

**REPUBLIC OF LITHUANIA**  
**LAW**  
**ON THE AMENDMENT OF THE LAW ON THE BANK OF LITHUANIA**

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**Article 1. A Revised Version of the Law of the Republic of Lithuania on the Bank of Lithuania**

The Law on the Bank of Lithuania shall be amended and set forth to read as follows:

**“REPUBLIC OF LITHUANIA**  
**LAW**  
**ON THE BANK OF LITHUANIA**

**CHAPTER 1**  
**GENERAL PROVISIONS**

**Article 1. The Bank of Lithuania**

1. The central bank of the Republic of Lithuania shall be the Bank of Lithuania, belonging by the right of ownership to the State of Lithuania.
2. The Bank of Lithuania shall manage, use and dispose of assets to the extent, in the manner and according to the terms prescribed by this Law.
3. The Bank of Lithuania shall be established and liquidated by the Seimas.

**Article 2. Legal Status of the Bank of Lithuania**

1. The Bank of Lithuania shall be a legal person.
2. The Bank of Lithuania shall have a seal bearing the State Emblem of Lithuania and words “Lietuvos bankas” (“Bank of Lithuania”).
3. The registered office of the Bank of Lithuania shall be at 6 Gedimino Avenue, Vilnius.
4. The State of Lithuania shall not be liable for the obligations of the Bank of Lithuania, and the Bank of Lithuania shall not be liable for the obligations of the State of Lithuania.

### **Article 3. Independence of the Bank of Lithuania**

1. The Bank of Lithuania shall be governed by the Constitution, laws, international agreements and other legal acts of the Republic of Lithuania.
2. When implementing the objectives established by this Law and carrying out its functions, and pursuing activities necessary for that, the Bank of Lithuania shall be independent from state bodies and institutions of the Republic of Lithuania as well as other enterprises, institutions and organisations.

### **Article 4. Branches, Representative Offices, Institutions and Enterprises of the Bank of Lithuania**

The Bank of Lithuania shall have the right to establish branches, representative offices, institutions and enterprises, to be a shareholder or stakeholder in other institutions and enterprises in the Republic of Lithuania and foreign states, provided this is needed to carry out its functions.

### **Article 5. Foreign Relations of the Bank of Lithuania and its Representation of the State of Lithuania**

1. The Bank of Lithuania shall maintain relations with foreign and international financial institutions and shall conclude agreements with them.
2. The Bank of Lithuania may represent the State of Lithuania in international financial institutions.

### **Article 6. The Exclusive Right of the Bank of Lithuania to Issue Currency**

Only the Bank of Lithuania shall have the right to issue currency. It shall:

- 1) put into and withdraw from circulation the currency of the Republic of Lithuania according to the procedure established by law; and
- 2) establish denominations, distinctive, security and acceptance features of the currency of the Republic of Lithuania, withdraw banknotes and coins from circulation and replace them with other banknotes and coins by announcing this publicly, organise the production of the currency, its transportation and storage, establish procedures for withdrawing worn and damaged currency from circulation and establish procedures for replacing and destroying the said currency, make up reserve funds of banknotes and coins, and perform the expert examination of the Litas banknotes and coins as well as centas coins.

### **Article 7. The Primary Objective of the Bank of Lithuania**

1. The primary objective of the Bank of Lithuania shall be to seek price stability.
2. The Bank of Lithuania shall, within the range of its competence, support the economic policy carried out by the Government of the Republic of Lithuania, without prejudice to the primary objective of the Bank of Lithuania.

### **Article 8. Functions and Activities of the Bank of Lithuania**

1. Implementing its primary objective, the Bank of Lithuania shall perform the following functions:
- 1) issue the currency of the Republic of Lithuania;
  - 2) formulate and implement monetary policy;
  - 3) determine the Litas exchange rate regulation system and announce the official exchange rate of the Litas;
  - 4) manage, use and dispose of foreign reserves of the Bank of Lithuania;
  - 5) act as a State Treasury agent;
  - 6) issue and revoke licenses of credit institutions of the Republic of Lithuania, and supervise the activities thereof, also issue and revoke permissions for the establishment and operation of branches and representative offices of credit institutions of foreign states, and supervise the activities of branches of credit institutions of foreign states operating in Lithuania according to the procedure established by laws and other legal acts;
  - 7) establish principles and procedures for financial accounting and reporting of credit institutions of the Republic of Lithuania and branches of credit institutions of foreign states operating in the Republic of Lithuania;
  - 8) develop and manage an inter-bank funds transfer system and establish the requirements for its participants; and
  - 9) collect monetary, banking and balance of payments statistics, as well as data on Lithuanian financial and related statistics, implement standards on the collection, reporting and dissemination of the said statistics and compile the balance of payments of the Republic of Lithuania.
2. The Bank of Lithuania shall carry out activities necessary for the implementation of the functions laid down in Paragraph 1 of this Article and for the development and maintenance of the infrastructure needed for their implementation.

