

LAW OF UKRAINE

On the National Bank of Ukraine

(With the amendments introduced by
Laws of Ukraine

N 1458-III of February 17, 2000,

N 1658-III of April 20, 2000,

N 1919-III of July 13, 2000,

N 2121-III of December 7, 2000,

N 2740-III, of September 20, 2001,

N 2922-III of January 10, 2002,

N 1416-IV of February 3, 2004,

N 3163-IV of December 1, 2005,

N 639-VI of October 31, 2008

(alterations made by Law of Ukraine N 639-VI of October 31, 2008,
were valid till January 1, 2011),

N 800-VI of December 25, 2008,

N 835-VI of December 26, 2008,

N 1131-VI of March 17, 2009,

N 1533-VI of June 23, 2009,

N 1608-VI of August 21, 2009,

N 2388-VI of July 1, 2010,

N 2457-VI of July 8, 2010,

N 2478-VI of July 9, 2010,

N 2856-VI of December 23, 2010)

(the alterations introduced by Sub-Item 2 of Item 21, Section I of the Law of Ukraine
N 2856-VI of December 23, 2010, are valid till January 1, 2012)

(from January 1, 2012, this law will be amended by
alterations introduced by Sub-Items 3 and 4 of Item 1,
Section I, of Law of Ukraine N 2478-VI **of July 9, 2010**)

(on June 17, 2011, this law will be amended by alterations
made by Law of Ukraine N 3024-VI **of February 15,**
2011)

Provisions of the fifth part of Article 5 of this Law were acknowledged
consistent with the Constitution of Ukraine (constitutionally acceptable)

(according to decision of the Constitutional Court of Ukraine
N 13-пп/2010 of May 11, 2010)

See additionally
constitutional petition of the President of Ukraine
dated November 19, 2009,

(It has been adjudicated that from January 1, 2007, the
maximum pension or monthly permanent alimony
(including allowances, charges, additional pensions, special
pecuniary aid, pensions for rendering great services to

Ukraine and other additional surcharges to pensions established by law) granted (recalculated) in 2006-2007 according to this Law shall not exceed 12 minimum old-age pensions as specified by the first indent of part 1, Article 28, of the Law of Ukraine “On Indispensable State Pension Plan” according to Law of Ukraine N 489-V of December 19, 2006)

(It has been adjudicated that in 2007 the semiretired pensioners, subject of this law force, granted with anticipated old-age pension (according to Sub-Item “r”, Item 1, Article 26, of the Law of Ukraine “On Employment of Population, Item “B” of part 2, Article 12, of the Law of Ukraine “On General Provisions with regard to Further Operation of the Chornobyl APP and Conversion of the Crushed Fourth Power Unit of the APP to an Ecologically Safe System” and Article 21 of the Law of Ukraine “On Fundamentals of Social Protection of Labour Veterans and Other Citizens of Advanced Age”) during the period before acquirement of the pension age, prescribed by law for respective category of persons, shall not be paid according to Law of Ukraine N 489-V of December 19, 2006; this provision stipulated by Article 98 of the mentioned law has been acknowledged inconsistent with the Constitution of Ukraine (constitutionally unacceptable) according to decision of the Constitutional Court of Ukraine N 6-pri/2007 of July 9, 2007)

(It has been adjudicated that in 2007 the old-age pension in accordance with this Law shall be granted only after acquirement of the pension age prescribed by Article 26 of the Law of Ukraine “On Indispensable State Pension Plan”, according to Law of Ukraine N 489-V of December 19, 2006, this provision stipulated by Article 103 of the Law of Ukraine of December 19, 2006, has been acknowledged inconsistent with the Constitution of Ukraine (constitutionally unacceptable) according to decision of the Constitutional Court of Ukraine N 6-pri/2007 of July 9, 2007)

Section I. GENERAL PROVISIONS

Article 1. Terms and Definitions

The terms and definitions used herein shall have the following meaning:

The second indent of Article 1 has been excluded

(according to Law of Ukraine
N 2922-III of January 10, 2002)

"banking metals" shall denote gold, silver, platinum, platinum-group metals affined to the highest international standards, both in ingots and powder, provided with quality certificates, as well as coins made of precious metals;

"banking regulation" shall denote one of the functions of the National Bank of Ukraine consisting in establishing the system of ratios which regulate banks' activities, determine basic principles of banking, procedures of banking supervision, responsibility for the banking legislation violation;

"banking supervision" shall denote the system of control and active ordered actions of the National Bank of Ukraine aimed at ensuring the banks' and other financial and credit institutions' compliance with the laws of Ukraine and the established norms in their activities, in order to ensure stability of the banking system and protect the depositors' interests;

(the fifth indent of Article 1 with amendments
according to the Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

"currency values" shall denote the material objects determined by Ukraine's currency regulation legislation as a means of foreign exchange and financial relations;

"open market" shall denote the market where the securities purchase and sale transactions are effected between the persons, who are not the primary lenders and borrowers, provided that the proceeds from the sale of securities in such a market are received by securities' holders, but not the issuers thereof. As a rule, it should be used by central banks for the purposes of sale and purchase of the short-term government securities in order to regulate the money supply. The investment of funds into the national economy increases as a result of the purchase and reduces as a result of the sale;

"currency position" shall denote the ratio between bank's claims and liabilities in each foreign currency and in each bank metal. If they are equal, the position shall be deemed closed, otherwise it shall be deemed open. The open position shall be deemed short if the amount of liabilities in the sold currency exceeds the amount of claims, and long if the amount of claims in the purchased currency exceeds the amount of liabilities;

(the eighth indent of Article 1 as specified by
Law of Ukraine N 1533-VI of June 23, 2009)

"monetary policy" shall denote a complex of actions in the sphere of money circulation and credits aimed at ensuring stability of the monetary unit of Ukraine by way of applying the means and techniques specified herein;

(the indent of Article 1 as specified by
Law of Ukraine N 2478 -VI of July 9, 2010)

"monetary liabilities" denote the currency in circulation, financial claims to the National Bank of Ukraine except the National Bank of Ukraine liabilities to the Cabinet of Ministers of Ukraine and international financial organizations;

(Article 1 was supplemented with the indent according to Law of Ukraine N 2478-VI of July 9, 2010)

"monetary substitute" shall denote any instruments in the form of bank notes different from the monetary unit of Ukraine, issued by a body other than the National Bank of Ukraine and

manufactured in order to effect payments in the process of the economic turnover, but for the currency values;

(the tenth indent of Article 1 with amendments introduced according to Law of Ukraine N 1919-III of July 13, 2000)

"foreign exchange policy" shall denote the policy of regulating the foreign exchange rate by means of sale and purchase of foreign currency;

"discount foreign exchange policy" shall denote the increase or reduction of the rate of interest on credits by the National Bank of Ukraine in order to regulate the demand for and the supply of the lending capital;

"gold and foreign exchange reserve" shall denote Ukraine's reserves indicated in the balance sheet of the National Bank of Ukraine, including the assets recognized as international assets by the international community and designed for international settlements;

Indent 14 of Article 1 has been excluded

(according to Law of Ukraine N 2922-III of January 10, 2002)

"creditor of last resort" shall denote the National Bank of Ukraine, to which a bank may apply for refinancing in case of the exhaustion of other refinancing opportunities;

(the indent of Article 1 as specified by Law of Ukraine N 2478-VI of July 9, 2010)

"treasury bills" shall denote debt securities issued by the state through its authorized bodies which shall be distributed exclusively on a voluntary basis among the natural persons and legal entities and testify to the funds paid in by their owners to the budget and entitle them to obtain financial income or other property rights according to the terms and conditions of the securities issue;

"metal accounts" shall denote the accounts opened by authorized banks of Ukraine to register transactions with the banking metals;

"international standards of auditing" mean the documents adopted by the International Federation of Accountants defining the audit standards;

(Article 1 was supplemented with the indent according to Law of Ukraine N 2478-VI of July 9, 2010)

"international financial reporting standards" mean the documents adopted by the International Accounting Standards Board determining the standards of accounting and financial reporting;

(Article 1 was supplemented with the indent according to Law of Ukraine N 2478-VI of July 9, 2010)

"unrealized gains/expenditures" shall denote the gains/expenditures resulting from revaluation of the financial assets and liabilities, monetary gold and banking metals, as well as the gains/expenditures resulting from purchase of foreign currency, monetary gold and banking metals under the condition that such transactions are conducted at a rate other than the official exchange rate;

(Article 1 was supplemented with the indent according to
Law of Ukraine N 2478-VI of July 9, 2010)

The indent of Article 1 has been excluded

(according to Law of Ukraine
N 2478-VI of July 9, 2010)

“discount rate of the National Bank of Ukraine” is a monetary instrument with the help whereof the National Bank of Ukraine sets for banks and other money market participants the range mark with regard to the costs of raised and placed monetary funds;

(the indent of Article 1 as specified by Law of
Ukraine N 2478-VI of July 9, 2010)

"official publication of the National Bank of Ukraine" shall denote a special publication designated as official by the National Bank of Ukraine and registered according to the established procedure, where the regulations of the National Bank of Ukraine are published, as well as informational, analytical, statistical and other materials, reviews of the state of Ukraine's banking system, foreign exchange and financial markets, etc.;

"official exchange rate" shall denote the currency (foreign exchange) rate officially set by the National Bank of Ukraine as an authorized body of the state;

"balance of payments" shall denote the ratio between the amount of pecuniary revenues obtained by the country from abroad and the amount of payments effected by it abroad during a certain period. The balance of payments shall include the settlements related to foreign trade, services, non-commercial transactions, revenues from capital investments abroad, trade in licenses, freight and service of vessels, tourism, upkeep of diplomatic and trade missions abroad, money transfers of individuals, payments to other countries under loans, etc. The balance of payments shall include the capital flow: investments and credits;

“realized gains/expenditures” mean the gains/expenditures resulting from the revaluation owing to retirement of the revalued financial assets and liabilities, monetary gold and banking metals;

(Article 1 was supplemented with the indent
according to Law of Ukraine N 2478-VI of July 9, 2010)

"reserve position with the International Monetary Fund (hereinafter referred to as IMF)" shall denote the claims of a member country to the IMF which are defined as a difference between the quota and IMF's holdings in the currency of the member country less the IMF holdings received by a member country in the form of the IMF loans and the balance on Account No. 2 of the IMF, which shall not exceed 0.1% of the member country's quota;

"refinancing rates of the National Bank of Ukraine" shall denote the percentage commission for credits granted to commercial banks which is established by the National Bank of Ukraine in order to influence the money turnover and crediting;

(the indent of Article 1 with amendments introduced by
Law of Ukraine N 2478-VI of July 9, 2010)

"special drawing rights (SDR)" shall denote the international reserve asset created by the IMF in addition to the existing international reserve assets, which is a basket of five currencies, whose

make-up is revised every five years. The value of the special drawing rights is determined on the daily basis;

(Indent 26 of Article 1 has been excluded

(Indent 26 as specified by Law of Ukraine N 1919-III of July 13, 2000, was excluded according to Law of Ukraine N 2922-III of January 10, 2002)

“price stability” shall denote retention of the purchasing power of the national currency by means of keeping in a middle-term run (from 3 to 5 years) low and stable rates of inflation measured with the consumer price index;

(the indent of Article 1 as specified by Law of Ukraine N 2478-VI of July 9, 2010)

Indent 28 of Article 1 has been excluded

(according to Law of Ukraine N 2922-III of January 10, 2002)

“business reputation” term shall be construed in the meaning defined by the Law of Ukraine “On Banks and Banking”;

(Article 1 was supplemented with the indent according to Law of Ukraine N 2478-VI of July 9, 2010)

Article 2. Legal Framework for Activities of the National Bank of Ukraine

The National Bank of Ukraine (hereinafter referred to as the National Bank) is the central bank of Ukraine, a special central body of the state administration, whose legal status, objectives, functions, powers and principles for organization shall be determined by the Constitution of Ukraine, this Law and other laws of Ukraine.

