

Statute of Eesti Pank

Approved
by Decision no. 3-1
of 28.04.2015
of the Supervisory Board
of Eesti Pank

Statute of Eesti Pank

Chapter 1

GENERAL PROVISIONS

§ 1. Eesti Pank

(1) Eesti Pank (Bank of Estonia) is the central bank of the Republic of Estonia and a member of the European System of Central Banks, and it abides by the Constitution of the Republic of Estonia, the Constitution of the Republic of Estonia Amendment Act, the Treaty on the Functioning of the European Union, the Statute of the European System of Central Banks and European Central Bank, the legal acts of the European Central Bank, the Eesti Pank Act, other laws and this Statute.

(2) The address of Eesti Pank is Estonia pst 13, Tallinn, Republic of Estonia.

(3) The purpose, tasks, supervisory and management bodies of Eesti Pank and their competencies are provided for in the Eesti Pank Act.

(4) Eesti Pank has its own insignia, the design and rules of use of which are determined by the Supervisory Board of Eesti Pank.

Chapter 2

WORK ORGANISATION OF EESTI PANK

Division 1

Supervisory Board of Eesti Pank

§ 2. Work organisation of the Supervisory Board of Eesti Pank

(1) The activities of Eesti Pank are supervised by the Supervisory Board of Eesti Pank (hereinafter the *Supervisory Board*), whose member candidates are submitted to the Riigikogu by the Chair of the Supervisory Board in the form of a list of the formation.

(2) The Supervisory Board operates on the basis of the rules and work plan approved by it.

§ 3. Meetings of the Supervisory Board

(1) The Supervisory Board operates primarily in the form of meetings held at the seat of Eesti Pank, unless the person who called the Supervisory Board meeting determined another place for the meeting.

(2) A meeting is called by the Chair of the Supervisory Board or, upon their absence, by the eldest member of the Supervisory Board.

(3) The Supervisory Board members and the persons listed in subsection 9 (5) of the Eesti Pank Act must be informed of a Supervisory Board meeting in writing at least five days before the meeting. The notice may be sent by mail, fax or e-mail.

(4) The notice of a Supervisory Board meeting must state the following:

1) the time and place of the meeting;

2) the agenda of the meeting and presenters of reports;

3) the data and the list of documents required for adopting a decision. The documents required for adopting a decision are appended to the notice or presented to the Supervisory Board members on the premises of Eesti Pank as of the day of issue of the notice;

4) other important information about the meeting.

(5) Matters that need to be decided urgently and that are not indicated in the notice can be discussed and decided at a Supervisory Board meeting if more than half of the attending Supervisory Board members are in favour of discussion.

(6) If there is no quorum to hold a Supervisory Board meeting, a new meeting based on the same agenda will be held within seven working days following the cancellation of the meeting. The Chair of the Supervisory Board will immediately inform the Supervisory Board members of the time and place of the new meeting.

(7) If the requirements provided by law or the Statute have been violated in calling a meeting, the Supervisory Board will not be authorised to adopt decisions.

§ 4. Extraordinary meetings and exceptional situations

(1) If there is a justifiable need, the Chair of the Supervisory Board will call an extraordinary Supervisory Board meeting at their own initiative or on the proposal of a Supervisory Board member or the Governor of Eesti Pank (hereinafter the *Governor*). The data required in clauses 3 (4) 1) and 2) of this Statute must be set out in a notice of calling an extraordinary meeting. The inclusion of other data and documents is decided by the Chair of the Supervisory Board.

(2) The Chair of the Supervisory Board will immediately inform the Governor about exceptional circumstances relating to the activities of Eesti Pank.

§ 5. Minutes of Supervisory Board meetings

The minutes of a Supervisory Board meeting are taken in accordance with the rules of procedure of the Supervisory Board. The minutes are signed by the Chair of the Supervisory Board and the secretary at minutes.

Division 2 Executive Board

§ 6. Work organisation of the Executive Board

(1) The activities of Eesti Pank are managed by the Executive Board, which comprises the Governor and Deputy Governors.

(2) An Executive Board member cannot be the head of a structural unit (department) or agency of Eesti Pank.

(3) The task of an Executive Board member is to coordinate the activities of the structural units of Eesti Pank in accordance with the strategic goals of Eesti Pank. The structural units and activities coordinated by an Executive Board member constitute the area of responsibility of the member, which is formed and amended on the basis of a directive of the Governor.

(4) The Executive Board operates and adopts decisions at Executive Board meetings or pursuant to the written procedure on the basis of the rules of procedure approved by it.

§ 7. Competence of Executive Board

(1) The Executive Board:

1) prepares and submits to the Supervisory Board documents and draft decisions for deciding on matters that fall within the competence of the Supervisory Board and in order to inform the Supervisory Board;

2) at least twice a year submits to the Supervisory Board an overview of the execution of the budget of Eesti Pank and the activities of Eesti Pank;

- 3) immediately informs the Supervisory Board about relevant circumstances and exceptional situations relating to the activities of Eesti Pank;
- 4) prepares the annual accounts and management report of Eesti Pank and submits these pursuant to law and this Statute to auditors for examination within four months following the end of the financial year;
- 5) approves the statutes of the structural units of Eesti Pank in accordance with section 12 of this Statute;
- 6) approves the strategy of Eesti Pank and submits it to the Supervisory Board for its opinion;
- 7) approves the principles of work organisation in Eesti Pank (framework plans, best practices, good practices, etc.);
- 8) performs other functions required for the attainment of the objectives and performance of the functions imposed on Eesti Pank by law.

(2) To perform the functions of Eesti Pank, the Executive Board may establish standing committees, standing or fixed-term (ad-hoc) committees and ad-hoc working groups whose decisions are indicative for the Executive Board and whose status, purpose, members, rights and duties are set out in the establishment decision.