#### **Article 9. Legal Acts of the Bank of Lithuania**

Within their competence, the Board of the Bank of Lithuania shall adopt resolutions, and the Chairperson of the Board of the Bank of Lithuania shall issue orders.

## **CHAPTER 2 ORGANISATION AND MANAGEMENT OF THE ACTIVITIES OF THE BANK OF LITHUANIA**

#### **Article 10. The Board of the Bank of Lithuania**

1. The Bank of Lithuania shall be governed by the Board of the Bank of Lithuania. The Board shall be comprised of a Chairperson, three Deputy Chairpersons, and seven Members.
2. Only citizens of the Republic of Lithuania may be the Chairperson, Deputy Chairpersons, and Members of the Board of the Bank of Lithuania, provided they have not reached the age of 65 by the date of their appointment.

3. The President of the Republic, members of the Seimas and of the Government, as well as members of boards and councils of credit institutions may not be the Chairperson, Deputy Chairpersons and Members of the Board of the Bank of Lithuania, except in the cases of the participation in the management of international financial institutions of which the Republic of Lithuania or the Bank of Lithuania is a member.
4. The Chairperson of the Board of the Bank of Lithuania shall be appointed for a term of five years and dismissed prior to the expiration of his or her term of office by the Seimas on the recommendation of the President of the Republic.
5. Deputy Chairpersons and Members of the Board of the Bank of Lithuania shall be appointed for a term of nine years and dismissed prior to the expiration of their term of office by the President of the Republic of Lithuania on the recommendation of the Chairperson of the Board of the Bank of Lithuania.
6. The Chairperson of the Board of the Bank of Lithuania, Deputy Chairpersons and Members of the Board may be appointed to their respective positions for no more than two consecutive terms.
7. The Board of the Bank of Lithuania shall establish salaries of the Deputy Chairpersons and Members of the Board taking into account the salary of the Chairperson of the Board.

#### **Article 11. Functions and Activities of the Board of the Bank of Lithuania**

1. The Board of the Bank of Lithuania shall:
  - 1) develop the monetary policy programme of the Bank of Lithuania;
  - 2) establish procedures for rediscount, loans, deposits, open market operations carried out at the Bank of Lithuania, and the procedures for the formation and holding of required reserves of credit institutions with the Bank of Lithuania, as well as for the application of other monetary policy instruments;
  - 3) establish the Litas exchange rate regulation system and the procedure for the calculation of the official Litas exchange rate;
  - 4) establish the procedures and principles for the management, use and disposal of foreign reserves of the Bank of Lithuania;
  - 5) establish procedures for the issue of and trading in debt securities issued by the Bank of Lithuania;
  - 6) establish prudential requirements for credit institutions, as well as their ratios and methods for calculation;
  - 7) adopt resolutions;
  - 8) decide on issues concerning the participation of the Bank of Lithuania in international banks and other international financial institutions, provided this is related to the functions of the Bank of Lithuania;
  - 9) decide on matters of issue and withdrawal from circulation of the currency and other issues related thereto, laid down in Article 6 of this Law;

- 10) establish branches, representative offices, enterprises and institutions of the Bank of Lithuania for carrying out its functions and decide on the acquisition of shares of (stakes in) enterprises and institutions related to the functions of the Bank of Lithuania;
  - 11) approve the list of the staff and the structure of the Bank of Lithuania;
  - 12) establish the principles of service (work) and the status of the staff of the Bank of Lithuania; approve the rules of procedure of the Board;
  - 13) apply enforcement measures established by laws to credit institutions;
  - 14) decide on issues regarding initiation of bankruptcy proceedings against credit institutions;
  - 15) approve the Bank of Lithuania budget and an annual estimate of capital investments;
  - 16) establish the financial accounting policy and approve annual financial statements;
  - 17) establish procedures for the management, use, and disposal of the assets of the Bank of Lithuania, as well as procurement procedure;
  - 18) issue and revoke licenses and permissions to credit institutions; and
  - 19) perform other activities related to the implementation of the primary objective of the Bank of Lithuania.
2. The Board may authorise the Chairperson of the Board of the Bank of Lithuania to carry out a part of its functions, except the functions provided for by items 1, 2, 3, 4, 6, 7, 9, 10, 12, 13, 14, 15, 16, 17, 18 and 19 of Paragraph 1 of this Article.

