professional qualifications, been disqualified or suspended from practising his profession by the order of any competent authority,
- shall be disqualified from being appointed to, or continuing to act as, a director.
- (5) Each Director shall hold office for a term of up to 3 years and may be reappointed.
- (6) At the time of appointment, a Director shall receive a written letter of appointment from the Minister setting out the duration of his appointment, skill sets for which he has been appointed, remuneration and monetary benefits, duties of a Director, and any other terms which the Minister may deem relevant from time to time.

- (7) A Director shall act in good faith in the best interests of the Bank and shall not —
- (a) act, or agree to the Bank acting, in a manner that contravenes the law;
 - (b) agree to, cause or allow the business of the Bank to be carried on in a manner likely to create a substantial risk or serious loss to the Bank; or
 - (c) agree to the Bank incurring an obligation unless the director believes at the time on reasonable grounds that the Bank shall be able to perform the obligation when it is required to do so.
- (8) In addition to responsibilities under this Act, a director shall comply with the duties of a Director under the Public Enterprises Act.
- (9) Subject to recommendations of the Remuneration Authority, the Minister shall, with the consent of Cabinet, determine the level of remuneration and other monetary benefits each director shall receive.

10 Termination or resignation of a director

- (1) The Minister may remove a director from office in accordance with the Public Enterprises Act.
- (2) A director may resign his office by giving one month's notice in writing to the Minister through the Board.
- (3) If a director is removed, resigns, dies or otherwise vacates his office before the expiry of the term for which he has been appointed, the Minister shall appoint another person at the earliest opportunity to fill the vacancy.

11 Functions of the Board

- (1) The functions of the Board shall include, but not be limited to —
 - (a) implementing specific or general directives issued by the Shareholders from time to time;
 - (b) discharging responsibilities of the Board under this Act; and
 - (c) discharging statutory responsibilities of the Board under any other law.
- (2) The Board may, in writing, delegate to the Chief Executive Officer one or more of the Board's functions or powers under this Act, unless prohibited by any other law.
- (3) A delegation by the Board under subsection (2) shall continue in force until revoked, in writing, by the same or a subsequent Board in office.

12 Powers of the Board

- (1) The Board may exercise any and all of the powers conferred on the Bank by this Act or the Articles or by law.

- (2) In addition, the Board shall have the power to —
- (a) hold, improve, manage, develop, alter, extend, equip, furnish, repair and maintain the Bank;
 - (b) enter into any covenants or agreements in respect of the Bank;
 - (c) sell or dispose of, turn to account or otherwise deal with any property vested in the Bank;
 - (d) direct the board of a subsidiary where the Bank has a controlling interest, by written notice to amend the statement of corporate intent to ensure that it is consistent with that of the Bank;
 - (e) in a subsidiary where the Bank has a controlling interest, determine by written notice the amount of dividend payable by that subsidiary in respect of any financial year or years;
 - (f) establish sub-committees for achieving the objectives of the Board, including an internal audit and risk management sub-committee;
 - (g) exercise any functions or rights and undertake and perform any liability in respect of or in connection with the Bank as if the Bank were a natural person;
 - (h) borrow money for the purposes of the Bank; and
 - (i) do all such other things that are incidental to, or conducive for exercising the powers of the Bank.
- (3) Prior to the board giving notice under subsections 2(d) and 2(e), the Board shall —
- (a) except in the case of an emergency, consult with the board of the subsidiary as to the matters to be referred to in the notice;
 - (b) within 14 days after the notice has been issued, provide a copy to the Minister who shall transmit a copy to Cabinet within 14 days.

13 Board meetings and quorum

- (1) The Board shall meet at least once every 2 months and at such other times as the Chairman may require.
- (2) A Board meeting shall have a quorum when at least half of the members are present.
- (3) The Chairman shall preside at every meeting of the Board at which he is present.
- (4) If the Chairman is absent from a meeting of the Board, the directors who are present shall appoint a person to chair the meeting.
- (5) Subject to provisions in the Public Enterprises Act, the Board shall determine its own rules for meetings and procedures of the Board, which shall be included in the Articles of Association.