The city of Kyiv is the permanent residence of the National Bank of Ukraine Council (hereinafter - National Bank of Ukraine Council), Board (hereinafter - National Bank of Ukraine Board) and central office.

(the second part of Article 2 with amendments introduced by Law of Ukraine N 2478-VI of July 9, 2010)

Article 3. Authorized Capital

The National Bank shall have the authorized capital being the state property.

The authorized capital shall amount to UAH 10 million. It may be increased by a decision of the Council of the National Bank.

(the third part of Article 3 with amendments introduced by Law of Ukraine N 1919-III of July 13, 2000)

The revenues of the National Bank budget and, if necessary, the State Budget of Ukraine shall be sources of its authorized capital.

Article 4. Economic Independence

The National Bank shall be an economically independent body that shall pay the expenses for the account of own revenues within the limits of the approved budget and, in cases provided for hereby, at the expense of the State Budget of Ukraine.

The National Bank shall be a legal entity with separated property that is the object of the state property right and is in the full economic competence of the National Bank.

The National Bank shall not be responsible for the liabilities of the government bodies; the government bodies shall not be responsible for the liabilities of the National Bank, except for their voluntary assumption of such an obligation.

The National Bank shall not be responsible for the liabilities of other banks; other banks shall not be responsible for the liabilities of the National Bank, except for their voluntary assumption of such an obligation.

The National Bank may open its institutions, branches and representative offices in Ukraine, as well as representative offices abroad.

The National Bank, its institutions, branches and representative offices shall have a seal with the Coat of Arms of Ukraine and their respective names.

Article 5. Income and Expenses

Obtaining the profit shall not be the objective of the National Bank's activity.

The planned income and expenses of the National Bank shall be indicated in the budget of its income and expenses. The income and expenses budget shall ensure the ability of the National Bank to exercise its functions as stipulated by the Constitution of Ukraine and hereby.

In case of excess of the budget income over the budget expenses in the performance of each quarter of the year the National Bank shall till the 20th day of the month ensuing the quarter under reporting pay in the surplus to the State Budget of Ukraine for the current year. The surplus (excess of the budget income over the budget expenses) of the fourth quarter shall be paid in to the State Budget of Ukraine for the current year on the basis of approved budget of income and expenses of the National Bank of Ukraine till the 10th of December of the current year.

The positive difference between the surplus (excess of the budget income over the budget expenses) approved in the report on utilization of the budget of the National Bank on the basis of year performance results and the surplus (excess of the budget income over the budget expenses) paid in to the State Budget of Ukraine during the year under reporting shall be paid in to the State Budget of Ukraine till the 20th of January of the year ensuing the reporting one.

The National Bank shall submit to the Cabinet of Ministers of Ukraine and Verkhovna Rada of Ukraine the report on utilization of the budget of income and expenditures of the National Bank in the form agreed with the Cabinet of Ministers of Ukraine:

for the respective quarter - quarterly till the 20th day of the month following the quarter under reporting;

for the respective year - yearly till the 7th of July of the year following that of reporting.

(validity of the third part of Article 5 was suspended for 2000 according to Law of Ukraine N 1458-III of February 17, 2000)

(the third part of Article 5 as specified by Law of Ukraine N 639-VI of October 31, 2008, was superseded by three parts according to Law of Ukraine N 1608-VI of August 21, 2009, therefore part 4 shall be considered

part 6)

(provisions of the fifth part of Article 5 was acknowledged as consistent with the Constitution of Ukraine (constitutionally acceptable) according to decision of the Constitutional Court of Ukraine N 13-пн/2010 of May 11, 2010)

Formation of funds and reserves of the National Bank to cover credit risks, related to exercising its functions, shall be carried out according to the regulations approved by the Council of the National Bank of Ukraine.

(the sixth part of Article 5 as specified by

Law of Ukraine N 1919-III of July 13, 2000)

(from January 1, 2012, Article 5 will be amended by alterations introduced by Sub-Item 3 of Item 1, Section I, of Law of Ukraine N 2478-VI of July 9, 2010)

(from January 1, 2012, this law will be supplemented with Article 5¹ according Sub-Item 4 of Item 1, Section I, of Law of Ukraine N 2478-VI of July 9, 2010)

Article 6. Main Function

According to the Constitution of Ukraine, the main function of the National Bank is to ensure stability of the monetary unit of Ukraine.

When exercising its main function the National Bank shall proceed from the priority of achievement and retention of the price stability in the country.

The National Bank shall within its terms of reference promote the banking system stability provided its actions related thereto do not impede attainment of the goal established by the second part of this article.

The National Bank shall also promote sustainability of the economic growth and second the economic policy of the Cabinet of Ministers of Ukraine provided that it does not prevent the NBU from attainment of the aims determined in the second and third parts of this article.

(the second part of Article 6 was superseded by parts 2-4 according to Law of Ukraine N 2478-VI of July 9, 2010)

Article 7. Other Functions

The National Bank shall exercise the following functions:

1. to determine and implement the monetary policy in accordance with the Monetary Policy Fundamentals developed by the Council of the National Bank of Ukraine;
2. to issue the national currency of Ukraine on a monopoly basis and to organize its circulation;
3. to act as the creditor of last resort for banks and to organize the refinancing system;
4. to establish for banks the rules of conducting banking transactions, accounting and reporting, protection of information, funds and property of banks;

(Item 4 of Article 7 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

5. to organize and to provide the methodological support to the system of monetary, crediting and banking statistical information and the statistics of the balance of payments;
6. to determine the system, procedure and forms of payments, including the interbank ones;

(Item 6 of Article 7 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

7. to determine the areas of development of modern electronic banking technologies, to establish, coordinate and control the creation of electronic means of payment, payment systems, banking automation and banking information protection facilities;

8. to exercise banking regulation and supervision;

9. to keep the State Register of Banks, to license banking activities and transactions in the cases prescribed by law;

(Item 9 of Article 7 with amendments introduced
according to Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

10. to keep the official register of the identification numbers of issuers of the payment cards for the payment systems of the country;

(Article 7 was supplemented with new Item 10
according to Law of Ukraine N 2922-III of January 10, 2002)

11. to certify the auditors for audits of banks, provisional administrators and liquidators of banks;

(Article 7 was supplemented with new Item 11
according to Law of Ukraine N 2922-III of January
10, 2002, therefore Items 10-18 shall be
considered Items 12-20 respectively)

12. to compile, analyze and forecast the balance of payments;
13. to represent Ukraine's interests in the central banks of other states, international banks and other credit institutions where the cooperation takes place at the level of central banks;
14. to exercise within the competence specified by a special law the foreign exchange regulation, to establish the procedure of effecting transactions in foreign currency, to organize and exercise foreign exchange control over commercial banks and other financial institutions which are in possession of the National Bank's license for the transactions with currency values;

(Item 14 of Article 7 according to
Law of Ukraine N 2922-III of January 10, 2002)

15. to ensure accumulation and custody of the gold and foreign exchange reserves and conduction of transactions with them and banking metals;
16. to analyze the state of monetary, financial, pricing and currency relations;
17. to organize collection and transportation of bank notes, coins and other values, to issue licenses for the right of collection and transportation of bank notes, coins and other values;
18. to implement the national policy of protection of state secrets within the system of the National Bank;
19. to take part in the training of personnel for Ukraine's banking system;
20. to determine peculiarities of Ukraine's banking system functioning in case of martial law or emergency state proclamation, to carry out mobilization preparation of the National Bank system;

(Article 7 was supplemented with new Item 20
according to Law of Ukraine N 2922-III of January 10, 2002,
therefore Item 20 shall be deemed Item 21)

21. to put forward in accordance with the procedure established by law the proposals regarding legal regulation of the issues related to exercise of the National Bank of Ukraine duties;

(Article 7 was supplemented with new Item 21
according to Law of Ukraine N 3163-IV of December 1, 2005)

22. to carry out methodological support for keeping, protecting, using and disclosing the information being the banking secrecy;

(Article 7 was supplemented with new Item 22
according to Law of Ukraine N 3163-IV of December 1, 2005,
therefore Item 21 shall be deemed Item 23)

23. to exercise other functions in the monetary sphere within its terms of reference determined by law.

24. *Item 24 of Article 7 was excluded*

**(Article 7 has been supplemented with Item 24 according to
Law of Ukraine N 800-VI of December 25, 2008,**

*Item 24 of Article 7 was excluded according to
Law of Ukraine N 2478-VI of July 9, 2010)*

SECTION II. PROCEDURE OF FORMING AND TERMS OF REFERENCE OF THE COUNCIL OF THE NATIONAL BANK

(the title of Section II as specified by Law of
Ukraine N 2478-VI of July 9, 2010)

Article 8. Tasks of the Council of the National Bank

In accordance with the Constitution of Ukraine the chief duties of the Council of the National Bank consist in elaboration of the Monetary Policy Fundamentals and exercise of control over monetary policy implementation.

