

**21- INSTRUCTIONS CONCERNING THE DETERMINATION
OF COLLATERALS ACCEPTABLE TO THE CENTRAL
BANK AGAINST ITS LOANS TO BANKS**

**Instructions concerning the
determination of collaterals acceptable to the
Central Bank against its loans to banks***

The Board of Directors of the Central Bank of Kuwait authorized, in its meeting on 17/2/1979, the Central Bank to determine interest rates on loans and discount rates, up to a maximum not exceeding 8.5% per annum.

The Board of Directors also agreed to apply an interest rate of 10% per annum to the deficit in banks' balances that arises as a result of clearing transactions.

The Board approved as well the following list of collaterals out of which the Central Bank may select collaterals for loans it extends to banks:

- (a) Treasury Bills issued by the Government of Kuwait or by foreign governments.
- (b) Bonds issued or guaranteed by the Government of Kuwait or by foreign governments.
- (c) Bonds issued by the Central Bank of Kuwait.
- (d) Bonds issued or guaranteed by international financial institutions.
- (e) Deposit accounts with Central Bank of Kuwait.
- (f) Bonds issued by Kuwaiti banks.
- (g) Certificates of Deposit issued by Kuwaiti banks or first class foreign banks.
- (h) Traded bonds issued by solvent commercial companies.
- (i) Traded shares of solvent commercial companies.
- (j) Commercial papers accepted for discount by the Central Bank of Kuwait.