



# **LAWS OF MALAYSIA**

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TEXT OF REPRINT

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**Act 188**

## **TREASURY BILLS (LOCAL) ACT 1946**

*As at 1 November 2012*

### TREASURY BILLS (LOCAL) ACT 1946

First enacted ... .. 1946 (Ordinance No. 9 of 1946)

Revised ... .. 1977 (Act 188 w.e.f. 1 October 1977)

Latest amendment made by  
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# LAWS OF MALAYSIA

## Act 188

### TREASURY BILLS (LOCAL) ACT 1946

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**LAWS OF MALAYSIA****Act 188****TREASURY BILLS (LOCAL) ACT 1946**

An Act to provide for the borrowing of money by the issue of Treasury Bills in Malaysia.

*[Peninsular Malaysia—24 June 1946;  
Sabah and Sarawak—1 January 1964]*

**Short title**

1. This Act may be cited as the Treasury Bills (Local) Act 1946.

**Interpretation**

- 1A. (1) In this Act, unless the context otherwise requires —

“Bank” means Bank Negara Malaysia established under the Central Bank of Malaysia Act 1958 [*Act 519*];

“customer’s account” means an account maintained by a depository institution in respect of a transferor or a transferee under subsection 8(5);

“depository institution” means a participating investing institution authorized by the Bank under subsection 8(1);

“financial institution” means—

- (a) any licensed bank, licensed merchant bank, licensed finance company, or licensed discount house, as those terms are defined in the Banking and Financial Institutions Act 1989 [*Act 372*];

(b) any State Government;

(c) any statutory body; or

(d) any fund, scheme, organization, body corporate or unincorporate, or any other person, as may be specified in writing by the Minister of Finance;

“participating investing institution” means a financial institution authorized by the Bank under subsection 7(1);

“primary investing institution” means a participating investing institution appointed by the Bank under subsection 7(2);

“statutory acknowledgement receipt” means an acknowledgement receipt in the form in Schedule A issued under subsection 8(6);

“statutory body” means any body or authority established, appointed or constituted by any written law, and includes any local authority;

“statutory monthly statement” means a monthly statement in the form in Schedule B issued under subsection 9(2);

“Treasury Bill” means a Treasury Bill issued under sections 2 and 4 or a Treasury Bill held by any person pursuant to a transfer thereof, or of a part of it, under this Act;

“Treasury Bill customer” means a person who makes a transfer or takes a transfer of a Treasury Bill under subsection 8(2).

(2) Where any record or account is required to be maintained under this Act by the Bank or by any participating investing institution, whether acting in its capacity as a primary investing institution or a depository institution or otherwise, the same shall be maintained in such manner or such means as the Bank may determine or specify, including its maintenance in writing or by means of any visual recording (of still or moving images), or any sound recording or any electronic, magnetic, mechanical, or other recording whatsoever, on any substance, material, thing or article.

(3) The functions, powers and duties conferred upon the Bank under this Act shall be performed, exercised and discharged by the Bank on behalf of the Minister of Finance.

### **Power to borrow by the issue of Treasury Bills**

2. (1) The Minister of Finance may borrow moneys by the issue, from time to time as he may deem expedient, in Malaysia, of Treasury Bills in the form of entries in the records of the Bank under subsection 7(3). The sums so borrowed shall be such that the amount of Treasury Bills issued and outstanding at any time shall not exceed five thousand million ringgit.

(1A) The Yang di-Pertuan Agong may, from time to time, by order, alter the amount specified in subsection (1); and every such order shall, as soon as possible after its publication in the *Gazette*, be laid by the Minister of Finance before the Dewan Rakyat.

(2) The moneys received for Treasury Bills issued under this Act shall be applied, and are hereby appropriated, to the following purposes:

- (a) repayment of the moneys received under this Act, to such extent as the Minister of Finance may determine;
- (b) payment, with the prior approval of the Dewan Rakyat signified by resolution, into the Development Fund specified in the Second Schedule to the Financial Procedure Act 1957 [*Act 61*], for the purposes of such Fund.

### **Charge upon general revenue and assets**

3. (1) The principal moneys represented by the Treasury Bills issued under this Act are hereby charged upon and shall be payable out of the general revenues and assets of Malaysia.

(2) The proceeds of such Bills shall be paid into the Consolidated Fund.