(Article 8 as specified by Laws of
Ukraine N 1919-III of July 13, 2000,
N 2478-VI of July 9, 2010)

Article 9. Terms of Reference of the Council of the National Bank

The Council of the National Bank shall:

- 1) elaborate the Monetary Policy Fundamentals, publish them in the official editions and submit them yearly till the 15th of September to the Verkhovna Rada of Ukraine for referential use;
- 2) exercise control over monetary policy implementation;
- 3) analyze the effect of the monetary policy of Ukraine on the social and economic development of the country, develop proposals on amending this policy;
- 4) *approve the budget of income and expenditures of the National Bank for the following year and submit it to the Verkhovna Rada and Cabinet of Ministers of Ukraine, by September 1 of the current year (submit amendments to the budget of income and expenditures of the National Bank of Ukraine during a week after approval thereof);***

(Item 4 of part 1 of Article 9 as specified by
Law of Ukraine N 2457-VI of July 8, 2010)

- 5) submit to the Verkhovna Rada of Ukraine and Cabinet of Ministers of Ukraine each year by April 1 information on the share of forecasted income (before distribution thereof in the current year) subject to transfer to the State Budget of Ukraine to be included in the draft law on the State Budget of Ukraine for the following year;

- 6) *approve the Rules of Procedure of the Council of the National Bank;***

(Item 6 of part 1 of Article 9 as specified by
Law of Ukraine N 2856-VI of December 23, 2010)

- 7) decide on enlarging the authorized capital of the National Bank;

(Item 7 of part 1 of Article 9 with amendments introduced
according to Law of Ukraine N 2457-VI of July 8, 2010,

- 8) approve the annual plan of audits of the organizational units of the National Bank;
- 9) determine by November 1 of the reporting year the auditor firm having experience in audit according to the international standards of auditing to audit the financial reporting of the National Bank;
- 10) consider the auditor's opinion and approve by April 30 of the year following the reporting one the annual financial reporting of the National Bank, report on utilization of the budget of income and expenditures of the National Bank as well as income distribution before the income distribution for the reporting year, and submit them during a week to the Verkhovna Rada and Cabinet of Ministers of Ukraine, publish approved by the Council of the National Bank annual financial reporting of the National Bank of the official web-site of the National Bank;

**(Item 10 of part I of Article 9 with amendments introduced
according to Law of Ukraine N 2856-VI of December 23, 2010)**

- 11) approve decisions of the Board of the National Bank on participation of the National Bank in international financial organizations;
- 12) submit recommendations for consideration by the Board of the National Bank pursuant to the of Monetary Policy Fundamentals concerning the following:

methods and forms of forecasting macroindicators for economic and social development of Ukraine, as well as monetary policy;

certain monetary and regulatory measures and their effect on economic and social development of Ukraine;

the policy of exchange rate formation and foreign exchange regulation;

development of the banking system and certain normative acts on banking activity;

improvement of the system of payments;

other issues which are within the jurisdiction of the Council of the National Bank;
- 13) submit recommendations to the Cabinet of Ministers of Ukraine on the effect of the government borrowings and taxation policy on the monetary and credit sector of Ukraine;
- 14) approve the methods of remuneration determination for the Governor of the National Bank and his/her deputies submitted by the Board of the National Bank;

(the first part of Article 9 as specified by
Law of Ukraine N 2478 -VI of July 9, 2010)

The Council of the National Bank is not authorized to provide recommendations on the appointment or dismissal of the National Bank Governor and members of the Board of the National Bank (with the exception of cases of approval in accordance herewith of the candidates for deputies of the Governor of the National Bank), as well as to give its personal assessment of the activities of particular officials of the National Bank.

(the second part of Article 9 with amendments introduced by
Law of Ukraine N 2478-VI of July 9, 2010)

The Council of the National Bank shall assess the activities of the National Bank Board with regard to implementation of the Monetary Policy Fundamentals and other issues, the solution whereof is binding for the Board of the National Bank.

In case of repeated non-observance or improper fulfillment by the National Bank Board of the National Bank Council decisions which are binding for the Board according to this Law, the Council of the National Bank is entitled to appeal to the Governor of the National Bank or to the Verkhovna Rada of Ukraine stating its opinion.

(Article 9 as specified by Law of
Ukraine N 1919-III of July 13, 2000)

Article 10. Panel and Formation of the Council of the National Bank

The Council of the National Bank shall consist of members appointed by the President of Ukraine and Verkhovna Rada of Ukraine. Governor of the National Bank appointed by the Verkhovna Rada of Ukraine on recommendation of the President of Ukraine is a member of the Council ex officio.

The member of the Council of the National Bank shall be a citizen of Ukraine permanently residing in Ukraine and having formal higher education in economics, finance or law, or academic degree in the fields above as well as experience of work of not less than 10 years in the legislative bodies or on managerial positions in other state authorities and the state agencies ensuring implementation of the state financial, economic or legal policies, or on managerial positions in international financial organizations, or on managerial positions in a banking institution, or else the scientific research experience in the field of finance, economics or laws, and having irreproachable business reputation, inter alia having no outstanding conviction, i.e. such that would not have been cancelled and quashed in accordance with established by law procedure.

No person is entitled to be a member of the National Bank Council, if such a person is a mandatory with representative capacity or holds (has held) the office of the chief of a state authority or other government agency (and from the day of expiry of the run of office of such a person less than one year has passed), or is a leader of a political party or a member of the governing bodies of a political party, or is a chief or a member of the governing board of a legal entity of profit-seeking activity, of an institution rendering financial services, or else is a direct or indirect owner of some shares of a bank.

In order to be appointed a member of the Council of the National Bank the candidate for the post shall submit the data confirming compliance of his/her candidature with the requirements set forth by the second and third parts of this article. The same person may not be a member of the National Bank Council more than two runs of office.

The President of Ukraine shall appoint, by a relevant Decree, seven members of the Council of the National Bank.

The Verkhovna Rada of Ukraine shall appoint seven members of the Council of the National Bank by means of the adoption of a relevant Resolution.

The candidates to be approved by the Verkhovna Rada of Ukraine shall be discussed at a special open session of the relevant Committee of the Verkhovna Rada of Ukraine, which provides the Verkhovna Rada of Ukraine with its recommendations.

The run of office for the members of the Council of the National Bank shall be seven years, save the Governor of the National Bank, being the member ex officio with the run of office of his/her own.

The powers of the members of the Council of the National Bank shall be terminated due to the expiry thereof or in case of:

- upon his/her own initiative, subject to an application in writing;
- a court's decision to declare the person legally incapable;
- inaptitude of the member of the National Bank Council to work meeting the law requirements or loss of the irreproachable business reputation by such a member;
- absence at two meetings of the Council of the National Bank in a row without valid excuse;
- default in discharge of the National Bank Council member's functions (including on the score of ill health) during more than four months in succession;
- finding of the fact that such a person has submitted inadequate information to be appointed a member of the National Bank Council;
- appearance of the legal circumstances ruling out the possibility for the person to be a member of the National Bank Council (according to the second and third parts of this article);
- in case of death or declaration of the person being a National Bank Council member to be dead in accordance with established procedure, powers of such a member shall be deemed terminated from the day of his/her death corroborated with the death certificate or from the day of coming into force of the court's decision to declare the person dead.

The President of Ukraine may dismiss the members of the Council of the National Bank appointed by him/her by a relevant Decree indicating causes of the dismissal.

The Verkhovna Rada of Ukraine may dismiss the members of the Council of the National Bank appointed by the Rada via a relevant Resolution on the initiative of the relevant Committee of the Verkhovna Rada of Ukraine indicating causes of the dismissal.

The powers of the Governor of the National Bank as a member of the Council of the National Bank shall be early terminated in case of his/her resignation or dismissal for other reasons specified hereby.

The members of the Council of the National Bank shall exercise their functions unpaid on a voluntary basis. The members of the Council of the National Bank shall be reimbursed for their expenses incurred in connection with their duties according to the Regulations (Standing Order) of the Council of the National Bank of Ukraine.

The internal organization issues related to the activities of the Council of the National Bank, its office work procedures and other issues shall be determined by the Regulations to be approved at a session of the Council.

The Council of the National Bank shall be accommodated and its organizational/material support shall be ensured by the National Bank for account of its budget expenses.

(Article 10 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000,

Article 11. Working Procedures of the Council of the National Bank

Sessions of the Council of the National Bank shall be held at least once per quarter.

The extraordinary sessions of the Council of the National Bank shall be convoked by the Chairman of the Council of the National Bank upon his/her initiative or by the Council of the National Bank upon an urgent request of at least one third of its total membership, as well as on the demand of the Governor of the National Bank. The members of the Council of the National Bank shall be notified of the session at least five days in advance. The Procedure of the preparation to the extraordinary session of the Council of the National Bank shall be determined by the Regulations of the Council.

(the second part of Article 11 with amendments introduced
according to Law of Ukraine N 1919-III of July 13, 2000)

The sessions of the Council of the National Bank shall be competent in case of presence of at least ten members of the Council.

(the third part of Article 11 with amendments introduced
according to Law of Ukraine N 1919-III of July 13, 2000)

The sessions of the Council of the National Bank shall be presided by the Chairman of the Council of the National Bank or, in case of his/her absence, by the Deputy Chairman according to the Regulations.

The decisions shall be taken by a simple vote of the majority of the total number of attending members of the Council of the National Bank. Each member of the Council of the National Bank shall have one vote.

Chief administrators of central government bodies, representatives of enterprises, scientists and other specialists may be invited to attend sessions of the Council of the National Bank.

The members of the Board of the National Bank may take part in the activities of the Council of the National Bank with the right of the consultative (deliberative) vote.

(the seventh part of Article 11 as specified by
Law of Ukraine N 1919-III of July 13, 2000)

Article 12. Chairman and Deputy Chairman of the Council of the National Bank

The Chairman of the Council of the National Bank shall be elected by the Council of the National Bank for a period of three years.

(the first part of Article 12 with amendments introduced according
to Law of Ukraine N 2478-VI of July 9, 2010)

The Governor of the National Bank may not be elected the Chairman of the Council of the National Bank.

(Article 12 was supplemented with the new second part according to
Law of Ukraine N 2478-VI of July 09, 2010,

therefore parts 2-6 shall be
considered parts 3-7 respectively)

The Chairman of the Council of the National Bank shall:

- organize sessions of the Council of the National Bank and chair the sessions;
- convene extraordinary sessions upon his/her initiative or upon an urgent request of at least one third of the total number of the members of the Council of the National Bank, as well as on demand of the Governor of the National Bank;
- exercise other powers and functions according to the Regulations of the Council of the National Bank of Ukraine;

The Chairman of the Council of the National Bank shall have a deputy elected by the Council of the National Bank from among its members for a three year period.

(parts 1 and 2 were superseded by parts 1-3
according to Law of Ukraine N 1919-III of July
13, 2000, therefore the parts 3-4 shall be
considered parts 4-5 respectively)

(the fourth part of Article 12 with amendments introduced according to
Law of Ukraine N 2478-VI of July 9, 2010)

The Deputy Chairman shall replace the Chairman in case of absence of the latter or his/her disability to implement his/her powers, and shall carry out his/her powers and functions according to decisions of the Council of the National Bank.

The Chairman or the Deputy Chairman of the Council of the National Bank may be dismissed during the run of their office for the following reasons:

- due to expiry of their runs of office;
- upon his/her own initiative, subject to an application in writing;
- in case of a persistent failure to exercise his/her duties on medical grounds during four months.

In case of termination of the powers of the Chairman or Deputy Chairman of the Council of the National Bank, the elections to this (these) position(s) shall be held according to the procedure prescribed hereby.

