



Creation date: 2013-07-05

Bishkek

July 29, 1997, # 59

THE LAW OF THE KYRGYZ REPUBLIC

on the National Bank of the Kyrgyz Republic

(As amended by the Laws of the Kyrgyz Republic of

February 12, 2007 #17, May 30, 2007 #75,

June 4, 2007 #77, August 9, 2007 #143,

May 16, 2008 #87, May 19, 2008 #90,

July 18, 2008 #154, October 17, 2008 #224,

October 17, 2008 #231, November 3, 2008 #236,

January 23, 2009 #21, March 28, 2009 #94,

March 29, 2009 #95, May 19, 2009 #162,

February 16, 2010 #30, March 15, 2010 #49,

April 11, 2011 #11, May 12, 2011 #21)

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Chapter I

General provisions

Article 1. The National Bank of the Kyrgyz Republic

1. The National (Central) Bank of the Kyrgyz Republic (hereinafter the Bank of Kyrgyzstan) is the bank of the Kyrgyz Republic and shall fall under ownership of the Republic.

2. The Bank of Kyrgyzstan is a legal entity with independent legal form - Central Bank of the Kyrgyz Republic, carrying out its activities in accordance with this Law and shall not seek profit.

3. The location of the Bank of Kyrgyzstan shall be the city of Bishkek. The Bank of Kyrgyzstan shall have the right to set up branches, representative offices and to appoint its representatives both within the Kyrgyz Republic and abroad.

The Bank of Kyrgyzstan shall have a seal bearing its name and image of the State Emblem of the Kyrgyz Republic.

4. It shall be prohibited to use the combination of words "Bank of Kyrgyzstan", "Kyrgyz Banky", the acronyms "CBKR" and "NBKR" as well as words "Central", "National", in the names or logos of other banks, in the full or shortened form, in any language.

5. The Kyrgyz Republic shall not bear responsibility for obligations of the Bank of Kyrgyzstan. The Bank of Kyrgyzstan shall not bear responsibility for obligations of the Kyrgyz Republic.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Article 2. Purpose of the activity of the Bank of Kyrgyzstan

The purpose of the activity of the Bank of Kyrgyzstan is to achieve and maintain the stability of prices through implementation of appropriate monetary policy according to this Law.

Article 3. Primary task of the Bank of Kyrgyzstan

The primary task of the Bank of Kyrgyzstan, facilitating achievement of its purpose (or subordinate to the main purpose), is to support the purchasing power of the national currency, to ensure effectiveness, safety and soundness of the banking and payment system of the republic to promote long-term economic growth of the country.

(As amended by the Law of the Kyrgyz Republic of May 19, 2008 #90)

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of September 15, 2004 # 24/10 "On the Standards "On information security of institutions of the banking system of the Kyrgyz Republic"

Article 4. Functions of the Bank of Kyrgyzstan

The Bank of Kyrgyzstan shall have the following functions:

- 1) definition and implementation of the monetary policy of the Kyrgyz Republic;
- 2) development and implementation of a uniform foreign exchange policy;
- 3) possession of an exclusive right to issue currency;

- 4) acting as a creditor of last instance to banks in accordance with the present Law;
- 5) establishment of rules for conduct of banking operations including those based on the principles of Islamic banking and finance, accounting and reporting for the banking system;
- 6) licensing of banking operations, attraction of funds by legal entities from the population on terms of time, collectability and solvency in accordance with the legislation of the republic and registering licenses issued;
- 7) regulation and supervision of the banks' and financial credit institutions' activities licensed by the Bank of Kyrgyzstan;
- 8) facilitation of effective functioning of the payment system and execution inter-bank payments;
- 9) exercise of the foreign exchange regulation, including issue of regulations on foreign exchange operations, as well as operations of purchase, sale and exchange of foreign currencies in accordance with the legislation of the Republic;
- 10) ownership and management of the official foreign exchange reserves in accordance with this Law;
- 11) preparation, in cooperation with the National Statistic Committee of the payment balance of the Kyrgyz Republic;
- 12) representation of the interests and acting in the name of the Kyrgyz Republic at international meetings, conferences and organizations relating to monetary and banking policy;
- 13) fulfillment of other functions, powers and rights according to the legislation of the Republic.

(As amended by the Laws of the Kyrgyz Republic of March 28, 2009 #94, April 11, 2011 #11)

Article 5. Operations of the Bank of Kyrgyzstan

To achieve the objectives established by this Law, the Bank of Kyrgyzstan shall exercise, on terms determined by it, the right to carry out the following operations:

- 1) to make credits repayable in not more than six months, secured by securities and other assets determined by the Bank of Kyrgyzstan in accordance with this Law and the legislation of the Kyrgyz Republic;
- 2) to carry out banking operations on servicing banks and other financial institutions;

- 3) to buy and sell checks, promissory notes and bills of exchange of first-class issuers, backed, as a rule, by commodities, with maturity of not more than six months;
- 4) to buy and sell in the secondary market securities issued by the Government of the Kyrgyz Republic;
- 5) to buy and sell securities issued by the Bank of Kyrgyzstan as well as securities issued by foreign states and international organizations;
- 6) to buy and sell precious metals and other types of exchange medium;
- 7) to buy and sell foreign currencies;
- 8) to open accounts with banks and financial institutions;
- 9) to act as an intermediary in transactions with funds provided by international financial institutions for financing various programs, under conditions established by the Board of the Bank of Kyrgyzstan;
- 10) to carry out other banking operations which are not prohibited by the legislation.

Article 6. Organization of activities of the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan shall independently organize and carry out its activities within the limits of authority established by this Law and not contradicting it.

The interference of any body of state power in the resolution of issues delegated to the Bank of Kyrgyzstan by this Law shall be prohibited.

2. The Bank of Kyrgyzstan shall coordinate its policy with the Government of Kyrgyzstan to the extent that it does not contradict its purpose and objectives.

Article 7. Normative acts of the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan, as regards the issues assigned to its competence by this and other laws, shall establish interpretation of the banking terminology and issue normative acts binding on all banks, legal entities and individuals engaging in certain banking operations on the bases of licenses granted by the Bank of Kyrgyzstan, as well as by clients and executive bodies.

The Bank of Kyrgyzstan shall have the right to issue normative acts mandatory for banks conducting operations in accordance with the Islamic principles of banking and finance, to

establish additional standards for capital adequacy, additional requirements for accounting and financial reporting, as well as requirements for members of the Shariah Board.

2. Normative acts of the Bank of Kyrgyzstan directly effecting the rights, freedoms and obligations of citizens shall be registered in the order established by the laws in respect of official registrations and normative legal acts.

3. Normative acts of the Bank of Kyrgyzstan shall come into force as of the date of publication in the official bulletin of the Bank of Kyrgyzstan, except for cases provided for in the normative acts themselves. Normative acts of the Bank of Kyrgyzstan shall not be retroactive.

(As amended by the Law of the Kyrgyz Republic of March 28, 2009 #94)

Chapter II

Reporting of the Bank of Kyrgyzstan

Article 8. Reporting of the Bank of Kyrgyzstan

1. The fiscal year of the Bank of Kyrgyzstan shall be established from 1 January to 31 December inclusively.

2. Accounting and reporting shall be continuously carried out by the Bank of Kyrgyzstan in accordance with the international accounting practices and shall reflect its operations and financial position.