#### **Article 12. Dismissal of the Members of the Board of the Bank of Lithuania**

1. The Chairperson of the Board of the Bank of Lithuania, Deputy Chairpersons and Members thereof shall be dismissed prior to the expiration of their term of office only if they do not fulfil the conditions required for the performance of their duties or they have been found guilty of serious misconduct.
2. A decision regarding the dismissal of the Chairperson of the Board of the Bank of Lithuania on the grounds provided for in Paragraph 1 of this Article shall be made by the Seimas of the Republic of Lithuania on the recommendation of the President of the Republic; a decision regarding the dismissal of Deputy Chairpersons and Members of the Board shall be made by the President of the Republic on the recommendation of the Chairperson of the Board of the Bank of Lithuania.
3. A decision regarding a dismissal shall be adopted within one month from the date of submission of the recommendation thereon to the Seimas of the Republic of Lithuania or the President of the Republic. In the event a decision is not adopted within the above time limit, the person in question shall continue to perform his or her duties.

#### **Article 13. Resignation of the Members of the Board of the Bank of Lithuania**

1. The Chairperson of the Board of the Bank of Lithuania may resign from his or her post upon submitting a resignation request to the President of the Republic of Lithuania; Deputy

Chairpersons and Members of the Board may resign upon submitting resignation requests to the Chairperson of the Board.

2. The resignation request submitted by the Chairperson of the Board shall be considered by the Seimas and requests of Deputy Chairpersons and Members of the Board shall be considered by the President of the Republic.
3. A decision regarding the resignation shall be adopted within one month from the date of receipt of a resignation request.
4. In the event a decision is not adopted during the time period indicated in Paragraph 3 of this Article, the Chairperson of the Board, Deputy Chairpersons and Members of the Board shall be considered to have resigned after one month from the day of filing such request.
5. In the event a decision to decline a request is adopted, the Chairperson of the Board, Deputy Chairpersons and Members of the Board shall be regarded to have resigned after one month from the date of the adoption of the above decision if they submit a request confirming their previous request within two weeks after the adoption of the decision to decline the request.

#### **Article 14. Meetings of the Board of the Bank of Lithuania**

1. Meetings of the Board of the Bank of Lithuania shall be held as necessary, but at least once a month. Procedures for the arrangement of Board meetings shall be established by the rules of procedure of the Board of the Bank of Lithuania.
2. Meetings of the Board of the Bank of Lithuania shall be considered valid if at least seven members of the Board are present. Decisions of the Board shall be adopted by a simple majority vote. In the event of a tie vote, the chairperson of the meeting of the Board shall have the casting vote.
3. Meetings of the Board of the Bank of Lithuania shall be presided over by the Chairperson of the Board or by one of the Deputy Chairpersons in accordance with the procedure established by the rules of procedure of the Board.
4. Decisions of the Board of the Bank of Lithuania shall be implemented by resolutions thereof, or by orders of the Chairperson of the Board.

#### **Article 15. Voting Right Restriction for the Members of the Board of the Bank of Lithuania**

Where an issue considered during a meeting of the Board is related to the private interests of a Member of the Board, involving the conflict between public and private interests, the Member of the Board concerned shall, prior to the discussion of the above issue, present a written notice thereon and shall not have the right to participate in the discussion of the said issue and in the adoption of a decision thereon.

#### **Article 16. Work Restriction to the Members of the Board of the Bank of Lithuania**

1. The Chairperson and Deputy Chairpersons of the Board of the Bank of Lithuania may only work at the Bank of Lithuania, with the exception of cases when the Board gives its consent to engage into research and pedagogical activities.
2. The Chairperson, Deputy Chairpersons, and Members of the Board of the Bank of Lithuania, as well as persons who have formerly held such positions, may not be members of boards or councils of credit institutions until one year has elapsed from the expiration of their term of office, their dismissal or their resignation from their respective positions prior to the full term of office.