Article 13. Decisions of the Council of the National Bank

(the title of Article 13 with amendments introduced according to
Law of Ukraine N 2478-VI of July 9, 2010)

Materials of sessions of the Council of the National Bank shall be issued in the form of Minutes of Meetings and Decisions and signed by the chairman of the session.

The decisions of the Council of the National Bank with regard to the Monetary Policy Fundamentals and on the issues covered by paragraphs 5-7, 9-11 of Article 9 hereof shall be mandatory for the Board of the National Bank.

(the second part of Article 13 as specified by Law of Ukraine N 1919-III of July 13, 2000, with amendments introduced according to Law of Ukraine N 2478-VI of July 9, 2010)

The recommendations of the Council of the National Bank shall be considered by the Board of the National Bank within five working days. On the basis of such consideration, the Board of the National Bank shall be obliged to send a substantiated reply to the Council of the National Bank.

The Council of the National Bank shall not be entitled to interfere in the operative activity of the Board of the National Bank.

The fifth part of Article 13 has been excluded

(part 5 of Article 13 as specified by Law of Ukraine N 1919-III of July 13, 2000, was excluded according to Law of Ukraine N 2478-VI of July 9, 2010)

The decisions of the Council of the National Bank shall be subject to publication, unless these decisions contain national, banking or service secrets under the law.

The members of the Council of the National Bank shall be prohibited to disclose the national, banking or official secrecy they have become aware whereof in connection with the exercise of their powers under the Regulations (Standing Order).

SECTION III. ORGANISATIONAL BASIS AND STRUCTURE OF THE NATIONAL BANK

(The Law was supplemented with the title of Section III according to Law of Ukraine N 2478-VI of July 9, 2010)

Article 14. Functions of the Board of the National Bank

According to the Monetary Policy Fundamentals, the Board of the National Bank shall ensure implementation of the monetary policy by means of appropriate monetary instruments and other means of banking regulation, organize exercise of the other functions in accordance with Articles 6 and 7 hereof and manage the activities of the National Bank.

Article 15. Terms of Reference of the Board of the National Bank

The Board of the National Bank shall:

1. take decisions:

regarding submittal of proposals to the National Bank Council on elaboration of the Monetary Policy Fundamentals;

on the economic means and monetary methods required to implement the Fundamentals of Monetary Policy according to the decisions of the Council of the National Bank taken with regard to these issues and the necessity to ensure the stability and the purchasing power of the national currency;

on the banking regulation and supervision;

on refinancing system organization;

on determination and implementation of the exchange rate policy, foreign exchange regulation and management of the gold and foreign exchange reserves;

on operation of the systems of payments and organization of settlements;

on the emission of Ukraine's currency and the withdrawal of bank notes and coins from the circulation;

on establishment and changes of the discount and other interest rates of the National Bank;

on diversification of the assets of the National Bank and the liquidity thereof; on limits of the off-balance liabilities of the National Bank;

on formation of the reserves and covering the financial risks of the National Bank; on the

minimum amount of the gold and foreign exchange reserves of the National Bank; on

setting the limits to transactions on the open market effected by the National Bank;

on the list of securities and other values qualifying as collateral (pledge) under the credits of the National Bank;

- on the conditions of admission of the foreign capital to Ukraine's banking system; on establishment of economic ratios for banks; on the amount and formation order of the mandatory reserves (provisions) of banks;

on application of the enforcement measures to the banks and other persons whose operation is inspected by the National Bank pursuant to the Law of Ukraine "On Banks and Banking";

on establishment and closing down of enterprises and institutions of the

National Bank; on participation in international financial organizations; on the

purchase and sale of the property to support the activities of the National Bank;

on establishment of fee for the services rendered in accordance with laws (performed transactions);

2. submit the annual report of the National Bank, the draft estimate of revenues and expenses for the next year and other documents and decisions to the Council of the National Bank for approval in accordance with Article 9 hereof; at the request of the National Bank Council for referential use furnish it with accounting, statistical and other data necessary for performance of the Council tasks as well as with information on activities of the National Bank and banking system of Ukraine;

3. determine the organizational principles and structure of the National Bank, approve the regulations (standing orders) of structural subdivisions and institutions of the National Bank, Charters (by-laws) of its enterprises, the procedure of appointment of the managers of the subdivisions, enterprises and institutions;

4. approve the personnel arrangements of the National Bank and the forms of labour remuneration;
5. elaborate and submit to the National Bank Council for approval the methods of remuneration determination for the Governor of the National Bank and his/her deputies;
6. specify the procedure of granting licenses for banking transactions to banks, licenses to conduct some banking transactions to legal entities, as well as other licenses and permits in the cases stipulated by law;
7. issue the enactments, regulations and other subordinate legislation acts of the National Bank;
8. approve the Regulations of the Board of the National Bank;
9. exercise the functions prescribed by Articles 3, 7, 23, 28 and 64 hereof, as well as other functions ensuing from the main objective of the National Bank but being beyond the terms of reference of the Governor and Council of the National Bank.

(Article 15 with amendments introduced
according to Laws of Ukraine N 1919-III of
July 13, 2000, and N 2922-III of January 10,
2002, in wording of Law of Ukraine N 2478-
VI of July 9, 2010)

Article 16. Panel and Make-Up Procedure of the Board of the National Bank

The Governor of the National Bank shall be at the head of the Board of the National Bank.

The Board of the National Bank shall comprise eleven persons: The Governor of the National Bank, his/her deputies and chiefs of the organizational subdivisions of the National Bank ensuring exercise of the principal duty by the National Bank;

The list of the organizational subdivisions of the National Bank ensuring exercise of the principal duty thereby whose chiefs are the members of the National Bank Board ex officio shall be determined by the National Bank Governor. Powers of such a member of the National Bank Board shall be terminated upon his/her dismissal from the position enabling such a person to be a member of the National Bank Board ex officio.

(Article 16 as specified by Law of
Ukraine N 2478-VI of July 9, 2010)

Article 17. Working Procedures of the Board of the National Bank

The procedure of organizing and holding sessions of the Board of the National Bank shall be determined by its Regulations.

Decisions of the Board of the National Bank shall be adopted by the simple majority vote. Each member of the Board of the National Bank shall have one vote.

(Article 17 was supplemented with part 2 in accordance with
Law of Ukraine N 2478-VI of July 9, 2010)

The session of the Board of the National Bank shall be rendered competent if not less than two thirds of its panel are present thereat.

Article 18. Appointment and Dismissal of the Governor of the National Bank

The Governor of the National Bank shall be appointed by the Verkhovna Rada of Ukraine subject to the submission by the President of Ukraine for the period of seven years.

The same person may not be the Governor of the National Bank more than two runs of office in a row.

The Governor of the National Bank shall be a citizen of Ukraine permanently residing in Ukraine and having formal higher education in economics or finance, or academic degree in the fields above as well as experience of work of not less than 10 years in the legislative bodies or on managerial positions in other state authorities and the state agencies ensuring implementation of the state financial, economic or legal policies, or on managerial positions in international financial organizations, or on managerial positions in a banking institution, or else the scientific research experience in the field of finance, economics or laws, and having irreproachable business reputation, inter alia having no outstanding conviction, i.e. such that would not have been cancelled and quashed in accordance with established by law procedure.

No person is entitled to be the Governor of the National Bank, if such a person is a mandatory with representative capacity or holds (has held) the office of the chief of a state authority or other government agency (and from the day of expiry of the run of office of such a person less than one year has passed), or is a leader of a political party or a member of the governing bodies of a political party, or is a chief or a member of the governing board of a legal entity (with the exception of the National Bank), or else is a direct or indirect owner of some shares (stakes) of a legal entity. For the period of execution of his/her office the Governor of the National Bank shall suspend membership in any political party.

In order to be appointed the Governor of the National Bank the candidate for the post shall submit the data confirming compliance of his/her candidature with the requirements set forth by the third and fourth parts of this article.

Should the Verkhovna Rada of Ukraine fail to appoint the candidate proposed by the President of Ukraine, the procedure of nominating a new candidate shall be regulated by the Law of Ukraine "On Temporary Discharge of Obligations of Officials Appointed by the President of Ukraine upon Consent of the Verkhovna Rada of Ukraine or by the Verkhovna Rada of Ukraine subject to the Suggestion of the President of Ukraine".

The same candidate may not be proposed more than twice.

The Governor of the National Bank shall be dismissed by the Verkhovna Rada of Ukraine upon request of the President of Ukraine in the following cases:

1. the run of office expiry;
2. resignation submitted in writing to and accepted by the President of Ukraine;
3. coming into effect of an accusatory court sentence;
4. a court's decision to declare the person legally incapable;
5. termination of the citizenship or departure from Ukraine to a permanent place of residence;

6. loss of the irreproachable business reputation;
7. finding of the fact that he/she has submitted inadequate information to be appointed the Governor of the National Bank;
8. death or a court's decision to declare a person dead;
9. default in discharge of duty (including on the score of ill health) during more than four months in succession;
10. appearance of the legal circumstances ruling out the possibility for the person to be the Governor of the National Bank (according to the third and fourth parts of this article).

The Governor of the National Bank shall continue discharge of duty up to assumption of office by the newly-appointed Governor save the cases prescribed in paragraphs 2-10 of the eighth part of this article.

In case of dismissal of the Governor of the National Bank on the ground of provisions of paragraphs 2-10 of the eighth part of this article, temporary discharge of duty of the Governor of the National Bank shall be carried out in accordance with the Law of Ukraine "On Temporary Discharge of Obligations of Officials Appointed by the President of Ukraine upon Consent of the Verkhovna Rada of Ukraine or by the Verkhovna Rada of Ukraine subject to the Suggestion of the President of Ukraine".

(Article 18 with amendments introduced
by Law of Ukraine N 1919-III of July
13, 2000, in wording of Law of Ukraine
N 2478-VI of July 9, 2010)

Article 19. Duties and Authorities of the Governor of the National Bank

The Governor of the National Bank:

1. shall manage the activities of the National Bank;
2. shall act on behalf of the National Bank and represent its interests without commission in relations with the governmental bodies, banks, financial and credit institutions, international organizations, other institutions and organizations;
3. shall preside at the sessions of the Board of the National Bank;
4. shall sign minutes, resolutions of the Board of the National Bank, orders and instructions, as well as agreements concluded by the National Bank;
5. shall allocate responsibilities among Deputy Governors of the National Bank;
6. shall issue administrative acts mandatory for all officials, enterprises and institutions of the National Bank;
7. shall take decisions on other issues related to the National Bank activities, other than those falling within the exclusive competence of the Council of the National Bank and the Board of the National Bank hereunder;

8. shall be personally responsible to the Verkhovna Rada of Ukraine and the President of Ukraine for the National Bank activities.