3. The Bank of Kyrgyzstan shall prepare an annual financial report containing the balance sheet of the Bank of Kyrgyzstan, profit and loss statement and other related reports established by the Board of the Bank of Kyrgyzstan.

The structure of the balance sheet of the Bank of Kyrgyzstan shall be established by the Board of the Bank of Kyrgyzstan. The Bank of Kyrgyzstan shall publish its consolidated balance sheet in the mass media on a monthly basis.

Article 9. Audit of the Bank of Kyrgyzstan

1. As a result of the tender by the Bank of Kyrgyzstan the Jogorku Kenesh of the Kyrgyz Republic not later than six months before the end of the financial year of the Bank of

Kyrgyzstan shall consider and approve the audit organization of recognized international standing and experience of the audit of the central (national) banks of at least five years.

The same audit organization cannot be considered and approved by the Jogorku Kenesh of the Kyrgyz Republic for more than two consecutive terms.

2. Audit of the Bank of Kyrgyzstan shall be in accordance with the international auditing standards and can be performed by an audit organization, registered in the Kyrgyz Republic and properly licensed and foreign audit organization not having a license to perform audit activities in the territory of the Kyrgyz Republic, but satisfies the requirements referred to in paragraph 1 of this article.

License of such foreign organizations are recognized in the territory of the Kyrgyz Republic to the proof of the legal capacity of such license.

3. The Bank of Kyrgyzstan, according to the signed agreement with an audit organization, is reporting and information necessary to conduct the audit in accordance with international accounting practices.

Payment for services of an audit organization on the audit of the Bank of Kyrgyzstan is at the expense of own funds of the Bank of Kyrgyzstan.

(As amended by the Law of the Kyrgyz Republic of November 3, 2008 #236)

Article 10. Annual report of the Bank of Kyrgyzstan

1. The Chief Executive Officer of the Bank of Kyrgyzstan shall submit annually to the Jogorku Kenesh of the Kyrgyz Republic a report on the activities of the Bank of Kyrgyzstan not later than April 30 of the year following the reporting year. The Jogorku Kenesh of the Kyrgyz Republic in accordance with the Constitution of the Kyrgyz Republic shall hear the report of the Chief Executive Officer of the Bank of Kyrgyzstan before July 1 of the year following the reporting year.

Hearing the report of the Chief Executive Officer of the Bank of Kyrgyzstan in the Jogorku Kenesh of the Kyrgyz Republic shall be based on the autonomy and independence of the Bank of Kyrgyzstan in accordance with the provisions of the Constitution of the Kyrgyz Republic and the present Law.

2. Report of the Chief Executive Officer of the Bank of Kyrgyzstan on activities of the Bank of Kyrgyzstan includes:

- 1) financial statements of the Bank of Kyrgyzstan audited;
- 2) information on activities of the Bank of Kyrgyzstan for the period;
- 3) other information determined by the Board of the Bank of Kyrgyzstan.

4. The Bank of Kyrgyzstan shall annually publish in the mass media the main analytical data included in the annual report and concerning the situation in the financial and banking systems of the Republic.

(As amended by the Laws of the Kyrgyz Republic of May 16, 2008 #87, May 19, 2008 #90)

Article 11. Information on the policy followed by the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan twice a year, no later than July 1 and December 31, submits to the President of the Kyrgyz Republic, the Jogorku Kenesh of the Kyrgyz Republic, the Government of the Kyrgyz Republic an official information on the main areas conducted policy by the Bank of Kyrgyzstan in the field of monetary relations, as well as on development of the financial and banking sector of the republic.

2. The information of the main areas of the activities of the Bank of Kyrgyzstan shall be published in the mass media.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Article 11-1. Budget of the Bank of Kyrgyzstan

The budget of income and expenditure and the budget of development of the Bank of Kyrgyzstan for the next year are approved by the Board of the Bank not later than December 31 of the previous year, according to the main parameters of monetary policy and in accordance with the procedure established by the President of the Kyrgyz Republic.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Chapter III

Capital of the Bank of Kyrgyzstan

Article 12. Capital of the Bank of Kyrgyzstan

1. Capital of the Bank of Kyrgyzstan consists of paid-up charter capital, statutory provision, reserve on evaluation of assets and liabilities, retained profit or loss.

2. The Bank of Kyrgyzstan shall have the paid-up charter capital (hereinafter the charter capital) in the amount of KGS 1 billion. The charter capital is formed by means of deductions from the profit of the Bank of Kyrgyzstan to its distribution through the republican budget, including through the issuance of government securities. The Bank of Kyrgyzstan may not alienate or pledge its charter capital.

3. The amount of the charter capital of the Bank of Kyrgyzstan may not be increased or decreased without introducing appropriate amendments to this Law.

4. The statutory provision is formed in accordance with article 13 of this Law.

5. Reserves on revaluation of assets and liabilities are established in accordance with articles 8 and 13 of this Law.

6. Retained profit or loss is determined as the difference between revenues and expenses that occurred during the financial year in accordance with article 8 of this Law, until the distribution or redemption of profit or loss and prepared in accordance with article 13 of this Law.

(As amended by the Laws of the Kyrgyz Republic of May 16, 2008 #87, March 28, 2009 #95, March 15, 2010 #49)

Article 13. Profit and reserves of the Bank of Kyrgyzstan

1. Profit of the Bank of Kyrgyzstan is determined for the financial year after considering all revenues and expenses that occurred in this period, in accordance with article 8 of this Law and paragraph 3 of this article.

2. Unrealized profit or loss is made up of unrealized profit and loss from the revaluation of foreign currency assets and liabilities are recognized in capital in the revaluation reserve account and foreign currency assets and liabilities.

3. If the revaluation reserve and foreign currency assets and liabilities will have a negative balance, then all this negative balance should be included in profit attributable to being carried out in accordance with paragraph 4 of this article.

4. Profit of the Bank of Kyrgyzstan, calculated with reference to paragraph 3 of this article shall be distributed as follows:

1) If the results of the financial year, the amount of the charter capital and the statutory provision of the Bank of Kyrgyzstan will be less than 10 percent of monetary liabilities of the Bank of Kyrgyzstan, in the state budget of the Kyrgyz Republic shall be transferred 70 percent of profit. Profit balance after deduction of the income of the state budget is transferred to the statutory provision of the Bank of Kyrgyzstan;

2) If the results of the financial year, the amount of the charter capital and the statutory provision is equal to or greater than 10 percent of the monetary liabilities of the Bank of Kyrgyzstan, in the state budget of the Kyrgyz Republic shall be transferred 100 percent of profit, as well as one-third of the amount of this excess at the expense of the statutory provision but within the balance of reserve.

Transfer of profit is made at the end of the financial year and the independent external audit and approval of the annual report of the Board of the Bank of Kyrgyzstan.

For the purposes of implementation of this article monetary liabilities of the Bank of Kyrgyzstan are:

of banknotes and coins issued by the Bank of Kyrgyzstan;

of financial obligations on the instruments of monetary control;

from the accounts of residents of the Kyrgyz Republic, with the Bank of Kyrgyzstan, including the accounts of the Government of the Kyrgyz Republic, and any other financial obligations to the Government of the Kyrgyz Republic, as well as accounts of the Deposit Protection Agency of the Kyrgyz Republic;

of accounts in national currency of non-resident banks of the Kyrgyz Republic, with the Bank of Kyrgyzstan.