14 Conflicts of Interest

- (1) A Director who has, directly or indirectly, any financial or personal interest in any matter before it shall fully disclose such interest to the Board and shall take no part in the discussion on any such matter or vote on such matter:

Provided that such an interest, if so disclosed, shall not disqualify the interested party for the purpose of constituting a quorum.

- (2) A Director, officer or employee of the Bank shall not accept any gift or advantage for himself or, in his behalf, for persons with whom he may have family, business, or financial connections if the acceptance thereof would result, or give the appearance of resulting, in a diminution of his impartial devotion to duties under this Act.

PART VI – CHIEF EXECUTIVE OFFICER

15 Appointment of the Chief Executive Officer

- (1) The Board shall, with the approval of the Minister, appoint a Chief Executive Officer who shall be responsible for managing the Bank and implementing the decisions of the Board.
- (2) The Chief Executive Officer shall be employed under a written performance based contract of employment with the Bank, which shall contain the following minimum provisions —
 - (a) the objectives to be achieved by the Bank;
 - (b) the performance expected of the Bank;
 - (c) a review of the performance of the Chief Executive Officer;
 - (d) adherence by the Chief Executive Officer to the Bank’s statement of corporate intent.
- (3) Subject to recommendations of the Remuneration Authority, the Board shall, with the consent of the Minister, determine the level of remuneration and other monetary benefits of the Chief Executive Officer.
- (4) The Board may, in addition to the provisions in subsection (2), determine the terms and conditions for the employment of the Chief Executive Officer and include these in his contract of employment.

16 Responsibilities of the Chief Executive Officer

- (1) The Chief Executive Officer shall be the head of the Bank and shall be responsible to the Board for —
 - (a) the execution of its policies and the prudent management of the Bank;

- (b) implementing general or specific directives issued by the Board from time to time; and
 - (c) discharging specific responsibilities of the Chief Executive Officer under his contract of employment.
- (2) The Chief Executive Officer may, in writing, delegate to an employee of the Bank, one or more of the Chief Executive Officer's powers under this Act, unless prohibited by any other law.
- (3) A delegation by the Chief Executive Officer under subsection (2) shall continue in force until revoked, in writing, by a Chief Executive Officer in office.

17 Appointment of staff

- (1) Subject to subsection (2), the Chief Executive Officer may employ, promote, demote, transfer, suspend or terminate the employment of such staff as are necessary for the effective and efficient administration of the Bank.
- (2) The Chief Executive Officer shall consult with the Board before the appointment of a person to a senior management position of the Bank.
- (3) Rules governing the terms and conditions for the employment of a staff member shall be contained in written policies of the Bank and in each person's contract of employment.

PART VII – FINANCIAL MATTERS

18 Accounts and dividends

- (1) The financial year of the Bank shall end on the 31st day of December of each year or on such day that the Board, with the approval of the Minister, may determine:

Provided that any change to the financial year of the Bank shall be notified in advance in the Tonga Government Gazette and published in at least 2 newspapers of general circulation in Tonga.

- (2) The Board shall at the end of each financial year cause proper accounts to be prepared in respect of the operations of the Bank for that year.
- (3) In the preparation of such accounts, adequate and proper provisions shall be made for bad and doubtful debts, contingencies, depreciation of assets, and all such other matters as shall in the judgment of the Board be necessary or desirable to take into account having regard to normal banking practice.
- (4) Dividends shall from time to time be declared at the discretion of the Board having regard to the profits earned by the whole of the Bank's undertaking, the needs of the Bank to improve or increase its advisory, technical and other

resources for a betterment of the carrying out of its functions, the economic circumstances prevailing, and the future prospects and general financial stability of the Bank.

- (5) No dividends shall be declared otherwise than out of profits.
- (6) Within 6 months of the end of each financial year the Bank shall send to the Minister a report of its proceedings and operations for that year, together with a copy of its audited accounts for that year and the report of the auditor on its accounts. As soon as reasonably practicable thereafter the Minister shall present copies of the Bank's report, audited accounts and auditor's report to the Legislative Assembly.