Article 20. Deputy Governors of the National Bank

The Governor of the National Bank shall have four deputies (including one First Deputy) appointed and dismissed by him/her subject to the consent of the Council of the National Bank.

The Deputy Governor of the National Bank shall be a citizen of Ukraine meeting the requirements stipulated in the second part of Article 10 hereof.

No person is entitled to be the Deputy Governor of the National Bank, if such a person is a mandatory with representative capacity or holds (has held) the office of the chief of a state authority or other government agency (and from the day of expiry of the run of office of such a person less than one year has passed), or is a leader of a political party or a member of the governing bodies of a political party, or is a chief or a member of the governing board of a legal entity (with the exception of the National Bank and other legal entities in whose governing bodies the law prescribes participation of the National Bank representatives), or else is a direct or indirect owner of some shares a bank. For the period of execution of his/her office the Deputy Governor of the National Bank shall suspend membership in any political party.

In order to be appointed a Deputy Governor of the National Bank the candidate for the post shall submit the data confirming compliance of his/her candidature with the requirements set forth by the second and third parts of this article.

The National Bank Council shall approve the candidate for the post of the Deputy Governor of the National Bank should he/she satisfy the requirements prescribed in the second and third parts of this article.

The Deputy Governor may be dismissed in addition to the general reasons stipulated by the laws on the public service for the reason of appearance of the legal circumstances ruling out the possibility for the person to be the Deputy Governor of the National Bank (according to the second and third parts of this article), or finding of the fact that he/she has submitted inadequate information to be appointed the Deputy Governor of the National Bank.

(Article 20 with amendments introduced
by Law of Ukraine N 1919-III of July 13,
2000, in wording of Law of Ukraine N
2478-VI of July 9, 2010)

Article 21. Heads of Organizational Units of the National Bank

(the title of Article 21 as specified by
Law of Ukraine N 2478 -VI of July 9, 2010)

The Directors of departments of the National Bank shall be appointed and dismissed by the Governor of the National Bank according to the labour legislation of Ukraine.

The head of an organizational unit being ex officio a member of the National Bank Board shall be a citizen of Ukraine meeting the requirements stipulated in the second part of Article 10 hereof. The restrictions imposed by the third part of Article 20 of this Law shall also apply to the head of such an organizational unit.

(Article 21 was supplemented with part 2 according to
Law of Ukraine N 2478-VI of July 9, 2010)

In order to be appointed the head of an organizational unit being ex officio a member of the Board of the National Bank the candidate for the post shall submit the data confirming compliance of his/her candidature with the requirements set forth by the second part of this article.

(Article 21 was supplemented with part 3 according to
Law of Ukraine N 2478-VI of July 9, 2010)

The head of an organizational unit being ex officio a member of the Board of the National Bank may be dismissed in addition to the general reasons stipulated by the laws on the public service for the reason of appearance of the legal circumstances ruling out the possibility for the person to be the head of such an organizational unit (according to the second part of this article), or finding of the fact that he/she has submitted inadequate information to be appointed to the position.

(Article 21 was supplemented with part 4 according to
Law of Ukraine N 2478-VI of July 9, 2010)

The title of Section III excluded

(according to Law of Ukraine
N 2478-VI of July 9, 2010)

Article 22. Structure of the National Bank

The structure of the National Bank shall be built on the basis of centralization with vertical subordination.

The system of the National Bank shall comprise the central office, branch offices (regional departments), clearing houses, the Bank Note Printing and Minting Works, Banknote Paper Mill, the State Treasury of Ukraine, the Central Vault, specialized enterprises, banking educational establishments and other structural units and subdivisions required to support the National Bank activities.

Within the framework of the laws in force, the National Bank shall independently decide the issues of organizing, establishing, liquidating and re-organizing the structural subdivisions and institutions of the National Bank and its enterprises, and approve their respective charters (by-laws) and regulations (standing orders).

For the purposes of collecting and protecting its valuables and facilities, the National Bank shall have the internal security service weaponed with combat firearms.

Article 23. Status of Branch Offices

The branch offices (branches, regional departments) of the National Bank shall not enjoy the legal entity status and may not issue regulatory documents, they shall act on behalf of the National Bank within the framework of the powers granted by the latter. The tasks and functions of the branch offices of the National Bank shall be determined by the Regulations approved by the Board of the National Bank.

SECTION IV. MONETARY POLICY

Article 24. Monetary Policy Fundamentals

The Monetary Policy Fundamentals shall determine the medium-term run indicators of the National Bank activities with the purpose of accomplishing its objects as determined by Article 6 hereof.

When elaborating the Monetary Policy Fundamentals used shall be the macroeconomic indicators calculated by the Cabinet of Ministers of Ukraine.

The National Bank shall inform the Verkhovna Rada of Ukraine of the Monetary Policy Fundamentals and money market state in the country in accordance with the procedure stipulated by Articles 9 and 51 hereof.

(Article 24 as specified by Law of
Ukraine N 2478-VI of July 9, 2010)

The National Bank shall submit to the Verkhovna Rada and Cabinet of Ministers of Ukraine the forecasted monetary indicators for the following year before March 15 of the current year and draft budget of income and expenses of the National Bank for the following year before April 1 of the current.

(Article 24 was supplemented with the part according to
Law of Ukraine N 2457-VI of July 8, 2010)

Article 25. Means and Methods of the Monetary Policy

The major economic means and methods of the monetary policy shall be the regulation of money supply through:

1. determining and regulating the reserve requirements for commercial banks;

(Item 1 of Article 25 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

2. interest rate policy;

3. refinancing of commercial banks;

4. management of gold and foreign exchange reserves;

5. transactions with securities (excluding those confirming corporate rights), in the open market, treasury notes included;

***(Item 5 of Article 25 as specified by Law of
Ukraine N 1919-III of July 13, 2000)***

6. regulating the capital import and export;

7. issue of its own debt liabilities and operations with them.

(Article 25 was supplemented with Item 7 according to
Law of Ukraine N 1919-III of July 13, 2000)

The National Bank of Ukraine shall be entitled, but not obliged, to grant credits for refinancing of the bank, unless this is associated with risks to the banking system.

(Article 25 was supplemented with part 2 in accordance with
Law of Ukraine N 2478-VI of July 9, 2010)

Article 26. Reserve Requirements

(the title of Article 26 as specified by Law of
Ukraine N 2922-III of January 10, 2002)

The National Bank shall establish the of reserve requirements for banks. In doing so:

(the first indent of part 1 of Article 26 with amendments introduced
according to Law of Ukraine N 2922-III of January 10, 2002)

1. the amount of reserve requirements shall be fixed as uniform for banks as a percentage of the total amount of the funds in the national and foreign currency attracted by the bank;

(Item 1 of Article 26 with amendments introduced
according to Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

2. for different types of liabilities different reserve requirements may be established;

(Item 2 of Article 26 with amendments introduced by
Law of Ukraine N 2922-III of January 10, 2002)

3. the decision to increase the amount of the mandatory reserves shall come into effect no earlier than 10 days after its publication.

(Item 3 of Article 26 with amendments introduced by
Law of Ukraine N 2922-III of January 10, 2002)

Article 27. Interest Rates

The National Bank shall establish the procedure for setting the discount and other interest rates for its transactions.

Article 28. Management of Gold and Foreign Exchange Reserves

The National Bank shall provide for the management of the gold and foreign exchange reserves of the state by effecting currency interventions by means of purchase and sale of currency values in foreign exchange markets in order to regulate the national currency exchange rate against foreign currencies, as well as the total money demand and supply in Ukraine.

Article 29. Open Market Transactions

Open market transactions of the National Bank, including those with a premium or discount, shall involve the purchase and sale of treasury notes and other securities (*excluding those confirming the corporate rights*) and *debt liabilities designated by the Board of the National Bank*.

(Article 29 as specified by Law of Ukraine
N 1919-III of July 13, 2000, with
amendments introduced according to Law of
Ukraine N 2478-VI of July 9, 2010)

Article 30. Regulation of Import and Export of Capital

The National Bank shall, in compliance with the laws of Ukraine on foreign economic activities and the system of foreign exchange regulation and control, regulate the import and export of capital.

Article 31. Funds of the State Budget of Ukraine and local budgets

The Cabinet of Ministers of Ukraine, Council of Ministers of the Autonomous Republic of the Crimea, local state administrations, executive agencies of respective local councils shall keep the budget funds at the National Bank on an account opened by the State Treasury of Ukraine unless otherwise is stipulated by the Budget Code of Ukraine.

The conditions and procedures of servicing the budget funds shall be stipulated by the agreement between the National Bank and the State Treasury of Ukraine, at this services for the State Treasury of Ukraine shall be rendered by the National Bank gratis.

(Article 31 as specified by Law of
Ukraine N 2457-VI of July 8, 2010)

Section V. CASH CIRCULATION MANAGEMENT

Article 32. Monetary Unit

The monetary unit of Ukraine shall be the hryvnia equal to 100 kopiykas.

The issue and circulation of other monetary units and the use of money substitutes as payment instruments on the territory of Ukraine are prohibited.

No official ratio between the hryvnia and gold or other precious metals shall be established.

Article 33. Powers of the National Bank relating to Cash Circulation

In order to organize cash circulation, the National Bank shall provide:

1. manufacturing and safekeeping of bank notes and coins;
2. creation of reserve funds of bank notes and coins;
3. setting of the face values, security features, payment attributes and design of the bank notes and coins;
4. establishment of the procedure for replacing the damaged bank notes and coins;
5. establishment of the rules for putting into circulation, storage, transportation, withdrawal and collection of cash;
6. establishment of the procedure for cash operations of banks, other financial institutions, enterprises and organizations;

(Item 6 of Article 33 with amendments introduced by
Law of Ukraine N 2922-III of January 10, 2002)

7. setting of the requirements to technical safety and security measures for banking institutions' premises.

Article 34. Emission

The National Bank shall have the exclusive right to put the hryvnia and small coins into circulation (emission), to provide their circulation and withdrawal.

Cash shall circulate in the form of paper bank notes and metal coins. The total amount of the issued bank notes and coins shall be specified in the accounts of the National Bank as its liabilities.

Bank notes and coins shall be direct liabilities of the National Bank and shall be backed by all its assets.

Article 35. Circulation of Bank Notes and Coins

The hryvnia (bank notes and coins) as the national currency shall be the only legal tender on the territory of Ukraine; it shall be accepted by all natural persons and legal entities without any limitation all over the territory of Ukraine for all modes of payments, for crediting accounts, deposits, letters of credit, as well as for transfers.

Article 36. Hryvnia Exchange Rate

The National Bank shall establish and publish the official exchange rate of hryvnia against foreign currencies.

In order to regulate the exchange rate of hryvnia against foreign currencies, the National Bank shall use the gold and foreign exchange reserves, purchase and sell securities, establish and change the refinancing rate and make use of other instruments of regulating the money supply in circulation.