5. If according to the results of the financial year, subject to paragraph 3 of this article, the Bank of Kyrgyzstan has a loss, then that loss is repaid by the reserve on revaluation of foreign currency assets and liabilities and the statutory provisions within its balance.

6. If the results of the financial year and, subject to paragraph 3 of this article the Bank of Kyrgyzstan has a loss, not redeemable by the statutory provisions and reserve for revaluation of foreign currency assets and liabilities, the Government of the Kyrgyz Republic shall repay to compensate for this loss of capital to the amount stipulated in paragraph 2 of article 12 of this Law, the direct transfer of funds to the Bank of Kyrgyzstan.

(As amended by the Laws of the Kyrgyz Republic of May 16, 2008 #87, March 28, 2009 #95)

Chapter IV

National currency of the Kyrgyz Republic

Article 14. Monetary unit

1. The monetary unit (the currency) of the Kyrgyz Republic shall be the som. One som consists of 100 tyins.

2. The cash currency shall be issued in the form of bank notes and coins.

Article 15. Issue of currency

The Bank of Kyrgyzstan shall have the exclusive right to issue and withdraw the currency (bank notes and coins.)

Article 16. Means of payment

1. Som is the only legal means of payment in the territory of the Kyrgyz Republic which both legal entities and individuals must accept without limitations.

2. In case of unjustified refusal to accept soms as means of payment, officials and citizens shall bear responsibility in accordance with the legislation of the Kyrgyz Republic.

3. Forgery and illegal reproduction of the currency of the Kyrgyz Republic shall be prosecuted by Law.

Article 17. Value of som in terms of other currencies

1. The Bank of Kyrgyzstan shall announce the official rate of exchange between som and other currencies.

2. Exchange operations between som and other currencies in the territory of the Kyrgyz Republic shall not be limited.

Article 18. Organization of money circulation

To organize the money circulation in the territory of the Kyrgyz Republic, the Bank of Kyrgyzstan shall:

- 1) develop and approve the procedure for conduct of cash operations for banks and financial institutions licensed by the Bank of Kyrgyzstan;
- 2) make forecasts of required issues of bank notes and coins;
- 3) ensure formation of reserves of bank notes and coins and place orders to manufacture currency (bank notes and coins);
- 4) establish general requirements for safe-keeping, transportation and collection of cash currency, to be followed by banks;
- 5) establish the procedure for determining the fitness for use as currency in the course of execution of payments;
- 6) determine signs of protection against counterfeit and order of placement of the issued currency, as well as the procedure for disposing of damaged or withdrawn bank notes and coins;
- 7) use other methods and mechanisms of regulation accepted in the international practice.

Chapter V

Monetary control

Article 19. Monetary policy of the Bank of Kyrgyzstan

The Bank of Kyrgyzstan shall formulate the monetary policy of the Kyrgyz Republic and implement it in cooperation with the Government of the Kyrgyz Republic.

Article 20. Regulation of the money in circulation

The regulation of volume and structure of the money supply shall be exercised by the Bank of Kyrgyzstan with the use of following means:

- 1) purchase and sale of securities issued and guaranteed by the Government of the Kyrgyz Republic;
- 2) purchase and sale of securities issued and guaranteed by the Bank of Kyrgyzstan;
- 3) purchase and sale of foreign currencies;

- 4) changing the volume of and the interest rate on the credits granted by the Bank of Kyrgyzstan;
- 5) changing the size of statutory provisions to be deposited with the Bank of Kyrgyzstan;
- 6) other means and methods accepted in the international practice, including, in accordance with the Islamic principles of banking and finance.

(As amended by the Law of the Kyrgyz Republic of March 28, 2009 #94)

Article 21. Securities issued by the Bank of Kyrgyzstan

For the purpose of conduct of the monetary policy, the Bank of Kyrgyzstan shall have the right to issue securities and carry out types of operation with them in accordance with the international practice, including, in accordance with the Islamic principles of banking and finance.

(As amended by the Law of the Kyrgyz Republic of March 28, 2009 #94)

Article 22. Statutory provisions

1. The Bank of Kyrgyzstan shall establish for banks the size of statutory provisions to be deposited at the Bank of Kyrgyzstan for payment.
2. The size, rules of computation and procedure for depositing of statutory provisions, as well as fines for failure to meet them, shall be established by the Board of the Bank of Kyrgyzstan.

Article 23. Regulation of the level of interest rates

The Bank of Kyrgyzstan shall exercise the regulation of the level of bank interest rates in the Kyrgyz Republic by means of the instruments of monetary policy.

Chapter VI

Relations between the Bank of Kyrgyzstan

and the Government

Article 24. Prohibition on crediting to the Government of the Kyrgyz

Republic

1. The Bank of Kyrgyzstan may not grant credits to the Government of the Kyrgyz Republic and other state authorities.
2. The Bank of Kyrgyzstan may not in any form provide financial assistance to bodies of state power as well as to business partnerships or companies.

Article 25. Operations with securities issued by the Government

of the Kyrgyz Republic

In order to implement the monetary policy, the Bank of Kyrgyzstan shall have the right to purchase and sell securities issued by the Government of the Kyrgyz Republic only in the secondary security market except for cases when securities of the Government of the Kyrgyz Republic have been received in order to increase the charter capital of the Bank of Kyrgyzstan.

Article 26. Deposit taking

1. The Bank of Kyrgyzstan shall act as a depository bank and fulfill banking operations to the Government of Kyrgyzstan only in respect of accounts opened by the Treasury of the Kyrgyz Republic or the Ministry of Finance of the Kyrgyz Republic in accordance with international agreements ratified in the order established in the legislation.
2. Besides deposits accepted in accordance with paragraph 1 of this article, the Bank of Kyrgyzstan shall have the right to accept deposits from foreign correspondent banks, banks and financial institutions, in the order determined by the Bank of Kyrgyzstan and provisions of the agreement.
3. Settlement operations shall be executed within the balances in such accounts, if not otherwise stipulated by the agreement on correspondence relations.

(As amended by the Law of the Kyrgyz Republic of May 12, 2011 #21)

Article 27. Role of the Bank of Kyrgyzstan as the fiscal agent and adviser

1. The Bank of Kyrgyzstan shall act as the fiscal agent of the Government of the Kyrgyz Republic, on terms agreed between the Ministry of Finance of the Kyrgyz Republic and the Bank of Kyrgyzstan.

As a fiscal agent of the Government of the Kyrgyz Republic the Bank of Kyrgyzstan may perform the agent's functions relating to servicing the external debt of the Government of the Kyrgyz Republic.

2. The Bank of Kyrgyzstan shall act as a financial adviser to the President of the Kyrgyz Republic, the Jogorku Kenesh of the Kyrgyz Republic, the Government of the Kyrgyz Republic in respect of financial and other matters connected with banking activities.

3. When considering the draft republican budget, the Government of the Kyrgyz Republic shall consult with the Bank of Kyrgyzstan.