### **Terms and payment of Treasury Bills**

4. (1) Every Treasury Bill issued under this Act shall be for such amount and upon such terms as may be determined by the Minister of Finance.

(2) The Bank shall, before each issue of Treasury Bills aforesaid, fix and determine the time at which the Treasury Bills are to be issued and, subject to subsection (3), the time at which such Bills shall become payable.

(3) Every Treasury Bill shall be payable not later than one year from the date of its issue.

### **Transfers of Treasury Bills**

4A. Every Treasury Bill, or any part of it, may be transferred in accordance with the provisions of this Act and in no other manner.

### **Appropriation for repayment of Treasury Bills**

5. The Minister of Finance shall appropriate out of the Consolidated Fund the necessary sum to pay the principal moneys represented by the Treasury Bills when they fall due.

### **Repayment**

6. The principal moneys represented by a Treasury Bill shall be repaid when it falls due in the manner provided under subsection 7(5) or subsection 8(4), as may be applicable.

**Participating investing institutions and primary investing institutions**

7. (1) The Bank may authorize in writing any financial institution to be a participating investing institution.

(2) The Bank may appoint in writing any participating investing institution to be a primary investing institution.

(3) The Bank may issue only to a primary investing institution a Treasury Bill under section 4, and the Bank shall maintain an entry in its records of every such treasury Bill.

(4) A participating investing institution shall maintain a single account with the Bank—

(a) of all transfers of Treasury Bills to itself by another participating investing institution or by itself to another participating investing institution; and

(b) where the participating investing institution has been appointed a primary investing institution under subsection (2), there shall be included in such single account mentioned in paragraph (a) an account of all the Treasury Bills issued to it under subsection (3).

(5) The Bank shall repay to the participating investing institution the principal moneys represented by each Treasury Bill standing in its account under subsection (4) on the date the Treasury Bill falls due, by such means and in such manner as may be determined by the Bank.

(6) The Bank shall maintain records of the account of a participating investing institution, and such records shall be the sole and conclusive evidence of the state of such account, and of all the particulars and details thereof, and the same shall be binding on the Bank, the participating investing institution and on any other person having any interest therein.

**Depository institutions**

**8.** (1) The Bank may authorize in writing any participating investing institution to be a depository institution.

(2) Any person, other than a participating investing institution, desiring either to make a transfer or take a transfer of a Treasury Bill shall do so only through a depository institution.

(3) A depository institution shall maintain with the Bank, in addition to the account maintained by it under subsection 7(4) a separate single account in respect of all transfers effected through it under subsection (2).

(4) The Bank shall repay to a depository institution the principal moneys represented by each Treasury Bill standing in the depository institution's account under subsection (3) on the date the Treasury Bill falls due, by such means and in such manner as may be determined by the Bank.

(5) A depository institution shall maintain a customer's account in respect of every transferor and transferee who is a party to any transfer effected through the depository institution under subsection (2), except where a customer's account in respect of a transferee is maintained by another depository institution, in which case the first mentioned depository institution shall have the Treasury Bill transferred into the transferee's account with the second mentioned depository institution.

(6) Where a transfer of a Treasury Bill is made by any person under subsection (2), the following procedure shall be complied with by the respective depository institutions:

- (a) the depository institution by which the transfer is made shall forthwith issue—
  - (i) to the transferor a statutory acknowledgement receipt in the form in Schedule A in respect of the transfer; and

- (ii) to the transferee a statutory acknowledgement receipt in the form in Schedule A in respect of the transfer, if such depository institution maintains a customer's account in respect of the transferee's Treasury Bills; and

(b) if another depository institution maintains a customer's account in respect of the transferee's Treasury Bills, the depository institution mentioned in paragraph (a) shall forthwith notify such other depository institution of the transfer and such other depository institution shall forthwith issue to the transferee a statutory acknowledgement receipt in the form in Schedule A in respect of the transfer.

(7) A statutory acknowledgement receipt shall not be capable of being negotiated or dealt with in any manner whatsoever, and shall be used solely between the depository institution which issued it and the Treasury Bill customer to whom it was issued as evidence of the transfer of a Treasury Bill under subsection (2) to which it relates.

(8) Where the amount in the account maintained by a depository institution with the Bank under subsection (3) is affected by a transfer effected through it under subsection (2), the depository institution shall communicate forthwith to the Bank information of any change in such amount caused by the transfer.