19 Audits

- (1) The Bank shall engage, with the approval of the Minister and the Governor of the National Reserve Bank of Tonga, an auditor qualified under section 208 of the Companies Act to audit its financial statements.
- (2) The Minister may require the Auditor General to conduct an audit of the Bank pursuant to the Public Enterprises Act.
- (3) The Bank shall comply with review and audit reporting requirements under the Public Enterprises Act and any other law.

20 Regulations

The Minister may, with the consent of Cabinet, make regulations not inconsistent with this Act, generally for giving effect to this Act or for the conduct of the business of the Bank.

PART VIII - MISCELLANEOUS

21 Policies of the Bank

- (1) The Board shall develop and implement written policies of the Bank, setting out criteria and procedures for discharging powers, functions and responsibilities of the Bank under this or any other Act.
- (2) Subject to a mandatory requirement under law, the Board will have the discretion to determine whether a policy of the Bank will be made available to the public or whether it will be kept confidential to the Bank.

22 Confidentiality

- (1) A person who has acquired knowledge in his capacity as director, manager, officer, employee, auditor or agent of the Bank, or when exercising any

function under this Act, shall not disclose to any person any information in respect of a customer of the Bank except —

- (a) with the written authorisation of the customer or his legal personal representative;
 - (b) when lawfully required to do so by any court of competent jurisdiction in Tonga or under the provisions of this Act or by any other law;
 - (c) for the purpose of the performance of his duties under this Act; or
 - (d) with the written authorisation of the customer or his legal personal representative to provide a person, upon a legitimate business request, a general credit rating a copy of which shall be provided to the customer concerned upon his request.
- (2) A person to whom any information is disclosed pursuant to subsection (1) shall not disclose or use such information except according to law.
 - (3) The Board will determine the classification and accessibility of documents held by or drawn up by the Bank.
 - (4) A person who contravenes subsection (1) commits an offence and shall upon conviction be liable to a fine not exceeding \$10,000 or a term of imprisonment not exceeding 2 years, or both.
 - (5) A person who unlawfully uses inside knowledge for his own benefit or the benefit of any other person commits an offence and shall be liable upon conviction to a fine not exceeding \$20,000 or to a term of imprisonment not exceeding 4 years, or both.

23 Personal immunity of directors, officers and employees

A director, officer or employee of the Bank or any person acting under direction of the Bank shall not be personally liable for an act or default of the Bank done or omitted to be done in good faith and without negligence in the course of the operations of the Bank.

24 Articles of Association

- (1) Subject to this Act –
 - (a) the shareholders of the Bank shall provide for Articles of Association of the Bank to govern and regulate the operation and management of the Bank, and a copy of such Articles subscribed by the initial shareholders shall be lodged with the Registrar of Companies;
 - (b) the Bank may, at any time by resolution passed at a general meeting of shareholders, amend its Articles and such amendment shall be notified to the Registrar of Companies; and
 - (c) any amendment to the Articles shall be valid as if originally contained therein, and be subject in like manner to amendment.

- (2) The Articles shall bind the Bank and the shareholders to the same extent as if they respectively had been signed and sealed by each shareholder and contained covenants on the part of each shareholder to observe all the provisions of the Articles.

25 Management of special Funds

- (1) The Bank may, from time to time, be requested by the Government, or a donor or development partner, to manage general or specific funds for the purposes of development, or for any other purpose.
- (2) Terms and conditions of an arrangement under subsection (1) shall be set out in a written agreement between the parties and shall be approved by the Board.

26 Repeal and Savings

- (1) The Tonga Development Bank Act (Cap. 106) is hereby repealed.
- (2) Notwithstanding subsection (1), provisions in the Tonga Development Act (Cap. 106) relating to the –
 - (a) incorporation of the Bank under section 3;
 - (b) capital and shareholders of the Bank under section 4;
 - (c) powers of the Bank under section 7;
 - (d) Articles of Association under section 11,

and all appointments, exercised powers, contracts and arrangements made thereunder and in force at the time of coming into force of this Act shall be deemed to have been made under this Act.

Passed by the Legislative Assembly this 25th day of June 2014.