4. Drafts normative legal acts concerning financial and banking activities shall be considered by the President of the Kyrgyz Republic, the Jogorku Kenesh of the Kyrgyz Republic and the Government of the Kyrgyz Republic only after the Bank of Kyrgyzstan has presented its opinion.

Normative legal acts issued by ministries, state committees, administrative departments and other executive bodies concerning the matters of financial and banking systems shall be subject to approval by the Bank of Kyrgyzstan.

(As amended by the Law of the Kyrgyz Republic of July 18, 2008 #154)

Chapter VII

Relations between the Bank of Kyrgyzstan and other banks

Article 28. Credits granted to banks

1. In order to support the liquidity of banks, the Bank of Kyrgyzstan may grant to banks a short-term credit repayable in not more than six months, on the condition that one of the following types of security acceptable to the Bank of Kyrgyzstan is provided:

- 1) gold and other precious metals;
- 2) foreign currency;
- 3) bills of exchange in national and foreign currencies maturing within six months and other obligations acceptable to the Bank of Kyrgyzstan;
- 4) deposits with the Bank of Kyrgyzstan or with another credit institution acceptable to the Bank of Kyrgyzstan;
- 5) securities issued by the Government of the Kyrgyz Republic;
- 6) other types of security acceptable to the Bank of Kyrgyzstan.

In cases established by the Bank of Kyrgyzstan, other assets and commodity-backed papers shall be eligible to be accepted as security.

2. The procedure for and terms of crediting shall be established by the Board of the Bank of Kyrgyzstan and made known to commercial banks.

The Bank of Kyrgyzstan may grant various types of credits to banks and, correspondingly, set different interest rates on them depending on the type of the credit issued.

The Bank of Kyrgyzstan shall not grant credit in the form of overdraft on operations conducted between commercial banks.

The Bank of Kyrgyzstan shall create special reserves to offset potential losses, according to the quality of assets and recognized as a deductible expense.

The Bank of Kyrgyzstan may on a contractual basis to provide funds to the Islamic bank.

3. In emergency situations, in order to protect the integrity of the banking system, the Bank of Kyrgyzstan may grant unsecured credit or the credit secured by other types of assets, on terms established by the Board of the Bank of Kyrgyzstan.

An emergency credit may be granted for a term of not more than six months. This term may be extended by a decision of the Board of the Bank of Kyrgyzstan. During the life of such credit, the Bank of Kyrgyzstan shall establish a special regime provided for in the normative acts of the Bank of Kyrgyzstan in respect of the borrower.

(As amended by the Law of the Kyrgyz Republic of March 28, 2009 #94)

Article 29. Arrangement of settlements

1. To ensure normal operation of the payment system of the Republic, the Bank of Kyrgyzstan shall execute inter-bank payments and other forms of settlement in compliance with the international banking practice.

The Bank of Kyrgyzstan shall determine eligibility of payment and clearing systems to be established in the republic.

2. The Bank of Kyrgyzstan shall bear responsibility for terms of execution of payments made through the Bank of Kyrgyzstan.

Article 30. Banking regulation and supervision

1. The Bank of Kyrgyzstan, as the agency of banking supervision and regulation of activities of banks and other financial -credit institutions licensed by the Bank of Kyrgyzstan, shall supervise their activities in order to maintain a stable financial system, support and protect the interests of depositors and other creditors, ensure observance of the legislation of the Kyrgyz Republic and normative acts of the Bank of Kyrgyzstan.

2. In order to fulfill its functions concerning supervision and regulation of the practices of banks and other financial institutions licensed by the Bank of Kyrgyzstan, the Bank of Kyrgyzstan shall have the right:

1) to establish economic standards, to issue directives, instructions and recommendations as well as take other actions which it deems necessary or expedient for the purposes of licensing and supervision, as well as procedure for realization of these functions, by means of establishing appropriate rules and standards according to this Law;

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of April 28, 2004 # 11/2 “On approval of the “Order giving status of unearned interest income”

2) to conduct on-site inspections of banks and their branches as well as companies related to them by mutual interests (insiders and affiliated companies) or delegate the conduct of such inspections to independent auditors or audit firms;

3) to require and receive such information and reports as it may consider necessary and expedient for effective fulfillment of its supervisory functions, and to require explanation of the information received;

4) to give instructions to take measures of financial rehabilitation, introduce caretaker management, suspend or revoke a license or impose a fine according to this Law in order to prevent unsafe or imprudent or unfair practices;

5) to issue normative acts relating to detection and prevention of financial machinations and operations (transactions) on anti-money laundering anti-terrorist financing, and requiring that specific measures be taken (including submission of necessary reports to the Bank of Kyrgyzstan or other authorities, changing the banking procedures, training of personnel, submission of information about bank clients);

6) to suspend, on a written request from law enforcement bodies responsible for detection and prevention of financial machinations, or by its own decision, for a period established by the normative acts of the Bank of Kyrgyzstan, any banking operation which, according to the legislation of the Kyrgyz Republic, fits into the category of suspicious operations.

The Bank of Kyrgyzstan conducts inspection of activity of banks and other financial institutions that are licensed and regulated by the Bank of Kyrgyzstan, on the organization of internal control in order to anti-money laundering anti-terrorist financing and sends information about its results to the authorized body to anti-money laundering anti-terrorist financing.

The responsibility for unjustified suspension of banking operations shall be borne by the person or organization on whose initiative it is effected.

The operation-specific information received from banks and other financial institutions licensed by the bank of Kyrgyzstan shall not be disclosed without the consent of the institutions concerned, except for the cases provided for in the legislation of the Kyrgyz Republic.

3. The Bank of Kyrgyzstan may cooperate with foreign banking supervisory authorities on principles of reciprocity with regard to supervision and licensing of banks operating or intending to operate under their jurisdiction.

The Bank of Kyrgyzstan may exchange with foreign supervisory authorities the information on any bank which is operating or intends to operate under the both jurisdictions provided that such foreign supervisory authorities observe the confidentiality of the information received.

(As amended by the Laws of the Kyrgyz Republic of October 17, 2008 #224, May 19, 2009 #162)

Article 31. Economic standards set by the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan, in order to fulfill its functions of regulation of the activities of banks and other financial institutions licensed by the Bank of Kyrgyzstan, in accordance with international standards, shall establish and declare the following economic standards:

1) minimum size of the charter capital, minimum size of capital (own funds);

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of March 11, 2009 # 12/6 “On the minimum size of capital (own funds) of banks”

2) capital adequacy ratio;

3) maximum exposure to one borrower;

4) liquidity ratios;

5) foreign exchange, interest and other risk limits;

6) other standards necessary to ensure financial stability and applied in the international banking practice.

The method of computation of economic standards is determined by the normative acts of the Bank of Kyrgyzstan.

2. The Bank of Kyrgyzstan shall establish the order of formation and the size of deductible reserves to cover potential credit, leasing and other losses as well as the foreign exchange, interest and other financial risks.

(As amended by the Laws of the Kyrgyz Republic of May 30, 2007 #75, May 19, 2008 #90)

Article 32. Preventive measures and sanctions used by the Bank of Kyrgyzstan

1. Upon detection of non-compliance by banks or financial institutions licensed by the Bank of Kyrgyzstan, economic standards, violations of banking laws, the Law of the Kyrgyz Republic “On anti-money laundering and anti-terrorist financing”, normative acts and instructions of the Bank of Kyrgyzstan and the failure to provide or providing false and / or incomplete information, or when the banks or financial institutions become insolvent, the Bank of Kyrgyzstan may:

1) issue obligatory instructions to rectify the violations immediately or within a specified period;

2) use other sanctions in accordance with paragraph 2 of this article;

- 3) suspend or revoke the license;
- 4) start the process of liquidation in case of insolvency.