**Duties and obligations of depository institutions in relation to transfers effected under subsection 8(2)**

9. (1) A depository institution shall maintain an account in respect of each Treasury Bill customer.

(2) A depository institution shall issue to each of its Treasury Bill customers a statutory monthly statement of his Treasury Bills in the form in Schedule B on or before the tenth day of the month succeeding the month in respect of which the statutory monthly statement is issued.

(3) A statutory monthly statement shall be the sole evidence of the Treasury Bills held by a Treasury Bill customer at the close of the month in respect of which it is issued.

(4) A depository institution shall repay the Treasury Bill customer the principal moneys represented by each of the Treasury Bills which stand in such Treasury Bill customer's account, and such repayment shall be made on the date the Treasury Bill falls due.

(5) The Treasury Bills dealt with by a depository institution in respect of any transfer effected through it under subsection 8(2) shall be dealt with solely and exclusively in the manner, and for the purpose, provided under section 8, and shall not be dealt with or utilized by the depository institution in any other manner whatsoever, or for any other purpose whatsoever.

(6) A depository institution shall furnish to the Bank such returns, details, particulars or information in relation to the accounts maintained by it under subsection (1) in respect of each Treasury Bill customer, or its Treasury Bill customers generally, as may be specified by the Bank, or as the Bank may from time to time require in writing.

(7) The Bank may, through any of its officers authorized in writing by the Governor or the Deputy Governor of the Bank, inspect and take copies of accounts maintained by a depository institution under this section, including the accounts in respect of any particular Treasury Bill customer or any other record or account relating to or affecting Treasury Bills under this Act, and the depository institution, and every director, officer, employee, servant or agent of the depository institution shall furnish to such officer of the Bank all such books, records, correspondence, or any other document as may be required by the officer, and shall provide him all such assistance as he may require.

(8) The account of a Treasury Bill customer maintained by a depository institution under subsection (1) shall be secret as between the institution and the Treasury Bill customer and shall not be disclosed to any person by the depository institution except to the Bank, including the officers of the Bank referred to in subsection (7),

unless such disclosure is authorized in writing by the Treasury Bill customer.

(9) A depository institution shall be absolutely and wholly responsible and liable to its Treasury Bill customer in respect of all transfers taken or made by the Treasury Bill customer through it under subsection 8(2).

(10) A depository institution shall not require a Treasury Bill customer to pay any charge, fee, or any other payment in respect of any matter dealt with by it in relation to a Treasury Bill customer under this Act, except as may be provided by rules made under section 15.

### **Bank's power to require information, inspect and take copies**

**10.** (1) The Bank may, in writing, require any participating investing institution which may also be a primary investing institution, to furnish to the Bank such returns, details, particulars or information in relation to any account or record maintained by it under this Act.

(2) The Bank may, through any of its officers authorized in writing by the Governor or Deputy Governor of the Bank, inspect or take copies of any account, record, book, or any other document, maintained by a participating investing institution under this Act.

### **Maintenance of secrecy by the Bank**

**11.** Without prejudice to section 16A of the Central Bank of Malaysia Act 1958, any information in the possession of the Bank by virtue of any provision of this Act shall be secret as between the Bank and the person to whom it relates or from whom it was obtained and shall not be disclosed except with the consent of such person.

**False entries, etc., in books, documents, etc.**

**12.** (1) No person shall, with intent to deceive—

(a) make or cause to be made a false entry;

(b) omit to make, or cause to be omitted, an entry; or

(c) alter, abstract, conceal or destroy, or cause to be altered, abstracted, concealed or destroyed, any entry,

in any book or record, or in any report, slip, statement or other document whatsoever, relating to the business, affairs, transactions, conditions, property, assets, liabilities or accounts of any participating investing institution, or any primary investing institution, or any depository institution, or of the Bank.

**Contravention of Act, penalty therefore and criminal liability of institutions, directors, etc.**

**13.** (1) Any participating investing institution whether acting in its capacity as a primary investing institution or a depository institution or otherwise which, or any other person who, contravenes any provision of this Act shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding—

(a) ten million ringgit; or

(b) where an amount of money is the subject matter of the offence, ten times such amount,

whichever is the greater, or to imprisonment for a term not exceeding fifteen years, or to both such fine and imprisonment:

Provided that where the person found guilty of such offence is a body corporate, the abovementioned punishment of imprisonment shall not apply to it.

