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.

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