The Bank of Kyrgyzstan, while taking measures against banks and financial institutions licensed by the Bank of Kyrgyzstan, shall be guided by the necessity to maintain high standards of the banking standards of the banking practice and stability of the financial system of the Kyrgyz Republic. The Bank shall not be guided or fall under the influence of shareholders, or take into account potential losses which they may suffer due to some actions which may be undertaken by the Bank of Kyrgyzstan in order to protect the interests of creditors and/or the stability of the financial and banking system of the Republic.

The Bank of Kyrgyzstan shall not bear responsibility for any losses incurred due to the sanctions stipulated by this Law.

2. Should the instructions of the Bank of Kyrgyzstan to rectify violations be not complied with in the prescribed period of time, or the fact that economic standards or the banking laws are violated by a bank or financial institution licensed by the Bank of Kyrgyzstan become known, the Bank of Kyrgyzstan shall have the right to take one or several of following measures to:

- 1) introduce higher economic standards;
- 2) increase the size of the statutory provisions;
- 3) levy a fine in the amount of not more than 1% of the amount of the paid-up charter capital for each case of such violation, in accordance with the order established by the Board of the Bank of Kyrgyzstan;
- 4) levy a fine on individual officials in the amount of up to twenty minimum salaries (minimum rate) established by the legislation of the Kyrgyz Republic;
- 5) make a binding requirement:
 - to change all or some of executive officers;
 - to take measures of financial rehabilitation;
 - to undertake re-capitalization or reorganization;
 - to carry out an unplanned audit at the expense of the bank to be audited;
- 6) in order to protect the assets, to appoint caretaker management for a period of up to six months;
- 7) temporary suspend the license with a possible appointment of a temporary manager or restriction on all or part of the licensed operations for a period of up to six months.

3. The Bank of Kyrgyzstan may revoke the preliminary permission to establish a bank in the following cases:

- 1) if the minimum charter capital has not been paid within six months after the grant of the preliminary permission to open the bank;
- 2) if within six months after the preliminary decision to open the bank is received it becomes known that the information on the basis of which the permission granted is false;
- 3) if the financial position of founders has deteriorated or facts which may serve as the reason not to grant a license became known;
- 4) if the founders of the bank decided not to commence the activities of the bank.

4. The license of the bank or financial institution which activities are licensed by the Bank of Kyrgyzstan may be revoked in the following cases:

- 1) when the events mentioned in paragraph 1 of this article take place or if the Bank of Kyrgyzstan agrees that it is necessary to revoke the license;
- 2) if the obligatory instructions of the Bank of Kyrgyzstan systematically (two or more times during 12 consecutive calendar months) are not followed;
- 3) if the capital of the bank makes up 2% of the minimum charter capital or will, in the opinion of the Bank of Kyrgyzstan drop below this level in the near future and the founders, in spite of a previous notice, fail to increase, and/or fail to take measures to increase, the capital above this level within the period established by Bank of Kyrgyzstan;
- 4) if the requirements and sanctions imposed by the Bank of Kyrgyzstan in accordance with paragraph 2 of this article are not complied with;
- 5) if the normative acts of the Bank of Kyrgyzstan are systematically (two or more times during 12 consecutive calendar months) violated;
- 6) if false information is systematically submitted or if within one year from the date of issue of the license submission of false information on the basis of which the license was granted is revealed;
- 7) in case of participation in operations prohibited by the legislation of the Kyrgyz Republic or carrying out unlicensed activities;
- 8) in case of insolvency or if the bank is declared insolvent by the Bank of Kyrgyzstan in accordance with the legislation of the Kyrgyz Republic;
- 9) if the bank postpones the commencement of its activities relating to deposit taking and crediting for a period of more than one year after it is registered and granted a banking license;
- 10) if the bank does not comply with the requirements of the anti-monopoly legislation;
- 11) from a branch of a foreign bank, if the parent bank is being liquidated or its banking license is being revoked by the country where it is registered.

5. The activities of a bank or financial institution licensed by the Bank of Kyrgyzstan may be terminated on other grounds provided for in the legislation of the Kyrgyz Republic.

The bank or financial institution licensed by the Bank of Kyrgyzstan may terminate its activities and return the license after informing the Bank of Kyrgyzstan in writing of the fact and the proposed date, subject to approval by the Bank of Kyrgyzstan. The Bank of Kyrgyzstan may request to satisfy the interests of depositors and other creditors before it agrees to terminate the activities of the bank.

6. Should there be a risk for the bank to be declared insolvent, in order to protect the interests of depositors and creditors the Bank of Kyrgyzstan, besides the powers provided for in this Law as well as the Law of the Kyrgyz Republic "On Bank and Banking in the Kyrgyz Republic", shall have the right to undertake any of the following measures:

- 1) to require the bank to take certain measures or not to take certain measures;
- 2) to request the shareholders to provide additional capital for the bank or to assign their shares to parties wishing to acquire them at the value determined by the Bank of Kyrgyzstan;
- 3) to instruct the bank to sell part of all of their property in order to obtain liquid assets without starting the process of bankruptcy;
- 4) to assign to the bank its own liquid funds to be secured by collateral;
- 5) to give the bank the status of a bank under conservation and appoint the conservator of the bank;
- 6) to initiate the out-of-court process of bankruptcy;
- 7) to meet the request of the bank, its shareholders or creditors of the bank to initiate the case on bankruptcy of the bank (in the out-of-court or in-court order).

7. The Bank of Kyrgyzstan shall determine the rules of procedure and maintenance of Islamic banks and banks with "Islamic windows" and take action in case of violation of normative legal acts by banks in terms of regulating the activities of banks with operations in accordance with the Islamic principles of banking and finance.

(As amended by the Laws of the Kyrgyz Republic of October 17, 2008 #224, March 28, 2009 #94)

Article 32-1. Legal protection of officials and employees of the Bank of Kyrgyzstan and also other persons appointed by the Bank of Kyrgyzstan

1. Official or employee of the Bank of Kyrgyzstan, as well as any person appointed by the Bank of Kyrgyzstan for the execution of the functions and powers conferred by this Law or the Law of the Kyrgyz Republic "On Banks and Banking in the Kyrgyz Republic", bear

criminal, administrative or other liability to any person for damage caused in the course of official duties, or in the expression of professional judgment - only if it is proved that such person intentionally, by gross carelessness or negligence committed the wrongful action (inaction).

2. Issuance of the license (certificate) to a bank or other financial and credit institutions regulated by the Bank of Kyrgyzstan, as well as the implementation of their activities in accordance with the license (certificate) cannot be considered as a guarantee of the Bank of Kyrgyzstan on the solvency of the bank, financial institution.