(2) Where any offence against any provision of this Act has been committed by any institution mentioned in subsection (1), any person who at the time of the commission of the offence was a director, officer, or controller of the institution or was purporting to act in any such capacity, or was in any manner or to any extent responsible for the management of any of the affairs of such institution, or was assisting in such management, shall be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

(3) Where any person (hereinafter in this subsection referred to as the “principal”) would be liable under this Act to any punishment or penalty for any act, omission, neglect or default, he shall be liable to the same punishment or penalty for every such act, omission, neglect or default of any clerk, servant or agent of his, or of the clerk or servant of such agent:

Provided that such act, omission, neglect or default was committed by the principal’s clerk or servant in the course of his employment, or by the agent when acting on behalf of the principal, or by the clerk or servant of such agent in the course of his employment by such agent or otherwise on behalf of the agent.

(4) Without prejudice to subsection (2), where an institution referred to in subsection (1) is a financial institution under paragraph (b) or (c) of the definition of “financial institutions” under section 1A, it shall not be liable to be prosecuted for any offence committed by it under subsection (1), or be liable under subsection (3).

(5) Nothing in this Act contained shall be deemed to prevent the prosecution, conviction and punishment of any person according to the provisions of any other written law; but so that no person shall be punished more than once for the same offence.

(6) For the purposes of this section, “director”, “officer” and “controller” shall have the meaning respectively assigned thereto

under subsection 2(1) of the Banking and Financial Institutions Act 1989.

**Civil liability not affected by prosecution or non-prosecution, etc.**

**14.** The prosecution of, or the failure to prosecute, any person for an offence under this Act, or the acquittal or discharge of any person who is prosecuted for an offence under this Act, shall not, in any manner or to any extent whatsoever, affect his civil liability to any other person in relation to anything done by him under this Act.

**Rules**

**15.** (1) The Minister of Finance may, on the recommendation of the Bank, make such rules as may be necessary or expedient for giving full effect to the provisions of this Act, for carrying out or achieving the objects and purposes of this Act, or for the further, better or more convenient implementation of the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), rules may be made to provide for—

- (a) matters relating to the issue of Treasury Bills, application for Treasury Bills, and the repayment of Treasury Bills when they fall due;
- (b) procedures and practices relating to the carrying out by any person of any provision of this Act;
- (c) forms in respect of any provision of this Act;
- (d) charges, fees and payments payable to the Bank, and charges, fees and payments payable to a depository institution, in respect of any provision of this Act; and
- (e) matters relating to the carrying out of the transitional provisions contained in section 8 of the Treasury Bills (Local) (Amendment) Act 1990 [Act A747].

### **Liability of Government in respect of Treasury Bills**

**16.** (1) The Government shall be liable for all repayments due in respect of Treasury Bills, issued under and in accordance with this Act, and in respect of all Treasury Bills dealt with under and in accordance with section 10 of the Treasury Bills (Local) (Amendment) Act 1990, but where such liability of the Government arises in consequence, or by reason, of any default of a participating investing institution in the performance of its duties and obligations under this Act, including its duties and obligations as a primary investing institution or a depository institution, as may be applicable, such institution shall be liable on demand by the Government to indemnify the Government in full in relation to the liability.

(2) For the purposes of subsection (1), “default” includes—

- (a) any negligence or failure in the carrying out of any function, or the exercise of any power, or the discharge of any duty, under this Act; and
- (b) any offence under this Act, or any offence under any other written law in relation to any matter dealt with under this Act, regardless—
  - (i) whether or not there has been any prosecution in respect of such offence; or
  - (ii) whether such default was committed by the participating investing institution, or any director, officer, or controller (as those words are defined in subsection 13(6)), or any clerk, servant, or agent of such participating investing institution, or any clerk, or servant of such agent.

### **Minister’s power to amend Schedule A or B**

**17.** The Minister of Finance, on the recommendation of the Bank, may from time to time by order published in the *Gazette* vary, delete from, add to, substitute for, or otherwise amend, Schedule A or

Schedule B, and the Schedule as so varied, deleted from, added to, substituted for, or otherwise amended, shall come into full force and effect and shall be deemed to be an integral part of this Act as from the date of such publication, or from such earlier or later date as may be specified in the order.

