

NATIONAL BANK OF THE REPUBLIC OF MACEDONIA



THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA ACT *

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I. GENERAL PROVISIONS

Article 1

This Act sets forth the organization and operation of the National Bank of the Republic of Macedonia (hereinafter referred to as the National Bank of Macedonia).

Article 2

The National Bank of Macedonia shall be a bank of issue.

Article 3

The National Bank of Macedonia shall be independent and responsible for the stability of the denar, monetary policy and general liquidity of payments within the Republic of Macedonia and abroad.

Article 4

The Republic of Macedonia shall guarantee the obligations of the National Bank of Macedonia.

The National Bank of Macedonia shall not undertake obligations for payments in place of other legal and natural persons based upon its responsibility for the general liquidity of payments within the country and abroad.

Article 5

The National Bank of Macedonia shall regulate the quantity of money in circulation.

Article 6

The National Bank of Macedonia, in order to secure the stability of the denar and regulate the quantity of money in circulation, shall prepare the projection of monetary movements for the forthcoming year at the end of the current one.

Article 7

Based on the Projection from Article 6, the Parliament of the Republic of Macedonia shall take decisions on targets and objectives of the monetary and foreign exchange policies.

Article 8

The National Bank of Macedonia shall monitor the realization of the targets and objectives of the monetary and foreign exchange policies, study the movements of the external credit relations, and it shall provide the Parliament of the Republic of Macedonia with semi-annual and annual financial statements.

II. FUNCTIONS OF THE NATIONAL BANK OF MACEDONIA

1. Regulation of the quantity of money in circulation

Article 9

Within the scope of its rights and duties, and pursuant to the defined targets and tasks of the monetary and foreign exchange policies, the National Bank of Macedonia shall establish measures for their implementation.

The measures for the implementation of the monetary policy shall be the following:

1. Establishing the amount of reserve requirements of banks and other financial institutions with the National Bank of Macedonia;
2. Buying and selling securities of the National Bank of Macedonia;
3. Buying and selling domestic and foreign transferable short-term securities;
4. Buying and selling bank deposits;
5. Granting short-term credits to banks on the basis of domestic and foreign transferable short-term securities, on condition that the banks have provided guaranties on these securities;
6. Granting credits to banks with terms of repayment not exceeding three months, with bonds of the Republic of Macedonia and securities of the National Bank of Macedonia as collateral;
7. Determining active and passive interest rates of the National Bank of Macedonia;
8. Issuing and withdrawing money by buying or selling foreign exchange on the foreign exchange market in conformity with the law, and
9. Limiting the extent and rate of investment growth of banks for specific periods of time.

In case of divergence of the monetary effects from the established monetary framework, the National Bank of Macedonia shall be obliged to take additional measures within its competence, arising out of its responsibility for the stability of the denar.

The measures from paragraph 2 of this Article shall be applied equally to all banks, unless otherwise stipulated by law. The National Bank of Macedonia shall establish which measures from this Article shall apply to savings houses and under what conditions.

Article 10

The National Bank of Macedonia shall establish the base for calculating and allocating the amount of reserve requirements for banks and savings houses and specify its percentage.

The amount of the reserve requirements can be unique or differentiated according to the type, terms and size of the funds when determining the base for calculating and allocating the reserve requirements.

In exceptional cases, the National Bank of Macedonia may, for a period not exceeding three months, in addition to allocating reserves requirements pursuant to the provisions of paragraphs 1 and 2 of this Article, allocate reserve requirements by applying marginal percentages (rates) to the growth of placements or deposits and other assets of banks and savings houses.

The National Bank of Macedonia shall determine the interest rate level for calculation and payment of interest on reserve requirements for banks and savings houses to the National Bank of Macedonia.

Article 11

The National Bank of Macedonia shall establish the manner and terms of calculating and allocating reserves requirements as well as manner and terms of utilization of reserve requirements.

Article 12

The National Bank of Macedonia shall issue its own securities and sell them directly through auctions or inter-bank money and short-term securities market.

Banks and savings houses may subscribe securities of the National Bank of Macedonia.

The National Bank of Macedonia may underwrite compulsory subscription of securities to banks and savings houses as a measure to maintain their minimum liquidity.

The National Bank of Macedonia shall determine the interest rate of compulsory subscription of securities to be paid to banks and savings houses.

Article 13

The National Bank of Macedonia shall establish the type, level, terms and other conditions for buying and selling domestic and foreign transferable short-term securities, and may buy and sell them to banks and savings houses directly, through auctions, or through the inter-bank money and short-term securities market.

Article 14

The National Bank of Macedonia may buy and sell deposits to banks and savings houses directly, through auctions, or through the inter-bank money and short-term securities markets.

Article 15

The National Bank of Macedonia shall establish the level, terms of use and repayment, and other conditions for granting short-term credits to banks and savings houses directly, through auctions, or on the inter-bank money and short-term securities market, as follows:

1. On the basis of domestic and foreign transferable securities on which the banks and the savings houses have provided guaranties which mature within one year; and
2. On the basis of collateral for specific securities.