(validity of Article 36 with regard to establishment and alteration of the refinancing rate and determination of the procedure of granting credits to the commercial banks for their liquidity support (refinancing of commercial banks) only by the National Bank was suspended by Law of Ukraine N 835-VI of December 26, 2008,

Article 86 of Law of Ukraine N 835-VI of December 26, 2008, prescribing partial suspension of validity of the second part of Article 36 was excluded in accordance with Law of Ukraine N 1131-VI of March 17, 2009)

Article 37. Convertibility of Hryvnia

The conditions and the procedure of conversion (exchange) of hryvnia for a foreign currency shall be established by the National Bank in accordance with the foreign exchange regulation laws of Ukraine.

The National Bank shall not restrict the rights of participants in the foreign exchange market to effect the transactions with foreign currency guaranteed to them by law.

Article 38. Procedure of the Replacement of Worn and Damaged Bank Notes and Coins

Worn and damaged bank notes and coins of Ukraine shall be accepted and exchanged free of charge for the new ones by the National Bank and commercial banks of Ukraine without any limitation of the amount and term of such a replacement.

(the first part of Article 38 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

The specific features and procedure of determining the validity of bank notes, as well as the procedure of exchange of worn and damaged bank notes and coins shall be established by the National Bank.

Article 39. Withdrawal of Bank Notes and Coins from Circulation

The National Bank, commercial banks of Ukraine shall be obliged to withdraw the counterfeit, faked and invalid bank notes and coins.

(the first part of Article 39 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

The procedure of withdrawing such bank notes and coins shall be established by the National Bank and regulated by relevant subordinate legislation acts.

The National Bank and commercial banks shall not be obliged to reimburse for the destroyed, lost, counterfeit, faked and invalid bank notes and coins.

(the third part of Article 39 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

The National Bank shall officially notify of the withdrawal of bank notes and coins of Ukraine from the circulation through the mass media.

The manufacture of counterfeit bank notes for the purposes of their issue into circulation or the issue thereof into circulation shall carry the penalty according to the laws of Ukraine.

SECTION VI. ORGANISATION OF SETTLEMENTS AND ACCOUNTING

Article 40. Regulation of Settlements

The National Bank shall establish rules, forms and standards of settlements of the banks, other legal entities and natural persons in the economic turnover of Ukraine by using both the paper and electronic documents as well as the payment instruments and cash, coordinate organization of the settlements, issue permissions for clearing operations and settlements.

(the first part of Article 40 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

The National Bank shall ensure the execution of inter-bank settlements through its institutions, grant permissions for inter-bank settlements by means of direct correspondent relations of banks and their own payment systems.

(the second part of Article 40 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

Article 41. Regulation of Accounting

The National Bank shall establish mandatory for the banking system standards and rules of accounting and financial reporting complying with the requirements of the laws of Ukraine and international accounting standards.

(Article 41 with amendments introduced by Law of Ukraine N 1919-III of July 13, 2000, in wording of Law of Ukraine N 2478-VI of July 9, 2010)

Section VII. TRANSACTIONS OF THE NATIONAL BANK

Article 42. Types of National Bank's Transactions

In order to exercise its functions, the National Bank may effect the following transactions:

1. grant credits to commercial banks to maintain their liquidity at a rate not lower than the refinancing rate of the National Bank and in accordance with the procedure specified by the National Bank;

(Item 1 of Article 42 as amended by

Law of Ukraine N 1919-III of July 13,
2000)

(validity of Item 1 of the first part of Article 42 with regard to establishment and alteration of the refinancing rate and determination of the procedure of granting credits to the commercial banks for their liquidity support (refinancing of commercial banks) only by the National Bank was suspended by Law of Ukraine N 835-VI of December 26, 2008,

Article 86 of Law of Ukraine N 835-VI of December 26.12.2008, 1, prescribing partial suspension of validity of the first part of Article 42 was excluded in accordance with Law of Ukraine N 1131-VI of March 17, 2009)

2. grant credits to the Insurance Fund of Personal Deposits on collateral of securities at a price not lower than the inflation adjustment index for a period of up to 5 years;

(the first part of Article 42 was supplemented with new Item 2 according to Law of Ukraine N 2740-III of September 20, 2001, therefore Items 2-14 shall be considered 3-15 respectively, Item 2 of the first part of Article 42 as specified by Law of Ukraine N 639-VI of October 31, 2008, validity of the previous wording of Item 2 of part 5 of Article 42 was resumed from January 1, 2011, due to expiry of validity of Law of Ukraine N 639-VI of October 31, 2008)

3. conduct the discount transactions with the bills of exchange and cheques according to the procedure specified by the National Bank;
4. purchase and sell securities in the secondary market according to the procedure stipulated by the laws of Ukraine;

5. open its own correspondent and metal accounts with foreign banks and keep accounts of the correspondent banks;
6. purchase and sell currency values in order to exercise monetary regulation;
7. store bank metals, as well as purchase and sell bank metals, *precious metals and stones* and other valuables, memorial and investment coins made of precious metals in domestic and foreign markets without quotation and licenses;

(Item 7 of Article 42 with amendments introduced according to
Law of Ukraine N 1919-III of July 13, 2000)

8. distribute the gold and foreign exchange reserves independently or through banks authorized by it to conduct foreign exchange transactions, perform operations with gold and foreign exchange reserves of Ukraine with the banks, whose rating according to the classification of international rating agencies meets the requirements to the top banks not lower than category A;
9. accept state securities and other valuables for safekeeping and administration;
10. issue warranties and guarantees according to the regulations approved by the Council of the National Bank;
11. keep the account of the State Treasury of Ukraine free of charge and without charging the interest;
12. carry out operations on state debt servicing, involving the placement of state securities, their repayment and payments of the yield thereof;
13. keep the personal accounts of employees of the National Bank;

(Item 13 of Article 42 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

14. keep the accounts of international organizations;
15. withdraw, in indisputable manner, the funds from accounts of its clients according to the laws of Ukraine, courts' decisions included.

(Item 15 of Article 42 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

The National Bank shall also be entitled to effect other transactions required to ensure the exercise of its functions.

The National Bank is entitled to charge fees for the services rendered (transactions performed) pursuant to the laws.

(Article 42 supplemented with part 3 by
Law of Ukraine N 2922-III of January 10, 2002)

Article 43. Participation in International Organizations

The National Bank shall be entitled to take part in the formation of capital and activities of international organizations under international treaties, to which Ukraine is a party, as well as according to agreements between the National Bank and foreign central banks.

SECTION VIII. ACTIVITIES OF THE NATIONAL BANK WITH REGARD TO OPERATIONS WITH CURRENCY VALUES

Article 44. Powers in the Field of the Foreign Exchange Regulation and Control

(the title of Article 44 with amendments introduced by
Law of Ukraine N 2922-III of January 10, 2002)

The National Bank shall act as an authorized state institution when applying the laws of Ukraine on foreign exchange regulation and control.

The following issues shall be within the competence of the National Bank in the field of the foreign exchange regulation and control:

(the first indent of part 2 of Article 44 with amendments introduced
according to Law of Ukraine N 2922-III of January 10, 2002)

1. issue of subordinate legislation acts on foreign exchange transactions;

(Item 1 of part 2 of Article 44 as amended by Law of Ukraine N 2922-III of January 10, 2002)

2. issue and withdrawal of licenses, control (including through planned and casual inspections) over activities of banks, legal entities and individuals (residents and non-residents) that have received National Bank's license for conducting foreign exchange transactions with regard to meeting by them the requirements of foreign exchange laws;

(Item 2 of part 2 of Article 44 according to
Law of Ukraine N 2922-III of January 10, 2002)

3. establishment of the open currency position limits for the banks and other institutions that purchase and sale foreign currency;

4. application of the enforcement measures to banks, artificial and natural persons (residents and non-residents) for violation of the rules of foreign exchange regulation and control by them.

(the second part of Article 44 supplemented with Item 4
according to Law of Ukraine N 2922-III of January 10, 2002)

Article 45. Organization of the Foreign Exchange Market

The National Bank shall determine the structure of the foreign exchange market of Ukraine and organize the trade in currency values therein pursuant to the laws of Ukraine on the foreign exchange regulation.

Article 46. Discount and Exchange Rate Policy

The National Bank shall implement the discount and exchange rate policy and apply the foreign exchange restrictions, if necessary.

The National Bank shall pursue the discount rate policy by altering the discount rate of the National Bank to regulate the flow of capital and to balance the payment liabilities, as well as to adjust the exchange rate of Ukraine's monetary unit against the foreign currencies.

The National Bank shall pursue the exchange rate policy on the basis of regulation of the exchange rate of Ukraine's monetary unit versus the foreign currencies by means of purchase and sale of the foreign currency in the financial markets.

Article 47. Composition of the Gold and Foreign Exchange Reserve

To ensure the internal and external stability of Ukraine's monetary unit, the National Bank shall have the gold and foreign exchange reserve consisting of the following assets:

- monetary gold;

(the second indent of Article 47 with amendments introduced by
Law of Ukraine N 1919-III of July 13, 2000)

- special drawing rights;

- reserve position in the IMF;

- foreign currency in the form of bank notes and coins or funds on accounts abroad;

- securities (except for shares) paid in foreign currency;

- any other internationally recognized reserve assets, provided that their reliability and liquidity are guaranteed.

Article 48. Replenishment and Utilization of the Gold and Foreign Exchange Reserve

The gold and foreign exchange reserve shall be replenished by the National Bank by means of:

1. purchase of the *monetary gold* and foreign currency;

(Item 1 of Article 48 with amendments according to
Law of Ukraine N 1919-III of July 13, 2000)

2. obtaining income from transactions with foreign currencies, banking metals and other internationally recognized reserve assets;

3. 3. attraction of foreign exchange funds by the National bank from international financial organizations, central banks of foreign states and other creditors.

The gold and foreign exchange reserve shall be used by the National Bank for the following purposes:

1. sale of currency in the financial markets to pursue the monetary policy, including the exchange rate policy;

2. expenses under transactions with foreign currency, monetary metals and other internationally recognized reserve assets;

3. repayment of foreign exchange funds to international financial organizations, foreign central banks and other creditors by the National Bank including interest for the use of such funds and other respective charges;

**(the second part of Article 48 supplemented with Item 3 by
Law of Ukraine N 2478-VI of July 9, 2010)**

4. participation in formation of capital and activities of international organizations according to Article 43 hereof.

**(the second part of Article 48 supplemented with Item 4 by
Law of Ukraine N 2478-VI of July 9, 2010)**

The gold and foreign exchange reserve shall not be used for granting credits and guarantees and other commitments to residents and non-residents of Ukraine.

Article 49. Safekeeping of the Gold and Foreign Exchange Reserve

The National Bank of Ukraine shall be the sole custodian of the national gold and foreign exchange reserve, as well as of precious metals, stones and other valuables belonging to the state.