**Repeal**

**18.** The Treasury Bills (Local) Enactment of the Federated Malay States [*Cap. 125*] is hereby repealed.

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SCHEDULE A

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STATUTORY ACKNOWLEDGEMENT RECEIPT  
 (Issued pursuant to subsection 8(6) of the  
 Treasury Bills (Local) Act 1946)

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Name, address, logo, *etc.*, of depository institution

Name and address of Treasury Bill customer:
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Date:
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Treasury Bill customer's account no.:

Issue no.	Maturity date	Date of transfer	Treasury Bill amount RM

We hereby acknowledge that the Treasury Bill amount of ..... is hereby transferred \*by/from the abovenamed \*customer/depository institution to the transferee with effect from the date of transfer.

#The depository institution of the transferee has been notified of the above transfer.

Name of \*transferee (s)/transferor (s):

Name of depository institution of \*transferee (s)/transferor (s):

.....  
*Authorized signatory of  
 depository institution*

NOTE: This acknowledgement receipt is not capable of being negotiated or dealt with in any manner whatsoever (subsection 8(7)).

\* Delete whichever is not applicable.  
# Delete if not applicable.

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SCHEDULE B

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STATUTORY MONTHLY STATEMENT  
(Issued pursuant to subsection 9(2) of the  
Treasury Bills (Local) Act 1946)

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Name, address, logo, *etc.*, of depository institution      Date:

Name of Treasury Bill customer      :

Address      :

Treasury Bill Customer's account no.      :

Date of transfer	Treasury Bill issue no.	Maturity date	Opening balance	Amount of Treasury Bill transferred to customer	Amount of Treasury Bill transferred from customer	Closing balance

*Treasury Bills (Local)*

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Monthly statement for the month of ..... year .....

.....  
*Authorized signatory of  
depository institution*

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## LAWS OF MALAYSIA

### Act 188

#### TREASURY BILLS (LOCAL) ACT 1946

##### LIST OF AMENDMENTS

Amending law	Short title	In force from
F.M. Ord. 1/1948	Transfer of Powers Ordinance 1948	06-03-1948
F.M. Ord. 13/1949	Treasury Bills (Local) (Amendment) Ordinance 1949	07-03-1949
L.N. 212/1955	Resolution of Legislative Council	21-04-1955
L.N. 113/1956	Minister of Finance Order 1956 (Section 4) "Minister of Finance" substituted for "Financial Secretary"	02-04-1956
Ord. 64/1957	Treasury Bills (Local) (Amendment) Ordinance 1957	19-12-1957
L.N. 332/1958	Federal Constitution (Modification of Laws) (Ordinances and Proclamations) Order 1958	13-11-1958
Act 23/1961	Treasury Bills and Deposit Receipts (Amendment) Act 1961	01-01-1958
Act 12/1964	Treasury Bills (Extension) Act 1964	01-01-1964
Act 40/1965	Treasury Bills (Local) (Amendment) Act 1965	30-06-1965
Act 73/1966	Treasury Bills (Local) (Amendment) Act 1966	01-12-1966
Act A76	Treasury Bills (Local) (Amendment) Act 1971	17-09-1971
Act A312	Treasury Bills (Local) (Amendment) Act 1975	15-08-1975

*Treasury Bills (Local)*

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Amending law	Short title	In force from
Act A406	Treasury Bills (Local) (Amendment) Act 1977	02-09-1977
Act A668	Treasury Bills (Local) (Amendment) Act 1987	16-01-1987
Act A696	Treasury Bills (Local) (Amendment) Act 1988	19-02-1988
Act A747	Treasury Bills (Local) (Amendment) Act 1990	01-01-1990

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**LAWS OF MALAYSIA****Act 188****TREASURY BILLS (LOCAL) ACT 1946**

## LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
1A	Act A747	01-01-1990
2	Act A406 Act A668 Act A696 Act A747	02-09-1977 16-01-1987 19-02-1988 01-01-1990
4	Act A747	01-01-1990
4A	Act A747	01-01-1990
5	Act A747	01-01-1990
6	Act A747	01-01-1990
7	Act A747	01-01-1990
8-17	Act A747	01-01-1990
Schedule A	Act A747	01-01-1990
Schedule B	Act A747	01-01-1990

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