The National Bank of Macedonia shall establish which securities may serve as a basis for granting credit in accordance with the provisions of this Article.

Article 16

National Bank of the Republic of Macedonia may extend a credit to the Deposit Insurance Fund in case of insufficient funds for compensation of insured deposits.

The credit from paragraph 1 of this Article is extended from the funds of the reserves of the National Bank of the Republic of Macedonia.

The conditions under which this credit is extended are prescribed by the National Bank of the Republic of Macedonia.

Article 17

The National Bank of Macedonia shall establish the general discount rate of the National Bank of Macedonia, having regard to the monetary and general economic developments.

Following the discount rate from paragraph 1 of this Article, the National Bank of Macedonia shall establish all other interest rates for charging interest of the National Bank of Macedonia.

Article 18

The National Bank of Macedonia shall issue and withdraw money by buying or selling foreign exchange on the foreign exchange market, in accordance with the law and stipulated monetary and foreign exchange policies.

Article 19

The National Bank of Macedonia may limit the extent and rate of placements growth of banks and savings houses should this be necessary for the achievement of the goals and objectives of the monetary policy, or those aims and tasks cannot be achieved by other measures within the competence of the National Bank of Macedonia.

Should the measure from paragraph 1 of this Article be applied for a period exceeding three months, the National Bank of Macedonia shall be obliged to demand approval from the Parliament of the Republic of Macedonia for further implementation of the measure.

No bank or a savings house can be exempted from the restriction of paragraph 1 of this Article.

2. Maintenance of liquidity of banks and savings houses

Article 20

A bank is considered illiquid in case when there are insufficient funds on its giro account in order to meet its matured obligations without using reserve requirements funds.

The National Bank of Macedonia shall determine the rules and standards in connection with liquidity maintenance and bank solvency.

In order to maintain liquidity of banks and savings houses, the National Bank of Macedonia shall adopt decisions which shall:

1. Prescribe the conditions and manner of maintaining the minimum liquidity of banks and savings houses;
2. Prescribe the required framework of the term structure of placements by banks and savings houses;
3. Prescribe the manner of using reserve requirements with the National Bank of Macedonia in order to maintain the liquidity of banks and savings houses;
4. Prescribe the level and way of establishing special bank's reserves in order to safeguard potential losses;
5. Establish the types and level of guarantee capital of the banks and savings houses;
6. Establish the framework *for* banks and savings houses for providing guaranties on securities issued by enterprises, for giving guaranties and for issuing their own securities;
7. Establish the conditions for setting up special reserves of banks and savings houses in order to maintain liquidity in payments against personal savings deposits and current accounts of citizens in denars;
8. Prescribe the level, terms for use and repayment and other conditions for granting short-term credits to banks for the maintenance of their day-to-day liquidity on the basis of certain securities;
9. Prescribe the minimum general conditions for creditworthiness of banks and savings houses; and
10. Set limits for different types of risky exposures of banks and savings houses and prescribe protection measures.

The measures from paragraph 1 of this Article shall apply equally to all banks, unless otherwise stipulated by law. The National Bank of Macedonia shall establish which measures of this Article shall apply to savings houses and under what conditions.

Article 21

The National Bank of Macedonia may prescribe an obligation for banks and savings houses to keep part of their funds in their accounts and in specific liquid placements, as a minimum for the maintenance of their liquidity.

The National Bank of Macedonia may also prescribe an obligation for banks and savings houses to maintain the structure of their investments within specific frameworks according to their maturity terms and to coordinate it with the structure of the sources of the funds according to maturity.

Article 22

The National Bank of Macedonia shall determine the level, terms for utilization and repayments, as well as other conditions for granting short-term credits to banks and savings houses for maintaining their daily liquidity.

The National Bank of Macedonia shall grant credits mentioned in paragraph 1 of this Article following securities held in banks and savings houses, on the basis of the following:

- 1) securities of the National Bank of Macedonia;
- 2) securities of the Republic of Macedonia;
- 3) securities with an obligation of the Republic of Macedonia undertaken according to the law to depreciate or guarantee;
- 4) specific discounted bills of exchange of enterprises;
- 5) treasury bills of banks and savings houses; and
- 6) commercial bills.

Article 23

The National Bank of Macedonia cannot buy domestic or foreign transferable short-term securities through banks and savings houses nor grant credits to banks and savings houses that do not meet minimum basic conditions of credit worthiness.

Apart from the provision in paragraph 1 of this Article, the National Bank of Macedonia can grant credits to banks or savings houses for maintaining daily liquidity, if they meet the conditions for using the credits set forth by a decision of the National Bank of Macedonia.

Article 24

The bearer of payments operations shall be obliged to provide the National Bank of Macedonia immediately with the data based on which the liquidity of a bank or a savings house is defined, following the framework of its authorization.