(Article 49 as specified by Law of
Ukraine N 1416-IV of February 3, 2004)

Article 50. Excluded

(according to Law of Ukraine
N 2478-VI of July 9, 2010)

Article 50. Non-Sale Foreign Exchange Income and Losses

The income and losses of the National Bank related to the re-evaluation of assets and liabilities represented in the form of the banking gold and foreign currency, special drawing rights, due to changes in the foreign currency exchange rates and the price for gold, shall be taken into consideration and set off as follows:

1. net foreign exchange income and losses shall be balanced by a corresponding amount on the special reserve account for re-evaluation of the foreign exchange reserve on the balance sheet of the National Bank;
2. said net income and losses shall not be taken into consideration (accounted), when calculating the annual income of the National Bank.

(the Law supplemented with Article 50 according to Law of
Ukraine N 2856-VI of December 23, 2010, the alterations foreseen
by Sub-Item 2 of Item 21, Section I of the Law of Ukraine N 2856-
VI of december 23, 2010, are valid till January 1, 2012)

SECTION IX. RELATIONS WITH THE PRESIDENT OF UKRAINE, VERKHOVNA RADA OF UKRAINE AND CABINET OF MINISTERS OF UKRAINE

Article 51. Accountability

The National Bank shall be accountable to the President of Ukraine and the Verkhovna Rada of Ukraine within their constitutional jurisdiction.

The accountability shall mean the following:

- 1. appointment to the position and dismissal from the position of the Governor of the National Bank by Verkhovna Rada of Ukraine upon suggestion of the President of Ukraine;**
2. appointment and dismissal of a half of the members of the Council of the National Bank by the President of Ukraine;
3. appointment and dismissal of a half of the members of the Council of the National Bank by the Verkhovna Rada of Ukraine;
4. report of the Governor of the National Bank to the Verkhovna Rada of Ukraine about the National Bank`s activities;
5. furnishing with information on the situation in the money market of the country the President of Ukraine and the Verkhovna Rada of Ukraine twice a year.

The National Bank shall on the quarterly basis furnish with information the President of Ukraine, Cabinet of Ministers of Ukraine and the committee of finance and banking of the Verkhovna Rada of Ukraine about the cashless emission for the respective period, namely:

on conduct of the operations on refinancing of banks;

on the interventions effected in the inter-bank foreign exchange market;

on the operations carried out in the stock market.

(Article 51 supplemented with the new third part
according to Law of Ukraine N 1533-VI of June 23, 2009,
therefore part 3 shall be considered part 4)

The National Bank may submit to the President of Ukraine in accordance with the procedure established by law proposals on legislative settlement of the issues aimed at the exercise of functions of the National Bank of Ukraine.

(Article 51 supplemented with part 4
according to Law of Ukraine N 3163-IV of December 1, 2005)

Article 52. Relations with the Cabinet of Ministers of Ukraine

The National Bank and the Cabinet of Ministers of Ukraine shall consult each other on the issues of the monetary policy, development and implementation of the National Economic and Social Development Programme.

Upon the request of the Cabinet of Ministers of Ukraine, the National Bank shall furnish the former with information of monetary processes and money market.

(the second part of Article 52 with amendments according to
Law of Ukraine N 2478-VI of July 9, 2010)

Upon the request of the National Bank, the Cabinet of Ministers of Ukraine, ministries and other central bodies of executive power shall furnish it with the information affecting status of the balance of payments, money market, including the monthly information about the indicators of revenues, expenses and deficit of the State and consolidated budgets, conditions of the state debt and schedule of payments thereunder.

(the third part of Article 52 according to
Law of Ukraine N 2478 -VI of July 9, 2010)

The National Bank shall support the economic policy of the Cabinet of Ministers of Ukraine, unless such a policy is not detrimental to the stability of the monetary unit of Ukraine.

The Governor of the National Bank or, by his/her order, one of the Deputy Governors may take part in sessions of the Cabinet of Ministers of Ukraine with the right of deliberative vote.

Members of the Cabinet of Ministers of Ukraine may take part in sessions of the Board of the National Bank with the right of deliberative vote.

The National Bank may submit to the President of Ukraine in accordance with the procedure established by law proposals on legislative settlement of the issues aimed at the exercise of functions of the National Bank of Ukraine.

(Article 52 supplemented with part 7
according to Law of Ukraine N 3163-IV of December 1, 2005)

Article 53. Guarantees of Non-Interference

Any interference of the state authorities, other state agencies or their officials, any legal entities or individuals in the exercise of functions and powers of the National Bank, Council of the National Bank, Board of the National Bank or National Bank employees shall be prohibited, except for within the limits stipulated by the Constitution of Ukraine and this Law.

The National Bank shall submit reports and furnish with information the state authorities and other state agencies in the cases set forth by the Constitution of Ukraine and this Law.

The legislative settlement of the issues connected with the exercise of its duties by the National Bank shall be carried out by amending this Law.

(Article 53 according to Law of
Ukraine N 2478-VI of July 9, 2010)

Article 54. Granting Credits to the State

The National Bank shall not be entitled to grant loans in the national or foreign currency, both directly and indirectly, through a state institution or other legal entity whose property is state-owned, with the purpose of financing the expenses of the State Budget of Ukraine.

The National Bank is not entitled to purchase in the primary market any securities issued by the Cabinet of Ministers of Ukraine, a state institution or other legal entity whose property is state-owned.

(Article 54 according to Law of
Ukraine N 2478-VI of July 9, 2010)

SECTION X. BANKING REGULATION AND BANKING SUPERVISION

Article 55. Objective and Scope of the Banking Supervision

The main objective of the banking regulation and supervision shall be the security and financial stability of the banking system and protection of interests of depositors and creditors.

The National Bank shall exercise the functions of banking regulation and supervision within the limits and pursuant to the procedure prescribed by the laws of Ukraine.

(the second part of Article 55 with amendments according to
Law of Ukraine N 1919-III of July 13, 2000)

The National Bank shall exercise permanent supervision over meeting by banks, their subdivisions, affiliated and related parties of banks on the territory of Ukraine and abroad, bank unions, representative offices and branches of the foreign banks in Ukraine as well as by other artificial and natural persons, the requirements of banking laws as well as the regulations and economic ratios issued or established by the National Bank. The National Bank shall not carry out inspections and revisions of the financial and economic activities of the persons specified hereinabove in this Article.

(the third part of Article 55 with
amendments as per Law of Ukraine N 1919-
III of July 13, 2000, in wording of Law of
Ukraine N 2922-III of January 10, 2002)

Article 56. Enactments, Regulations and Subordinate Legislation Acts of the National Bank

The National Bank shall issue the enactments, regulations and subordinate legislation acts within its jurisdiction, binding for the government bodies and institutions of local government, banks, enterprises and institutions regardless of the forms of ownership thereof, as well as for the natural persons.

These legal acts of the National Bank shall be issued in the form of resolutions of the Board of the National Bank, as well as instructions, statutes, provisions, rules and regulations approved by resolutions of the Board of the National Bank. They shall not contradict the laws of Ukraine and other legislative acts of Ukraine and shall not be used retroactively, except they mitigate or cancel responsibility pursuant to the laws.

The subordinate legislation acts of the National Bank being in accordance with law the regulatory acts shall be elaborated, considered, adopted and published with taking into account the requirements of the Law of Ukraine “On Fundamentals of the State Regulatory Policy in the Field of Economical Activities”.

(Article 56 supplemented with the new third part
according to Law of Ukraine N 2388-VI of July
01, 2010, therefore the parts 3-4 shall be
considered part 4-5 respectively)

The subordinate legislation acts of the National Bank are subject to the mandatory registration by the Ministry of Justice of Ukraine and shall enter into force in compliance with the legislation of Ukraine.

These legal acts of the National Bank may be appealed pursuant to the procedure established by the laws of Ukraine.

Article 57. Access to Information

In order to exercise its functions, the National Bank is entitled to obtain free of charge from the banks, bank unions (associations) and legal entities that have received a license of the National Bank to perform certain banking transactions, as well as from the persons whose activities are supervised by the National Bank pursuant to the Law of Ukraine “On Banks and Banking”, the information of their activities and explanations with regard to the obtained information and effected transactions.

(the first part of Article 57 with amendments
according to the Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

For preparation of the banking and financial statistical data and for the analysis of the economic situation, the National Bank shall have the right to obtain gratis the necessary information from the government bodies and institutions of local government as well as from the economic entities of all forms of ownership.

(the second part of Article 57 with amendments
according to Law of Ukraine N 2922-III of January 10, 2002)

The obtained information shall not be disclosed, except in the cases prescribed by the laws of Ukraine.

Article 58. Economic Ratios

In order to protect interests of depositors and creditors, and ensure the financial reliability of the banks, the National Bank shall establish for them the mandatory economic ratios according to the procedure specified by it. These ratios shall ensure the control over the risks related to the capital, the liquidity, granting credits, capital investments, as well as over the interest rate and currency (foreign exchange) risks.

(part 1 of Article 58 with amendments
according to the Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

The National Bank shall officially notify of the subsequent changes in the ratios and methods of their calculation not later than one month before they are put into effect.

Article 59. Risk Provisions

The National Bank shall determine the amounts, procedures for formation and utilization of the reserves (provisions) of banks to cover possible credit-associated losses, as well as provisions to cover the currency (foreign exchange), interest rate and other risks of the banks.

(part 1 of Article 59 with amendments
according to Law of Ukraine N 2922-III of January 10, 2002)

The reserves for cover of possible financial risks and for the insurance fund of personal deposits shall be created at the expense of the income before taxation pursuant to the laws of Ukraine.

Article 60. Excluded

(Article 60 as amended by Law of Ukraine N 1919-III of July 13, 2000, excluded according to the Law of Ukraine N 2922-III of January 10, 2002)

Article 61. Powers Related to the Exercise of Supervisory and Regulatory Functions

The National Bank may exercise the state regulation of banking activities in the forms prescribed by the Law of Ukraine “On Banks and Banking” both directly by itself and through a banking supervision authority established by it.

(Article 61 with amendments as per Law of Ukraine N 1919-III of July 13, 2000, in wording of Law of Ukraine N 2922-III of January 10, 2002)

Article 62. Stale

(Article 62 in wording of Law of Ukraine N 1919-III of July 13, 2000, became invalid according to Law of Ukraine N 2121-III of December 7, 2000)

Article 63. Restriction of Requirements of the National Bank

The National Bank shall not be entitled to demand from banks to effect transactions or commit other actions which are not envisaged by laws of Ukraine and regulations of the National Bank.