3. Loss occurrence resulting in activity, insolvency, conservation, liquidation (voluntary and involuntary) of the bank or financial institution licensed or regulated by the Bank of Kyrgyzstan shall not give rise to liability of the Government of the Kyrgyz Republic, the Bank of Kyrgyzstan, officials, employees of the Bank of Kyrgyzstan and the persons appointed by the Bank of Kyrgyzstan.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Chapter VIII

Foreign economic relations and currency operations

Article 33. Operations involving participation of the Kyrgyz

Republic in international financial organizations

1. In cases provided for in the legislation and international agreements of the Kyrgyz Republic, the Bank of Kyrgyzstan shall represent the interests of the Kyrgyz Republic at international meetings, conferences and organizations relating to monetary policy, licensing of banks, banking supervision and other matters within its competence.

2. The Bank of Kyrgyzstan, in accordance with the powers given to it, may conduct in the name of the Kyrgyz Republic operations and transactions in relations with central banks of other countries, the International Monetary Fund and any other international financial organizations.

3. The Bank of Kyrgyzstan may participate in the activities of any organization within the Kyrgyz Republic and abroad which is engaged in the development of cooperation in the monetary, foreign exchange and banking spheres including cooperation between central banks of other countries.

(As amended by the Law of the Kyrgyz Republic of May 12, 2011 #21)

Article 34. Currency regulation

The Bank of Kyrgyzstan shall be the state body for foreign exchange regulation and shall perform this function through: issuance of normative acts regulating the conduct of operations in foreign currencies; grant and revocation of licenses to foreign exchange intermediaries including banks; supervision of their activities in accordance with the legislation of the Kyrgyz Republic.

Article 35. International reserves of the Bank of Kyrgyzstan

1. For the purpose of meeting its obligations the Bank of Kyrgyzstan shall retain a portion of its funds in foreign currencies and in other international assets, the value of which is less vulnerable to change in international markets. Here, the Bank of Kyrgyzstan on the terms specified by the Board of the Bank of Kyrgyzstan shall have an international reserve consisting of gold and:

- 1) foreign currencies including those placed in the accounts of central and first class foreign banks or other international financial institutions;
- 2) foreign exchange in the form of bank notes and coins;
- 3) any other internationally accepted reserve assets;
- 4) bills of exchange and promissory notes in foreign currencies accepted in international transactions and paid in foreign currencies;
- 5) state securities issued or guaranteed by foreign governmental institutes in their own currencies (or in the foreign currency) and paid in foreign currencies;
- 6) other bills of exchange and promissory notes issued by first class international financial institutes provided that they are classified as proper securities.

2. The Bank of Kyrgyzstan shall manage its own international reserves taking into account liquidity and safety of reserve assets.

3. In order for the Bank of Kyrgyzstan to take out precious metals on its balance sheet to place or sell international reserves abroad there shall be no need for additional license. The order and terms of taking out and selling of precious metals is determined by the Board of the Bank of Kyrgyzstan.

Article 36. Operations and transactions with foreign currency and

gold and foreign exchange reserves shown on balance

sheet of the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan shall have the right:

- 1) to conduct any foreign exchange operations either within the Kyrgyz Republic or outside its territory which conform to the legislation and are accepted in the international banking practice;
- 2) to purchase and sell treasury bills and other securities issued or guaranteed by foreign governments or international financial organizations as well as to conclude other transactions which do not contradict the legislation of the Kyrgyz Republic and which are accepted in the international banking practice;
- 3) to open and maintain accounts with foreign central banks and other financial institutions outside the Kyrgyz Republic, as well as international financial institutions;;
- 4) to open and maintain accounts for, act as a representative or correspondent of foreign central banks and other financial institutions outside the Kyrgyz Republic, and to represent the interests of the central banks and other financial institutions of foreign countries and international financial organizations within the Kyrgyz Republic;
- 5) to conduct within the Kyrgyz Republic and outside its territory operations of purchase and sale of gold and other certified precious metals in bullion, coins and other forms.

Chapter IX

Organization of management of the Bank of Kyrgyzstan

Article 37. Management of the Bank of Kyrgyzstan

1. The highest body of management of the Bank of Kyrgyzstan shall be the Board of the Bank of Kyrgyzstan, the collegial body drawing up guidelines for the activities of the Bank of Kyrgyzstan and conducting management of the Bank of Kyrgyzstan.
2. The Board of the Bank of Kyrgyzstan shall consist of 7 persons. The members of the Board shall work full time in the Bank of Kyrgyzstan.
3. The members of the Board shall include the Chief Executive Officer of the Bank of Kyrgyzstan, three deputies and members of the Board of the Bank of Kyrgyzstan, appointed

by the President of the Kyrgyz Republic with regard for the representation of not more than seventy percent of the same gender.

(As amended by the Laws of the Kyrgyz Republic of January 23, 2009 #21, February 16, 2010 #30)

Article 38. Requirements for position

The Chief Executive Officer of the Bank of Kyrgyzstan and members of the Board shall be persons with a recognized reputation and professional experience in economic, financial and monetary matters.

(As amended by the Law of the Kyrgyz Republic of May 12, 2011 #21)

Article 39. Term of office

1. The Chief Executive Officer of the Bank of Kyrgyzstan shall be elected by the Jogorku Kenesh of the Kyrgyz Republic on presentation of the President of the Kyrgyz Republic for a period of seven years and dismissed by the Jogorku Kenesh of the Kyrgyz Republic in the cases provided for in this Law.

Deputies of the Chief Executive Officer and members of the Board shall be appointed by the President of the Kyrgyz Republic on the presentation of the Chief Executive Officer of the Bank of Kyrgyzstan for a term of seven years and dismissed by the President of the Kyrgyz Republic in the cases provided for in this Law.

Candidature for the post of the Chief Executive Officer of the Bank of Kyrgyzstan is introduced by the President of the Kyrgyz Republic to the Jogorku Kenesh of the Kyrgyz Republic within ten working days from the date of its appointment as Acting Chief Executive Officer of the Bank of Kyrgyzstan.

2. The Chief Executive Officer of the Bank of Kyrgyzstan and members of the Board of the Bank of Kyrgyzstan may be appointed for a subsequent term not more than three times in a row.

In the event of resignation of the member of the Board of Kyrgyzstan should be appropriately assigned a new member of the Board before the expiration of the term of office of the officer in whose place it is appointed. Alternative officer may be in the future, respectively scheduled for a full term.

(As amended by the Laws of the Kyrgyz Republic of June 4, 2007 #77, July 18, 2008 #154, May 12, 2011 #21)

Article 40. Salary of the Chief Executive Officer and members of the Board of the Bank of Kyrgyzstan

1. The salaries of the Chief Executive Officer of the Bank of Kyrgyzstan and members of the Board shall be set by the President of the Kyrgyz Republic with regard to salaries in the competing markets.

(As amended by the Law of the Kyrgyz Republic of May 19, 2008 #90)

Article 41. Resignation and dismissal

1. The Chief Executive Officer, deputies of the Chief Executive Officer and members of the Board of the Bank of Kyrgyzstan may be dismissed only in the following cases:

- 1) at the end of their term of office;
- 2) at the request;
- 3) when they commit a criminally publishable offense which is proved by the verdict of the court;
- 4) when they become unable to perform their duties confirmed by a medical expert commission;
- 5) change of citizenship of the Kyrgyz Republic.