Article 25

The National Bank of Macedonia shall define the day of the commencement of the illiquidity of a bank or a savings house and undertake measures to establish long-term liquidity position.

The National bank of Macedonia may exclude an illiquid bank or savings house from the payment operations.

The National Bank of Macedonia shall submit an information about the exclusion of a bank or savings house from the payment operations due to their illiquid position to:

- the Parliament of the Republic of Macedonia;
- the Government of the Republic of Macedonia, and
- the Assembly of the bank, or the savings house.

3. Maintenance of Liquidity in External Payments

Article 26

The National Bank of Macedonia shall monitor the realization and compliance of balance of payments and foreign exchange policy in the Republic of Macedonia within its rights and obligations, and it shall make decisions and prescribe measures.

Article 27

The National Bank of Macedonia shall buy and sell foreign exchange on the foreign exchange market and fulfill other activities stipulated by the law, in order to maintain the liquidity in external payments.

Article 28

The National Bank of Macedonia can open accounts abroad.

The National Bank of Macedonia shall manage permanent and current reserves of the Republic of Macedonia, except for the part of current foreign exchange reserves handled by authorized banks.

Article 29

In order to maintain liquidity of the Republic of Macedonia in foreign payments within the frameworks of stipulated foreign exchange policy, the National Bank of Macedonia can prescribe the following: an obligation to notify on external payments in advance; an obligation of authorized banks to keep certain amount in foreign exchange or in liquid foreign exchange placements as minimum reserve for maintaining liquidity in external payments, as well as other measures stipulated by the law.

Article 30

The National Bank of Macedonia can participate in transactions of foreign exchange markets abroad.

Article 31

The National Bank of Macedonia shall undertake measures, within the stipulated foreign exchange policy, for realizing the scope and structure of approving and utilization of external credits, and, it will monitor and control the establishment of credit relations abroad, according to the law.

Article 32

The National Bank of Macedonia shall provide the implementation of payment operations and financial agreements abroad.

Article 33

The National Bank of Macedonia can be indebted abroad in its name and on its own behalf, in order to maintain liquidity of external payments.

The National Bank of Macedonia can receive the credits from paragraph 1 of this Article, with the maturity of one year, only in compliance with the law.

Article 34

The National Bank of Macedonia can enter indebtedness in its name and on the behalf of the Republic of Macedonia only in accordance with the existing law.

4. Issue of bank-notes and coins

Article 35

Bank-notes and coins bearing the denomination of the domestic currency shall be the only legal tender in the territory of the Republic of Macedonia.

Article 36

All obligations and rights and all operations expressed in the form of money, established within the Republic of Macedonia, as well as all values and amounts, shall be expressed in denars.

Article 37

Monetary unit of the Republic of Macedonia shall be defined by a special law.

Article 38

The National Bank of Macedonia shall issue bank-notes and coins and shall determine the denominations and also the basic characteristics of the bank-notes and coins.

The National Bank of Macedonia shall pass decisions concerning the issue and withdrawal from circulation of bank-notes and coins.

Article 39

The National Bank of Macedonia shall supply the institution carrying out payment operations with bank-notes and coins.

The expenses for the delivery of cash to the organizational units of the institution carrying out payment operations shall be covered by the National Bank of Macedonia. The National Bank of Macedonia shall also cover the expense of the replacement of damaged bank-notes and of the withdrawal of worn-out bank-notes, which shall be carried out on its behalf by the institution carrying out money transfer operations.

Article 40

The lowest denomination in circulation for completing final calculations in cash and non-cash payment operations and also in account books shall be determined by the National Bank of Macedonia in agreement with the Government of the Republic of Macedonia.

Article 41

Bank-notes and coins withdrawn from circulation shall cease to be legal tender and shall be replaced within the terms and manner established by decision of the National Bank of Macedonia.

Article 42

The National Bank of Macedonia shall replace the bank-notes and coins unsuitable for circulation under conditions and manner according to its own consideration.

Article 43

A decision for the issue of bank-notes for emergency requirements of the Republic of Macedonia owing to an immediate military threat or a state of war shall be made by the Government of the Republic of Macedonia.

Article 44

The National Bank of Macedonia shall be responsible for the manufacture of bank-notes and coins.

The manufacture of bank-notes shall be carried out within the Republic of Macedonia by the organization authorized by law, or in exclusive cases, abroad, in accordance with a decision of the Government of the Republic of Macedonia, following a proposal of the National Bank of Macedonia.

6. Operations on behalf of the bodies of the Republic of Macedonia

Article 45

The National Bank of Macedonia shall conduct deposit, credit and other banking activities in behalf of the government bodies of the Republic of Macedonia.

Article 46

The National Bank of Macedonia may grant credits to the Republic of Macedonia following the requirements of the Budget of the Republic of Macedonia, cumulatively, not exceeding 5 per cent of the scope of the Budget for each current year.