§ 8. Meetings of the Executive Board

- (1) Meetings of the Executive Board are held when necessary and pursuant to the work schedule of the Executive Board, but not less frequently than once a month.
- (2) A meeting of the Executive Board is called by the Chair of the Executive Board. An Executive Board is called when a member of the Executive Board or the Chair of the Supervisory requests it.
- (3) An Executive Board meeting is held on the premises of Eesti Pank, unless decided otherwise by the Chair of the Executive Board.

§ 9. Quorum of an Executive Board meeting

- (1) An Executive Board meeting has a quorum if at least half of the members of the Executive Board, including the Chair of the Executive Board, are present.
- (2) Where necessary, the Chair of the Executive Board may invite employees of Eesti Pank, the Chair of the Supervisory Board and other persons who are not members of the Executive Board to a meeting of the Executive Board or to a discussion of individual agenda items.

§ 10. Voting

(1) Each member of the Executive Board has one vote. An Executive Board member does not have the right to abstain or remain undecided, except in the events provided for in subsection (3) of this section.

(2) A decision of the Executive Board is adopted by a majority vote. If the votes are equally divided, the vote of the Chair of the Executive Board will be the casting vote.

(3) An Executive Board member cannot vote where their participation in the adoption of a decision is prohibited by law.

(4) An Executive Board member has the right to request that their dissenting opinion be recorded in the minutes.

§ 11. Minutes of Executive Board meetings

The minutes of an Executive Board meeting are taken in accordance with the rules of procedure of the Executive Board. The minutes are signed by the Chair of the Executive Board and the secretary at minutes.

Division 3 Structural Units and Remuneration of Employees

§ 12. Structural units of Eesti Pank

The structural units of Eesti Pank are departments. The competence, rights, functions and responsibilities of a department are set out in the department's statute, which is approved by the Executive Board. The statute of the Internal Audit Department is approved by the Supervisory Board.

§ 13. Internal Audit Department

(1) The Internal Audit Department has been formed as a structural unit of Eesti Pank for the purpose of performing the internal audit function.

(2) The Internal Audit Department operates on the basis of a work plan approved by the Governor and adopted by the Supervisory Board. The Supervisory Board and the Governor have the right to impose additional tasks on the Internal Audit Department.

(3) The head of the department reports on their activities to the Governor and, at least twice a year, to the Supervisory Board or, at the request of the Supervisory Board, more frequently.

§ 14. Remuneration

(1) The principles of remuneration of the Executive Board (salaries, severance pay, additional remuneration, benefits and bonuses) are established by the Supervisory Board.

- (2) The salary of the head of the Internal Audit Department is determined by the Supervisory Board.
- (3) The salaries of other employees are determined by the Governor on the basis of the staff remuneration principles of Eesti Pank and within the limits of the staff expenses allocated in the budget of Eesti Pank.
- (4) Additional remuneration and benefits are paid to the staff based on the staff remuneration principles.
- (5) Eesti Pank has the right to subsidise non-profit associations established in the interests of its employees. The methods, scope and procedure for subsidisation are established by the Supervisory Board on the proposal of the Governor within the limits set in the budget of Eesti Pank.
- (6) Supervisory Board members, Executive Board members and employees of Eesti Pank are entitled to Eesti Pank's service pension in accordance with the statute adopted by the Supervisory Board.

Chapter 3

RESERVE CAPITAL, FUNDS FOR SPECIFIC PURPOSES AND RESERVES

§ 15. Increase of reserve capital and coverage of losses

- (1) The sources of increasing the reserve capital are:
- 1) the annual profit of Eesti Pank, of which no less than 25% is allocated for that purpose by a decision of the Supervisory Board;
 - 2) earmarked and other means that have accrued to Eesti Pank, by a decision of the Supervisory Board.
- (2) The reserve capital is used for covering Eesti Pank's losses.
- (3) If the reserve capital, which has reached the target level, decreases due to losses being offset, the reserve capital will be replenished to the prescribed level from the sources and pursuant to the procedure described in subsection (1) of this section.

§ 16. Funds for specific purposes and reserves

Eesti Pank's funds for specific purposes and reserves are divided into special reserves and other reserves (funds).

§ 17. Special reserve

- (1) The special reserve of Eesti Pank is used in the first order to cover the losses of Eesti Pank.
- (2) If the special reserve decreases due to the offsetting of losses, the special reserve will be restored to the former extent from the sources and pursuant to the procedure described in subsection 15 (1) of this Statute.
- (3) Eesti Pank's special reserve is increased by:
 - 1) allocations from the profit in accordance with subsection 30 (4) of the Eesti Pank Act;
 - 2) other sources not prohibited by law or this Statute.

§ 18. Other reserves

The procedure for establishing, supplementing and using other reserves is decided by the Supervisory Board on the proposal of the Governor without amending this Statute.

Chapter 4 BUDGET AND AUDITING

§ 19. Budget of Eesti Pank

- (1) The financial activities of Eesti Pank are based on a budget approved by the Governor.
- (2) The preparation of the budget is the responsibility of the Executive Board.
- (3) If the Governor has not approved the budget for the new financial year by 1 January, expenses amounting to one-twelfth of the previous year's total expenditure will be allowed per month at the expense of revenues until the new budget is approved.
- (4) Prior to the approval of the budget by the Governor, the Executive Board introduces the draft budget and the budgeting principles to the Supervisory Board. The Supervisory Board expresses an opinion on the draft budget.

§ 20. Auditing

- (1) Eesti Pank's accounts are audited by independent external auditors recommended by the Governing Council of the European Central Bank and approved by the Council of the European Union.
- (2) The Supervisory Board may use the auditors specified in subsection (1) of this section for further auditing of the activities of Eesti Pank.

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