2. Members of the Board of the Bank of Kyrgyzstan may be dismissed in case of a serious abuse of their official positions which effect the interests of the Bank of Kyrgyzstan or when they grossly violate this Law or banking legislation of the Kyrgyz Republic under recommendation and decision of the majority of the members of the Board of Kyrgyzstan.

(As amended by the Law of the Kyrgyz Republic of May 12, 2011 #21)

Article 42. Meetings of the Board of the Bank of Kyrgyzstan

1. The Board of the Bank of Kyrgyzstan shall hold its meeting as necessary, but not less frequently than once a month. Extraordinary meetings of the Board of the Bank of

Kyrgyzstan may be called at the initiative of the Chief Executive Officer of the Bank of Kyrgyzstan or any three members of the Board.

The members of the Board of the Bank of Kyrgyzstan shall be informed in due time of the meeting of the Board of the Bank of Kyrgyzstan.

2. The meeting of the Board is authorized under condition of presence on it of the most members of the Board with the obligatory participation of the Chief Executive Officer of the Bank of Kyrgyzstan or one of its deputies or the person acting as the Chief Executive Officer. In making the Board of the Bank of Kyrgyzstan decisions on monetary policy views of the members of the Board of the Bank of Kyrgyzstan, being in the minority are recorded at their request in the record.

3. The decisions of the Board shall be taken by simple majority of the members of the Board.

4. The Chief Executive Officer of the Bank of Kyrgyzstan shall supervise the work and preside over the meetings of the Board of the Bank of Kyrgyzstan and in its absence these duties shall be performed by its deputy.

(As amended by the Law of the Kyrgyz Republic of February 16, 2010 #30)

Article 43. Powers of the Board of the Bank of Kyrgyzstan

1. The Board of the Bank of Kyrgyzstan shall review and approve:

- 1) monetary policy of the Bank of Kyrgyzstan;
- 2) annual report of the Bank of Kyrgyzstan;
- 3) types, amount and order of forming and use of reserves and accounts of the Bank of Kyrgyzstan;
- 4) financial forecast of the Bank of Kyrgyzstan for the next year no later than 31 December of the previous year;
- 5) organizational structure of the Bank of Kyrgyzstan;
- 6) types and amount of assets necessary for the Bank of Kyrgyzstan in its international reserves;
- 7) normative acts;
- 8) statute of the Bank of Kyrgyzstan and its Board;
- 9) new forms of short-term crediting for a period of up to six months;

10) budget of the Bank of Kyrgyzstan, including the budget of income and expenses and budget of development;

11) order of emission of new samples and denominations of monetary symbols and withdrawal of bank notes and coins from circulation;

12) other matters relegated by this Law to the jurisdiction of the Bank of Kyrgyzstan.

2. The Board of the Bank of Kyrgyzstan shall take decisions on:

1) amount of statutory provisions;

2) emission and withdrawal from circulation of bank notes and coins;

3) amount of economic standards for banks in accordance with this Law;

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of December 29, 2004 #36/13 “On approval of the Instruction “On the procedure for compliance with the limits of open currency position of commercial banks in the Kyrgyz Republic”

4) changes of interest rates of the Bank of Kyrgyzstan;

5) creation and liquidation of self-financing institutions of the Bank of Kyrgyzstan;

6) participation in international organizations;

7) purchase and selling of immovable property to ensure the activities of the Bank of Kyrgyzstan, its institutions, organizations and employees;

8) and determines the List of employees who do not have to be close relatives (the first stage of legal heirs according to the civil legislation) persons who are insiders of banks and other financial institutions licensed by the Bank of Kyrgyzstan;

9) other matters relegated by this Law to the jurisdiction of the Board of the Bank of Kyrgyzstan.

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of February 22, 2005 #3/5 “On the draft Instruction “On the order of the numbering of bank settlement accounts”

3. The Board of the Bank of Kyrgyzstan shall have the right to review any other issue if it considers it important.

4. The decisions made at the meetings of the Board of the Bank of Kyrgyzstan shall be executed by the deputies of the Chief Executive Officer, heads of structural subdivisions, all employees of the Bank of Kyrgyzstan.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Article 44. Powers of the Chief Executive Officer of the Bank of Kyrgyzstan

1. The Chief Executive Officer: shall head the Board of the Bank of Kyrgyzstan; shall act without proxy in the name of the Bank of Kyrgyzstan; shall represent the interests of the Bank of Kyrgyzstan in the relations with state bodies, banks, credit, international and other institutions and organizations within the Kyrgyz Republic and abroad; shall make decisions on all matters relating to the activities of the Bank of Kyrgyzstan with the exception of those matters relegated to the jurisdiction of the Board of the Bank of Kyrgyzstan by the Law; shall sign its decisions, minutes of the meetings of the Board of the Bank of Kyrgyzstan as well as agreements concluded by the Bank of Kyrgyzstan; shall issue orders, shall give instructions subject to compliance by all employees of the Bank of Kyrgyzstan, its institutions and organizations.

2. The Chief Executive Officer of the Bank of Kyrgyzstan shall determine the official salaries of the employees of the Bank of Kyrgyzstan in cooperation with its deputies and heads of the structural subdivisions.

3. In the absence of the Chief Executive Officer of the Bank of Kyrgyzstan its duties shall be performed by one of its deputies appointed by the Chief Executive Officer or by the Board.

Article 45. Restrictions for members of the Board of the Bank of Kyrgyzstan

1. No member of the Board of the Bank of Kyrgyzstan shall have the right to be deputies of the Jogorku Kenesh of the Kyrgyz Republic and members of the Government of the Kyrgyz Republic as well as members (deputies) of the local administrations.

2. No member of the Board of the Bank of Kyrgyzstan shall hold other positions in public and political and religious organizations.

The members of the Board of the Bank of Kyrgyzstan shall have restrictions determined by article 48 of this Law.

3. For the term of office the members of the Board of the Bank of Kyrgyzstan shall suspend their membership in party organizations.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Chapter X

Employees of the Bank of Kyrgyzstan

Article 46. Organization of work of employees of the Bank of Kyrgyzstan

1. The term of employment, payment system, duties and rights, system of incentives and disciplinary penalties for the employees of the Bank of Kyrgyzstan shall be determined by the Board of the Bank of Kyrgyzstan in accordance with the legislation of the republic.
2. The payment system for all employees of the Bank of Kyrgyzstan shall be determined similarly to the payment system for economic entities of the Kyrgyz Republic.
3. The employees of the Bank of Kyrgyzstan shall meet the requirements for banking employees set by the Bank of Kyrgyzstan.

Article 47. Social safety net for employees of the Bank of Kyrgyzstan

The Bank of Kyrgyzstan shall insure the lives and health of the employees as well as take measures for social safety of the employees of the Bank of Kyrgyzstan including purchasing of immovable property, connected with the solving of housing and social problems of its employees and creation of pension and other funds for the purpose of creation of the social safety net of the employees of the Bank of Kyrgyzstan.

Some categories of employees according to the List approved by the Board of the Bank of Kyrgyzstan are subject to compulsory insurance.

Article 48. Restrictions for the employees of the Bank of Kyrgyzstan

1. No employees of the Bank of Kyrgyzstan according to the list of positions approved by the Board of the Bank of Kyrgyzstan:

1) can be deputies of local kenesh and the Jogorku Kenesh of the Kyrgyz Republic as well as elected in the local government bodies;

2) have the right to hold other positions in financial and other institutions regardless of whether they are paid for to perform these duties or not (with exception for teaching and research activities).