The period of repayment of credits from paragraph 1 of this Article cannot be longer than the end of the Budget year the credit has been granted for. The National Bank of Macedonia shall not extend new credits until complete payment of principal and interest of already approved credit.

As an exception from paragraphs 1 and 2 of this Article, the National Bank of Macedonia can grant credits of a higher percentage and longer maturity, if the Republic of Macedonia enters an indebtedness due to regulation of external debts or membership in international organizations.

Credits from paragraph 1 of this Article shall be provided by transferable long-term securities, with market interest rate and maturity appropriate to the disbursement of the credit.

Credit to the Republic of Macedonia under the provisions of this Article may be granted only within the projection of the monetary policy.

6. Banking Supervision and Auditing

Article 47

The National Bank of Macedonia shall supervise banks and savings houses and control the implementation of the measures of the monetary and foreign exchange policies and regulations defining foreign exchange operations and foreign credit relations, exchange of goods and services with foreign countries and the way economic activities are carried out abroad by banks and savings houses.

Banking supervision and control from paragraph 1 of this Article shall be performed in accordance with standards and procedures stipulated by a decision of the National Bank of Macedonia.

The National Bank of Macedonia shall perform the control from paragraph 1 of this Article indirectly by revising the documentation submitted to NBRM as well as acting directly on-site and by reviewing the activity of the banks and savings houses and of other legal entities that are capital and management related with the banks and savings houses.

The National Bank of Macedonia shall define the interrelation from paragraph 3 of this Article.

Article 48

Banks and savings houses shall be obliged, at the request of the National Bank of Macedonia, to submit all necessary data for the control referred to in Article 47 of this Act.

Article 49

If under the control referred to in Article 47 of this Act banks and savings houses' activities do not comply with the prescribed supervisory standards and irregularities are detected in the implementation of the measures of the monetary and foreign exchange policies, in following regulations for foreign exchange and credit operations abroad, exchange of goods and services abroad, and in performing economic activities abroad, the Governor shall take a decision on undertaking measures against the bank or the savings house and shall determine terms for removing the defined irregularities.

The appeal against the Governor's decision from paragraph 1 of this Article does not delay the execution of the decision.

Article 50

The measures from para.1, Article 49 of this Act taken against a bank or a savings house shall be the following:

1. Suspension of the usage of assets from the primary issue;
2. Limitation of placements increase, for a period of 30 to 90 days;
3. Suspension of foreign currency and exchange transactions in the country;
4. Exclusion from the participation on the foreign exchange market;
5. Ceasing the payments abroad, except for the payments of matured obligations by foreign credits and convention relations;
6. Limitation of the external borrowings;
7. Increase of the amount of the equity capital, reserves and of the special reserves for potential losses;
8. Writing-off non-performing claims;
9. Suspension of lending to certain founders and depositors;
10. Closing certain branches and representative offices;
11. Statutory changes;
12. Withdrawal of the approval for appointing managing body of a bank and authorization of an employee of the National Bank of Macedonia to organize the bank operations until the appointment of a new managing body;
13. Limitation of the right for transfer of profit or payment of dividends.
14. Determining deadlines for removal of identified irregularities;
15. Suspension of the **managing body of the bank or savings house and authorization of a representative of the National Bank to organize the operations of the bank or the savings house;**
16. **Ban on all or particular bank operations for a certain period of time;**
17. **Prohibited acceptance of savings deposits.**

The measures from this Article and the period of their duration shall be defined following a decision of the Governor of the National Bank of Macedonia.

Article 51

The National Bank of Macedonia is not responsible for damages to third parties arising as a result of the measures for maintaining the stability and safety of a certain bank or the banking system as a whole, undertaken by the supervisory bodies.

Article 52

If, besides the undertaken measures, the Governor estimates that the financial position of a bank or a savings house is not likely to be improved, and the bank or the savings house still does not follow the supervisory standards and does not implement determined measures, the Governor can take a decision on withdrawing the operating license issued to a bank or a savings house.

Article 53

The National bank of Macedonia may receive information from supervisory bodies of other countries regarding supervision of internationally active banks.

The National bank of Macedonia may provide information to supervisory bodies of other countries regarding supervision of internationally active banks.

The National Bank of Macedonia may approve on-site control of a foreign bank or a branch of a foreign bank in the Republic of Macedonia, performed by the supervisory bodies of the home country of the bank.

Copy of the report regarding the performed control from para.3 of this Article is obligatorily submitted to the National Bank of Macedonia within the period of two months after the control was performed.

Information from para.1 and 2 of this Article, as well as the report from para.3 of this Article have the status of a business secret.

Article 54

If the undertaken measures against a bank or a savings house do not provide activities according to the law, defined in Article 50, the National Bank of Macedonia shall collect its claims on the bank or the savings house.

Article 55

The National Bank of Macedonia shall supervise foreign trade and foreign exchange operations of enterprises and other residents within the framework of its competence established by the regulations for foreign trade and foreign exchange operations.