(Article 63 with amendments as per Law of Ukraine N 1919-III of July 13, 2000)

SECTION XI. EMPLOYEES OF THE NATIONAL BANK

Article 64. Status of Employees of the National Bank

The terms of employment, dismissal, labour remuneration, provision of leaves, official duties and rights, the system of disciplinary penalties, social protection of employees of the National bank shall be defined by the Law of Ukraine "On the Public Service".

The employees of the National Bank shall be officials and maintenance personnel of the National Bank. The officials of the National Bank shall be deemed the persons directly involved in the exercise of the functions of the National Bank and occupying the positions provided for by the Personnel Arrangements.

The Board of the National Bank may determine the list of the positions of employees, labour agreements with whom shall be concluded in the form of a contract.

(Article 64 supplemented with part 3 according to Law of Ukraine N 1919-III of July 13, 2000,

therefore parts 3-8 shall be considered
parts 4-9 respectively)

Officials of the National Bank shall be public servants to which the provisions of the Law of Ukraine "On the Public Service" shall apply, unless otherwise is provided hereby.

The issues of functioning of the public service in the National Bank and those of the classification of positions shall be resolved by the Board of the National Bank according to the laws of Ukraine.

Ranks of the public servants of the National Bank, which correspond to the positions of the 1st category, shall be awarded by the President of Ukraine. Other ranks may be awarded by the Governor of the National Bank.

The maintenance personnel of the National Bank shall consist of the employees, unengaged directly in exercising the National Bank's functions.

Salaries of the National Bank's officials shall be established by the Board of the National Bank according to provisions of the Law of Ukraine "On the Public Service".

Wages of the maintenance personnel of the National Bank shall be established by the Board of the National Bank according to the provisions of the labour remuneration laws.

Article 65. Prohibited Business

The Governor of the National Bank, deputy governors, members of the Board of the National Bank, other officials of the National Bank included in the list of positions approved by the Board of the National Bank shall not be the people's deputies (members of the Parliament) of Ukraine, members of the Government of Ukraine, as well as be engaged in the business activities and combine jobs, except for the teaching, scientific and other creative activities.

Officials of the National Bank shall be prohibited from becoming members of managing bodies or shareholders of banks.

(part2 of Article 65 with amendments
according to the Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

The Governor of the National Bank, deputy governors, members of the Board of the National Bank and other officials of the National Bank shall be prohibited from receiving loans from any other credit institution, with the exception of the National Bank.

Article 66. Banking secrecy

Officials of the National Bank are prohibited from disclosing the information, which constitutes the state secret, banking secrecy, or is of confidential nature and which has become known due to exercise of their duties and this provision shall remain valid even in case of resignation from the National Bank except for the cases prescribed by the laws of Ukraine.

(Article 66 with amendments as per
Law of Ukraine N 2922-III of January 10, 2002)

SECTION XII. ORGANISATION OF THE BANKING STATISTICS AND STATISTICS OF THE BALANCE OF PAYMENTS

Article 67. Definition of Reporting

In order to exercise the regulatory and supervisory functions, the National Bank shall define the forms of reporting (including the consolidated one), as well as the procedure of its compilation and submittal to the National Bank, being mandatory for all the business entities, including:

(the first indent of part 1 of Article 67 with amendments introduced according to Law of Ukraine N 2922-III of January 10, 2002)

1. banks located on the territory of Ukraine (both resident and non-resident ones), bank unions - for compiling the monetary and banking statistics;

(Item 1 of part one of Article 67 as amended
according to Laws of Ukraine N 1919-III of July 13, 2000, and
N 2922-III of January 10, 2002)

2. all business entities (residents and non-residents) for compiling statistics of the balance of payments and effecting the foreign exchange control.

(Item 2 of part one of Article 67 as amended
according to Law of Ukraine N 2922-III of January 10, 2002)

The information provided by banks and other business entities shall not be disclosed, except for cases provided for by the laws of Ukraine.

The requirements of this article shall not apply to the consolidated statistical information, which is openly published by the National Bank.

Article 68. Publications

In order to ensure the transparency in the banking business and statistics of the balance of payments, the National Bank shall:

1. publish the annual and quarterly balance sheets of the National Bank in the periodicals of Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine;
2. issue a monthly statistical bulletin and the magazine *"National Bank of Ukraine Herald" (Visnyk Natsional'noho Banku Ukrainy)*;
3. publish in the official mass-media the current banking information and data on the monetary and banking statistics, provided that such information does not constitute the state secret or banking secrecy;
4. furnish for publication with the information on the monetary and banking statistics and statistics of the balance of payments pursuant to the international agreements;
5. ensure monthly information for people on the decisions of the National Bank Board regarding the interest rates and conditions of conducting transactions with banks and other facts important for the persons acting in the financial market as well as about the refinancing and exchange rate policy implemented by the National Bank, including:

the loans granted to banks (for a term more than 30 calendar days) with compulsory indication of the loan amount, given collateral type and date of the respective decision of the National Bank;

accomplishment of the currency interventions with compulsory indication of the transaction type (purchase/sale of foreign currency), transaction amount, currency and exchange rate of the intervention.

(part 1 of Article 68 supplemented with Item 5 according to Law of Ukraine N 2478-VI of July 9, 2010)

The National Bank shall inform the people of its activities by means of publication of respective data on its official web-site and in its official periodicals, holding by the National Bank management press conferences, giving talks on the radio and appearing on television or in any other manner provided for by law.

(Article 68 supplemented with new part 2 according to Law of Ukraine N 2478-VI of July 09, 2010, therefore parts 2 and 3 shall be deemed 3 and 4 respectively)

The data to be published in the mass media shall be determined by the State Statistics Committee of Ukraine in accordance with the laws of Ukraine.

The National Bank shall be the owner of the consolidated information on the monetary and banking activities and specify the regime of access thereto in accordance with the laws of Ukraine. The official banking information may be used by other bodies in their publications only upon authorization of the National Bank or with referring to the source of its official publication.

SECTION XIII. AUDIT OF THE NATIONAL BANK

Article 69. Internal Audit

The National Bank of Ukraine shall control the activities of its structural units by means of the internal audit to be carried out by the auditing department of the National Bank directly subordinate to the Governor of the National Bank.

(part 1 of Article 69 with amendments as per Law of Ukraine N 2478-VI of July 9, 2010)

The chief of the internal audit unit shall be appointed and dismissed by approval of the Council of the National Bank.

The Governor of the National Bank may determine the procedure and periodicity of internal audit of organizational subdivisions of the National Bank.

The Council of the National Bank shall approve the annual plan of audits of the organizational units of the National Bank.

The internal audit unit shall regularly inform the National Bank Board and Council of results of the audits carried out.

(part 2 of Article 69 superseded by parts 2-5 according to Law of Ukraine N 2478-VI of July 9, 2010)

Article 70. External Audit

The audit of the annual financial reporting of the National Bank shall be carried out by an auditor firm having experience in audit according to the international standards of auditing.

The Council of the National Bank shall appoint the auditor firm to review the annual financial reporting of the National Bank at suggestion of the National Bank Board.

The same auditor firm is not entitled to audit the annual financial reports of the National Bank more than five years in a row.

The Accounting Chamber in the course of control over the revenues and expenses of the State Budget of Ukraine shall verify utilization of the budget of income and expenses of the National Bank.

(Article 70 as specified by Law of Ukraine N 2478-VI of July 9, 2010)

SECTION XIV. SPECIAL

PROVISIONS Article 71. Restrictions on Business

The National Bank shall be prohibited from:

1. being a shareholder or participating member of the banks or other enterprises and institutions;
2. effecting transactions with real estate, other than those related to supporting the activities of the National Bank and its institutions;
3. being engaged in the trade, manufacturing, insurance and other activities, which do not relate to the functions of the National Bank;
4. allot credits, loans to artificial and natural persons except for the cases prescribed herein.

(part 1 of Article 71 supplemented with Item 4 according to Law of Ukraine N 2478-VI of July 9, 2010)

The restrictions specified in Part one of this Article shall not apply to:

1. acquiring any rights and assets for the purposes of cover of debts of the National Bank, subject to alienation of them at earliest possible date;
2. the cases prescribed by Article 42 hereof;
3. participating in the capital of other enterprises and institutions supporting the activities of the National Bank.

Article 72. Taxation Procedures

The National Bank shall pay taxes in accordance with the tax laws of Ukraine.

Article 73. Prevalent and unconditional right

The National Bank shall have prevalent and unconditional right to satisfy any mature claim stemming from refinancing of a bank which has been executed in accordance with the established legal procedure.

(part 1 of Article 73 as amended
by Law of Ukraine N 2922-III of January 10, 2002)

The prevalent and unconditional right shall be used, if stipulated by the agreement, and realized by the National Bank through writing off indisputably the indebtedness from bank accounts and selling other assets, pledged to secure the National Bank claims, and satisfying the claims at the expense of net income from the sale thereof.

(The Law supplemented with Article 73 as per
Law of Ukraine N 1919-III of July 13, 2000)

SECTION XV. Final provisions

1. This Law shall come into effect from the date of its publication with the exception of parts nine and ten of Article 10 hereof which become effective from the date of make-up of the Council of the National Bank of Ukraine in full muster by the President of Ukraine and Verkhovna Rada of Ukraine.

(Item 1 of Section XV as amended by
Law of Ukraine N 1658-III of April 20, 2000)

2. The Council of the National Bank shall be made up within two months after this Law becomes effective. During the formation of the Council of the National Bank, its functions regarding the monetary policy shall be exercised by the Board of the National Bank.

3. The following shall be deemed invalid:

Sections II and V of the Law of Ukraine “On Banks and Banking” (News of the Verkhovna Rada of Ukraine, 1991, N.25, p.281);

Resolution of the Presidium of the Verkhovna Rada of Ukraine "On the Charter of the National Bank of Ukraine" of October 7, 1991.

4. The qualifying requirements to the members of the Council and Governor of the National Bank specified herein shall apply to the persons appointed to the positions of Council members and Governor of the National Bank after coming into effect of the Law of Ukraine dated July 9, 2010, “On Amendments to Some Legislative Acts of Ukraine regarding the National Bank of Ukraine Activities”.

The members of the National Bank Council appointed to their positions before coming into effect of the Law of Ukraine dated July 9, 2010, “On Amendments to Some Legislative Acts of Ukraine regarding the National Bank of Ukraine Activities” shall continue exercising their powers till expiry of their run of office.

(Section XV supplemented with Item 4 according to
Law of Ukraine N 2478-VI of July 9, 2010)

5. The National Bank shall during three months from coming into effect of the Law of Ukraine dated July 9, 2010, “On Amendments to Some Legislative Acts of Ukraine regarding the National Bank of Ukraine Activities” make up the Board of the National Bank according to the requirements introduced thereby and bring its subordinate legislation acts into line with this Law.

(Section XV supplemented with Item 5 according to
Law of Ukraine N 2478-VI of July 9, 2010)

President of Ukraine

Kyiv

May 20, 1999

N **679-XIV**

L. Kuchma