This prohibition shall not extend to the representation of the interests of the Bank of Kyrgyzstan in those organizations of which the Kyrgyz Republic is a member, as well as holding positions in international financial and other organizations of which the Kyrgyz Republic is a participant and also in cases provided by the legislation of the Kyrgyz Republic;

3) have the right to receive credits for personal needs in commercial banks of the republic;

4) possess more than 1% of shares of commercial banks of the republic and in the aggregate with other family members - more than 5% of shares of one bank.

Should an employee when applying for a job in the Bank of Kyrgyzstan have shares of one of commercial banks in the sum exceeding 1% it shall have to relegate its ownership rights on these shares for the management by members of its family, should the employee have in the aggregate with its family members more than 5% of shares it shall be obliged to relegate its ownership rights on these shares to the trust management to the third person who has a license to conduct trust operations.

(As amended by the Laws of the Kyrgyz Republic of August 9, 2007 #143, May 16, 2008 #87)

Article 49. Confidentiality of information

No employees of the Bank of Kyrgyzstan shall have the right to disclose either confidential information on the activities of the Bank of Kyrgyzstan or any other information which is made known to them in the course of discharging their duties with exception for the cases envisaged by the legislation.

Chapter XI

Final provisions

Article 50. Property of the Bank of Kyrgyzstan

1. The Bank of Kyrgyzstan shall own, use and dispose of the monetary resources, buildings, structures, equipment and other material valuables which belong to it and may for the purpose of realizing its objectives found organizations which have the rights of a legal entity.
2. The Bank of Kyrgyzstan shall have the right in the cause of clearing off debts before it to acquire any rights of the debtor in any form provided that these rights shall be realized by the Bank of Kyrgyzstan as soon as possible by no later than two years.
3. The Bank of Kyrgyzstan shall not have the right to engage in activities which extend outside the scope of its objectives, to be the holder of shares or to participate in any way in the activities of banks or other commercial organization, to purchase, lease or by any other means acquire the property right on any immovable property with the exception of those instances when acquisition or lease is essential to the safeguarding of activities of the Bank of Kyrgyzstan and its employees.

The Bank of Kyrgyzstan shall have the right to transfer or sell a commodity inventories that have become obsolete, unusable or are not used to support the activities of the Bank of Kyrgyzstan and its employees. The order of material values is established by the normative legal acts of the Bank of Kyrgyzstan.

4. The Government shall guarantee the protection of the legal property rights of the Bank of Kyrgyzstan and shall not have the right to confiscate or reduce its capital as well as to burden the property of the Bank of Kyrgyzstan with obligations. Property of the Bank of Kyrgyzstan, including the capital, cash is the property of the Bank of Kyrgyzstan and cannot be burdened with obligations and (or) withdrawn from the Bank of Kyrgyzstan without a court order in accordance with the legislation of the Kyrgyz Republic.
5. The Bank of Kyrgyzstan shall take measures to ensure safety of its activities as well as safeguarding its property and assets (including printing, storage and distribution of monetary symbols) and protection of the employees.

For these purposes the Bank of Kyrgyzstan shall have the right to create Special Forces as well as to acquire and use weapons and special protection means.

(As amended by the Law of the Kyrgyz Republic of May 16, 2008 #87)

Article 51. Preparation of balance of payment of the Kyrgyz Republic

1. The Bank of Kyrgyzstan in cooperation with the state body for statistics shall prepare the balance of payment of the Kyrgyz Republic.
2. Ministries, state committees, administrative departments, enterprises, institutions and organizations regardless of title as well as non-residents who are in the territory of the Kyrgyz Republic shall submit to the Bank of Kyrgyzstan the information with indices necessary to prepare the balance of payment in the form and within the time frame

determined by the Bank of Kyrgyzstan in coordination with the National Statistic Committee.

3. For failure to submit or late submission of the information mentioned in paragraph 2 of this article there shall be liability in the manner envisaged by the legislation of the Kyrgyz Republic.

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of November 25, 2004 # 30/5 “On approval of new edition “Instruction on accounting of payments to banks”;

Resolution of the Board of the National Bank of the Kyrgyz Republic of November 25, 2004 #30/6 “On approval of the Regulations on reporting under the international operations of the bank”

Article 52. On accounting and reporting

The Bank of Kyrgyzstan shall determine the forms and standards for accounting and reporting, the list of accounts of commercial banks, the Bank of Kyrgyzstan and financial institutions licensed by the Bank of Kyrgyzstan.

See:

Resolution of the Board of the National Bank of the Kyrgyz Republic of October 23, 2004 #26/2 “On approval of the Regulations “On the requirements for the accounting policy of commercial banks and other financial institutions licensed by the National Bank”;

Resolution of the Board of the National Bank of the Kyrgyz Republic of May 30, 2007 #28/3 “On approval of the new edition of the chart of accounts in commercial banks and other financial institutions of the Kyrgyz Republic”

Article 53. Immunity

(Name of article as amended by the Law of the Kyrgyz Republic

Of October 17, 2008 #231)

1. (Null and void in accordance with the Law of the Kyrgyz Republic of October 17, 2008 #231)

2. The Bank of Kyrgyzstan, including regional management, its property, assets and income, as well as operations and transactions shall be exempt from any taxes, customs duties and charges in respect of goods referred to in paragraph 9 of article 178 of the Customs Code of the Kyrgyz Republic, as well as state tax.

This immunity does not apply to legal entities established by the Bank of Kyrgyzstan.

(As amended by the Laws of the Kyrgyz Republic of May 16, 2008 #87, October 17, 2008 #231)

Article 54. Internal audit of the Bank of Kyrgyzstan

The internal audit of the Bank of Kyrgyzstan shall be done by the internal audit service which shall directly report to the Chief Executive Officer of the Bank of Kyrgyzstan.

Article 55. International agreements

International agreements may lay down other than established by this Law relations between the Bank of Kyrgyzstan and the Government of the Kyrgyz Republic on servicing international agreements, ratified pursuant to the procedure established by the legislation.

(As amended by the Law of the Kyrgyz Republic of May 12, 2011 #21)

Article 56. Enactment of this Law

1. Enactment of this Law is from the moment of its publication.

It is published in the newspaper “Erkin-Too” of August 6, 1997 # 62-63

2. Article 24 of this Law shall become res judicata from January 1, 1998. For the transition period connected with the development of the national economy, the National Bank of the

Kyrgyz Republic may provide credits to the Government of the Kyrgyz Republic within the established framework established by the Law on the republican budget till January 1, 1998.

Paragraph 3 of Article 50 of this Law shall become effective from January 1, 2000.

3. The following shall be deemed invalid:

- Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" of December 12, 1992, #1055-XII;

- Resolution of the Supreme Soviet of the Kyrgyz Republic "On the Enactment Procedure of the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic" of December 12, 1992, #1056-XII.

President of the Kyrgyz Republic A.Akaev

Adopted by the Legislative Assembly

of the Jogorku Kenesh of the Kyrgyz Republic June 16, 1997

Approved by the Assembly of People's

Representatives of the Jogorku Kenesh of the

Kyrgyz Republic July 2, 1997