The National Bank of Macedonia shall bring charges to the authorized body, if the supervision activities in an enterprise and other residents from paragraph 1 of this Article disclose activities and transactions which are violation of the law.

Article 56

The National Bank of Macedonia shall also perform the supervision from paragraph 1 Article 47 of this Act at a request of the Government of the Republic of Macedonia.

Twice a year, the National Bank shall notify the Parliament of the Republic of Macedonia as well as the Government of the Republic of Macedonia on the supervision made and measures being undertaken.

Article 57

The National Bank of Macedonia shall be authorized for granting licenses for the establishment and operation of a bank, a savings house and a branch of foreign bank, money and short-term securities markets, and, it defines the documentation for establishing and operating a bank, a savings house and a branch of foreign bank, money and short-term securities markets.

Article 58

The National Bank of Macedonia shall assess whether conditions have been met for the establishment of a bank, a savings house, or a money and short-term securities markets as prescribed by law, and whether there is economic reason for such establishment and operation.

On the basis of the assessment for meeting the prescribed conditions, the National Bank of Macedonia shall authorize a bank to have dealings abroad.

The National Bank of Macedonia shall supervise the fulfillment of prescribed conditions for establishment and operation of the entities from paragraph 1 of this Article, and, if it estimates that the prescribed conditions have not been met, it shall withdraw the operating license.

Article 59

The National Bank of Macedonia shall prescribe the minimum scope, form and content of the program for economic and financial auditing and of the report on the economic and financial auditing of banks and savings houses.

The National Bank of Macedonia may request banks and savings houses to provide and within a specified period submit reports on the economic and financial auditing of their annual accounts and operations .

If the National Bank of Macedonia estimates that the report referred to in paragraph 2 of this Article is not in accordance with the auditing standards or with the prescribed scope, form and content of the report on the economic and financial auditing of banks and savings houses, it may request the bank or the savings house to provide and within a specified period to submit a new report prepared by another authorized auditor in conformity with the law.

Article 60

In order to undertake supervision activities and realize measures of monetary and foreign exchange policies, the National Bank of Macedonia passes decisions, prescribes methodology, form, content, manner and terms for the banks and savings houses to submit data to the National Bank of Macedonia.

The Governor of the National Bank of Macedonia, based on agreement with the Minister of Finance, shall prescribe special way of leading the accounting of banks and savings houses, in accordance with generally accepted accounting standards.

III. BODIES OF THE NATIONAL BANK OF MACEDONIA

Article 61

The bodies of the National Bank of Macedonia are the Council of the National Bank of Macedonia and the Governor of the National Bank of Macedonia.

Article 62

The Council of the National Bank of Macedonia shall consist of: the Governor and the Deputy Governor of the National Bank of Macedonia, and 7 members being specialists and experts in different fields. A representative, i.e. member of a Managing Board of a bank or a savings house cannot be a member of the Council of the National Bank.

The Governor of the National Bank of Macedonia shall be the President of the Council of the National Bank of Macedonia. During his absence, the function of the President of the Council will be given to the Deputy Governor.

The Members of the Council of the National Bank of Macedonia shall be appointed by the Parliament of the Republic of Macedonia, for a term of seven years.

A member of the Council may be dismissed from the function before the end of his term if convicted for a criminal offense against property or for economic infraction, under the same procedure as for the appointment.

A member of the Council of the National Bank of Macedonia may not be appointed for two successive terms.

The Council of the National Bank of Macedonia and each of its members shall be responsible to the Parliament of the Republic of Macedonia for the fulfillment of the functions and tasks of the National Bank of Macedonia as laid down by this and other acts.

Article 63

The Council of the National Bank of Macedonia shall hold sessions to decide on matters within its competence.

The decisions of the Council of the National Bank of Macedonia shall be published in the Official Gazette of the Republic of Macedonia.

Article 64

The Council of the National Bank of Macedonia shall adopt Rules of Procedure for its operation.

Article 65

In managing the operation of the National Bank of Macedonia concerning proposals and implementation of the monetary and foreign exchange systems and monetary and foreign exchange policies, the Council of the National Bank of Macedonia shall decide with regard to:

1. Establishment of methodology of monetary planning;
2. Adoption of a financial plan and final accounts of the National Bank of Macedonia;
3. Adoption of a Statute of the National Bank of Macedonia;
4. Establishment of a projection of monetary movements;
5. Defining the goals and objectives of the monetary and foreign exchange policies and determining the measures for their realization;
6. Establishment of types and level of banks and savings houses' guarantee capital;
7. Establishment of the base and amount of reserve requirements of banks and savings houses and establishment of manner, conditions and terms of calculation and allocation of reserve requirements;
8. Prescription of level and way of establishing banks special reserves for potential losses safeguard;
9. Establishment of manner and conditions for utilization of reserve requirements;
10. Issue of securities of the National Bank of Macedonia;
11. Establishment of level and terms for granting credits to banks;
12. Establishment of the amount and conditions for buying securities directly through auctions, or on the money and short-term securities market;
13. Establishment of the conditions for buying and selling bank deposits;
14. Setting of the interest rates of the National Bank of Macedonia;
15. Limitation of the extent and rate of investment growth of banks and savings houses;
16. Prescription of the obligations of banks and savings houses with regard to the maintenance of minimum liquidity, maintenance of the investment structure according to their maturity terms within specific frameworks, and coordination of investment terms with the structure of the sources of the funds according to their terms;
17. Establishment of a framework for banks and savings houses with regard to providing guaranties on securities, giving guaranties and issuing their own securities;
18. Prescription of minimum conditions of creditworthiness to be met by banks and savings houses;
19. Prescription of the obligations of the authorized banks to keep a certain amount in foreign exchange or in other foreign exchange liquid investments as a minimum reserve for the maintenance of liquidity in foreign payments;
20. Issue of new denominations of bank-notes and coins, establishment of the basic characteristics of the new bank-notes and coins, completing the final calculations in cash and non-cash payment operations and issue and withdrawal from circulation of bank-notes and coins;
21. Manner and conditions for buying and selling gold abroad and other precious metals in the Republic of Macedonia, and also for the export or dispatch of monetary gold abroad;
22. Granting credits for the requirements of the Republic of Macedonia and conditions for their repayment;
23. Establishment of a uniform tariff for charging commission for the services of the National Bank of Macedonia;

24. Prescription of detailed conditions and the manner of supervision, types, terms, order and procedure of taking measures against banks and savings houses;
25. Determination of regulations and standards of supervision;
26. Prescription of the minimum scope, form and content of the program for economic and financial auditing and of the report on the economic and financial auditing for banks and savings houses;
27. Determination of standards for investments considered risky and of the level of their risk;
28. Taking decision on earmarking and level of the allocation of assets for the needs from paragraph 2 of Article 78 of this Act;
29. Taking decision on lodging a complaint against a decision of the Governor;
30. Dealing with other issues and passing regulations which are competence of the National Bank of Macedonia, unless the Governor of the National Bank of Macedonia is authorized for;
31. Reports on the implementation of monetary and foreign exchange policies; and
32. Reports on supervision carried out and measures undertaken.

National Bank of Macedonia Council decides upon the appeals against the decisions taken by the Governor of the National Bank of Macedonia in the absence of the Governor and the Deputy Governor.

Article 66

In managing the operation of the National Bank of Macedonia concerning the implementation of monetary and foreign exchange policies, the Council of the National Bank of Macedonia shall decide by a majority of votes of all the members of the Council of the National Bank of Macedonia, unless otherwise stipulated by this Act.

The Council of the National Bank of Macedonia shall decide with a two-thirds majority of the total number of its members concerning questions from items 1, 2, 4, 5, 9, 15 and 16 of Article 65 of this Act.

If, when deciding in accordance with paragraphs 1 and 2 of this Article, the Council of the National Bank of Macedonia does not reach the necessary agreement, and the Governor of the National Bank of Macedonia assesses that owing to the failure to adopt a decision, considerable disturbances may arise in the economy and on the market in the implementation of the tasks of monetary and foreign exchange policies or considerable damage to the Republic of Macedonia, he/she shall submit a report to the Parliament of the Republic of Macedonia with the individual opinions of the members of the Council of the National Bank of Macedonia and shall adopt the decision for which agreement has not been reached.

The Governor of the National Bank of Macedonia may suspend the implementation of the decision or regulations of the Council of the National Bank of Macedonia within two working days after the decision is made, and, he/she is obliged to notify the Parliament of the Republic of Macedonia of this.

The Parliament of the Republic of Macedonia shall adopt a final decision with regard to disputed issues under paragraph 3 and 4 of this Article.

Article 67

The Governor of the National Bank of Macedonia shall be responsible for passing instructions for the uniform implementation of regulations and decisions of the Council of the National Bank of Macedonia adopted on the basis of Article 65 of this Act.

Article 68

The Governor of the National Bank of Macedonia shall manage and organize the operation of the National Bank of Macedonia and shall take decisions on material and

financial operations not being under the competence of the Council of the National Bank of Macedonia.

Article 69

The Governor of the National Bank of Macedonia shall represent the National Bank of Macedonia.

The Governor of the National Bank of Macedonia shall pass decisions and other regulations in the field of the operation of the National Bank of Macedonia which under this Act have not been placed within the competence of the Council of the National Bank of Macedonia and shall notify the Council of the National Bank of Macedonia at its first following session of the decisions and regulations passed.

Article 70

The Governor of the National Bank of Macedonia shall be appointed for a term of seven years, with a right to one further re-appointment, or removed, by the Parliament of the Republic of Macedonia on the proposal of the President of the Republic of Macedonia.

The Governor of the National Bank of Macedonia can be removed before the end of the term in case he/she is convicted for a criminal offense against property or for economic infraction, under similar procedure as for the appointment.

Article 71

The Governor of the National Bank of Macedonia shall be responsible for his/her work to the Parliament of the Republic of Macedonia.

Article 72

A Deputy Governor and one or more Vice Governors shall be appointed to the National Bank of Macedonia.

The Statute of the National Bank of Macedonia shall determine the activities being within the competence of the Governor which he/she may transfer to the Deputy Governor or Vice-Governors.

On the proposal of the Governor, the Deputy Governor shall be appointed by the Parliament of the Republic of Macedonia for a term of seven years, with the right to one further re-appointment.

On the proposal of the Governor, the Vice Governor shall be appointed by the Parliament of the Republic of Macedonia for a term of seven years, with the right to one further re-appointment.

The Parliament may dismiss the Deputy Governor or Vice Governors of the National Bank of Macedonia before the end of their term if convicted for a criminal offense against property or for economic infraction, under similar procedure as for the appointment.

Article 73

For the purpose of performing the internal control of the operations of the National Bank of Macedonia, comptrollers shall be appointed.

The comptrollers from paragraph 1 of this Article shall be appointed by the Council of the National Bank of Macedonia.

IV. ORGANIZATION OF THE NATIONAL BANK OF MACEDONIA

Article 74

The National Bank of Macedonia shall have the status of a legal person.

The seat of the National Bank of Macedonia shall be in Skopje.

Article 75

The National Bank of Macedonia may be a member of and participate in international financial institutions. If funds from the Budget of the Republic are used for this purpose, consent from the Parliament of the Republic of Macedonia shall be necessary.

Article 76

The National Bank of Macedonia shall have a Statute.

The Statute shall determine the organization and operation of the National Bank of Macedonia.

The Statute of the National Bank of Macedonia shall be adopted by the Council of the National Bank of Macedonia and shall be approved by the Parliament of the Republic of Macedonia.

Article 77

The seal of the National Bank of Macedonia shall bear the name of the Bank in the Macedonian language and the coat of arms of the Republic of Macedonia.

Article 78

The rights, obligations and responsibilities of employees of the National Bank of Macedonia shall be regulated in conformity with the provisions of the Organs of Administration Act.

The manner of the appropriate implementation of the provisions of the Act under paragraph 1 of this Article shall be determined by the Governor of the National Bank of Macedonia.

V. INCOME, EXPENDITURES AND RESERVES OF THE NATIONAL BANK OF MACEDONIA

Article 79

The National Bank of Macedonia shall obtain its income from:

1. Interest on total assets of the National Bank of Macedonia and on foreign exchange reserves;
2. Commission on operation with monetary funds of the Republic of Macedonia;
3. Residue of realized positive exchange rate differences, after covering realized negative exchange rate differences;
4. Commission for services performed;
5. Buying, selling and dealing with securities and deposits;
6. Income in accordance with specific laws, and
7. Other income obtained by its operation.

Article 80

The income obtained by the National Bank of Macedonia shall cover the settlement of:

1. Interests on total liabilities of the National Bank of Macedonia;
2. Commission on funds deposited with the National Bank of Macedonia;
3. Expenses of foreign exchange operations;
4. Realized negative exchange rate differences not covered after covering from realized positive exchange rate differences;

5. Expenditures in accordance with specific laws;
6. Expenses for manufacture of bank-notes and coins and their delivery to the institution carrying out payment operations;
7. Expenses on account of depreciation, and
8. Other expenses of the National Bank of Macedonia incurred in the course of its operation.

The income obtained by the National Bank of Macedonia shall provide funds for:

1. The Fixed Assets Fund of the National Bank of Macedonia;
2. The Special Reserves Fund of the National Bank of Macedonia, and
3. Salaries, collective expenditure and material expenses for the functions of the National Bank of Macedonia.

The reserves fund of the National Bank of Macedonia shall serve for covering losses during Bank operations as well as the risks of the current operations of the Bank.

Article 81

The residue of the realized positive exchange rate differences referred to in item 3 of Article 79 of this Act shall be transferred into the Special Reserves Fund of the National Bank of Macedonia in a special account and may be used only for coverage of realized exchange rate differences not covered.

Expenditures under item 5 of Article 80 of this Act shall be made up to the level of income obtained under item 7 of Article 79 of this Act.

Article 82

The expenditures of the National Bank of Macedonia arising from activities on behalf of the Republic, shall be covered from the Budget of the Republic.

Article 83

The financial plan and final account of the National Bank of Macedonia shall be adopted by the Council of the National Bank of Macedonia and shall be approved by the Parliament of the Republic of Macedonia.

The Council of the National Bank of Macedonia shall be obliged to adopt the final account for the previous year and the financial plan for the current year by February 28 each year.

Until the adoption of the financial plan of the National Bank of Macedonia, the Council of the National Bank of Macedonia shall adopt a decision for interim financing of the National Bank of Macedonia.

Article 84

The excess income over expenditure of the National Bank of Macedonia following the application of this Act shall be the income of the Budget of the Republic, unless otherwise stipulated by law.

The excess expenditure over income of the National Bank of Macedonia shall be covered from the Special Reserves Fund of the National Bank of Macedonia, and if the funds of the Fund are not sufficient, the surplus of expenditure shall be covered from the funds of the Budget of the Republic.

Article 85

The assets of the Fixed Assets Fund shall be envisaged in the financial plan of the National Bank of Macedonia and shall be specified in the annual financial statement of the National Bank of Macedonia.

Article 86

Funds for the Special Reserves Fund shall be allocated from income, the amount being set by the Council of the National Bank of Macedonia or by a decision when specifying expenditure under item 2 paragraph 2 Article 78 of this Act.

A decision on the use of funds from the Special Reserves Fund shall be taken by the Council of the National Bank of Macedonia.

VI. SANCTIONS PROVISIONS

Article 87

A fine of denar 150,000 to 300,000 for an economic infraction shall be imposed on a bank or a savings house:

1. Should it violate the prescribed framework when providing guaranties on securities, giving guaranties and issuing its own securities (paragraph 3, item 6 Article 20);

2. Should it fail to maintain liquid funds within the specified scope or structure as prescribed by the National Bank of Macedonia (Article 21);

3. Should it violate the measures adopted by the National Bank of Macedonia in conformity with this Act (Articles 9, 20 and 29);

4. Should it fail to provide within the specified period, at the request of the National Bank of Macedonia, a report on the economic and financial auditing of its annual financial statement and its operation (Article 59);

5. Preventing supervision and auditing by authorized persons from the National Bank of Macedonia (Article 47);

6. Destroying documents in order to prevent supervision and auditing by the National Bank of Macedonia (Article 47) and

7. Providing incorrect reports to the National Bank of Macedonia (Articles 47 and 48).

A fine of denar 30,000 to 50,000 for an economic infraction shall also be imposed on the person responsible in the bank or a savings house for the actions referred to in paragraph 1 of this Article.

Article 88

A fine of 8 to 10 wages for an economic infraction shall be imposed on the person responsible in the National Bank of Macedonia:

1. Should he/she buy through a bank or a savings house transferable short-term securities or should he/she grant credit to a bank or a savings house although, on the basis of the available data, it is clear that the minimum general conditions of creditworthiness as stipulated by this Act (paragraphs 1 and 2 of Article 23) have not been met, or

2. Should he/she fail to carry out supervision or take measures within his/her competence (paragraph 2 of Articles 47, 50 and 56).

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 89

The National Bank of Macedonia shall be legal successor of the National Bank of Macedonia and it shall undertake completely its rights and obligations.

Article 90

The National Bank of Macedonia shall coordinate its organization, regulations and operations with the provisions of this Act within six months as from the date it goes into effect.

Article 91

The Governor, Deputy Governor and Vice-Governors appointed by the Parliament of the Republic of Macedonia prior to the date of entry into force of this Act shall remain in office until the expiry of their appointed terms.

Article 92

Until the establishment of the Council of the National Bank of Macedonia, the Governor of the National Bank of Macedonia shall perform the functions of the Council of the National Bank of Macedonia.

The Council of the National Bank of Macedonia shall be established within 30 days after the date this Act goes into effect.

Article 93

On the day this Act goes into effect, the National Bank of Macedonia shall guarantee demand deposits and current accounts of the citizens in denars, up to the level determined by this Act; whereas, it shall guarantee time-deposits in total depending on the period when this Act went into force.

Article 94

The National Bank of Macedonia guarantees the contracts for time deposits concluded prior to the date this Act goes into effect until the date of their expiration.

Article 95

Provisions from Article 62 of this Act concern appointment, i.e. reappointment of members of the National Bank of Macedonia Council, after this Act goes into effect.

Article 96

After this Act goes into effect, the National Bank of Macedonia Act ("Official Gazette of the SRM", no.43/89) ceases to be valid, whereas the National Bank of Yugoslavia Act and the Act on Unique Monetary Operations of National Banks in the Republics and of the National Banks in Autonomous Provinces ("Official Gazette of the SFRY", no. 34/89, 88/89 and 61/90) ceases to be implemented on the territory of the Republic of Macedonia.

On the basis of Article 82 of the Act on Amendments and Modifications of the Banks and Savings Houses Act ("Official Gazette of the Republic of Macedonia" No. 17/96), at its session held on May 14, 1996, the Legislative Commission of the Parliament of the Republic of Macedonia approved the revised text of the Banks and Savings Houses Act.

The revised text of the Banks and Savings Houses Act cover the Banks and Savings Houses Act ("Official Gazette of the Republic of Macedonia" No. 31/93) and the Act on Amendments and Modifications of the Banks and Savings Houses Act ("Official Gazette of the Republic of Macedonia" No.78/93) which contain the day of their enforcement.

Article 97

This Act goes into effect on the eighth day after it is published in the 'Official Gazette of RM'.