#### **Article 17. Chairperson of the Board of the Bank of Lithuania**

1. The Chairperson of the Board of the Bank of Lithuania shall:
  - 1) organise the work of the Bank of Lithuania;
  - 2) represent the Bank of Lithuania in the Republic of Lithuania and abroad without any special power of attorney;
  - 3) conclude employment contracts with staff members and heads of the branches, representative offices, institutions and enterprises of the Bank of Lithuania, provide incentives for distinguished employees and impose disciplinary penalties;
  - 4) approve the distribution of duties between the Chairperson and Deputy Chairpersons of the Board;
  - 5) issue powers of attorney;
  - 6) approve regulations of the structural divisions of the Bank of Lithuania; and
  - 7) perform other functions delegated by the Board of the Bank of Lithuania.
2. In the event of the absence of the Chairperson of the Board of the Bank of Lithuania, his or her duties shall be performed by one of the Deputy Chairpersons on a mandate from the Chairperson of the Board.
3. The Chairperson of the Board of the Bank of Lithuania or his deputy shall have the right to attend sessions of the Government of the Republic of Lithuania in a deliberative capacity.
4. The salary of the Chairperson of the Board of the Bank shall be equal to four average monthly salaries of the staff of monetary intermediation institutions announced by the Department of Statistics to the Government of the Republic of Lithuania.
5. In order to finance expenses related to the representation of the Bank of Lithuania both in Lithuania and abroad, every month the Chairperson of the Board of the Bank of Lithuania shall be granted a sum accounting for 20 percent of his or her salary without justifying expenses.

#### **Article 18. Staff of the Bank of Lithuania**

1. The staff of the Bank of Lithuania shall perform the functions of the Bank of Lithuania laid down in this Law by implementing resolutions of the Board of the Bank of Lithuania and orders of the Chairperson, and by observing the regulations of a respective structural division and employment contracts.

2. Laws regulating labour relations shall be applicable to the staff of the Bank of Lithuania.
3. The staff of the Bank of Lithuania may only work with the Bank of Lithuania. Upon the consent of the Board of the Bank of Lithuania, they may also work elsewhere. The latter provision shall not be applicable in the cases provided for in Paragraph 1 of Article 16 of this Law.
4. The staff of the Bank of Lithuania may be granted loans and rendered other financial services following the procedure and terms established by the Board of the Bank of Lithuania. When setting forth the terms for granting loans and rendering financial services, the Board of the Bank of Lithuania must take into account the terms of equivalent services rendered to natural persons by domestic credit institutions.
5. The staff of the Bank of Lithuania shall not borrow from any credit institution except in cases where they use cards issued by credit institutions.
6. The Bank of Lithuania shall disclose information concerning a staff member only in cases and according to the procedure provided for by laws.

#### **Article 19. Secrets of the Bank of Lithuania**

1. The secrets of the Bank of Lithuania shall be information constituting the secrets of the Bank's activities and professional secrecy. Detailed lists of information constituting professional secrets shall be established and approved by the Board of the Bank of Lithuania.
2. The salaries of the staff of the Bank of Lithuania, as well as terms for granting loans and rendering other financial services to the staff of the Bank may not be secrets of the Bank of Lithuania.
3. The staff of the Bank of Lithuania must maintain the secrecy of the information referred to Paragraph 1 of this Article.
4. The Chairperson of the Board of the Bank of Lithuania shall establish the procedure for the usage of and getting access to confidential information of the Bank of Lithuania.
5. For the seizure and (or) illegal disclosure, loss, destruction, damaging, collection, purchase, selling, keeping or dissemination of the secrets of the Bank of Lithuania, a person shall be held liable under the laws of the Republic of Lithuania.

### **CHAPTER 3**

#### **CAPITAL OF THE BANK OF LITHUANIA**

#### **Article 20. Capital of the Bank of Lithuania**

1. The capital of the Bank of Lithuania shall be comprised of its authorised capital, reserve capital, reserves and retained profit or loss.
2. The authorised capital of the Bank of Lithuania shall be Litas 100 million. It shall be accumulated from the funds of the State of Lithuania and (or) profit of the Bank of Lithuania.
3. The reserve capital of the Bank of Lithuania shall not be less than 10 per cent of its liabilities in the Litas. It shall be accumulated from the profit of the Bank of Lithuania.



4. Reserves shall be formed at the Bank of Lithuania. The procedures for their formation and use shall be established by the Board of the Bank of Lithuania.

#### **Article 21. Income and Expenses of the Bank of Lithuania**

1. The Bank of Lithuania shall plan its annual budget by estimating expected income and necessary expenses in order to implement its primary objective and to carry out its functions prescribed by this Law.
2. The expenses of the Bank of Lithuania shall be covered from its income.

#### **Article 22. Profit (Loss) of the Bank of Lithuania**

The profit (loss) of the Bank of Lithuania for the financial year shall be calculated by deducting expenses from income.

#### **Article 23. Distribution of the Profit of the Bank of Lithuania**

1. The profit in a financial year shall be distributed in the following way: 50 per cent - to form the authorised capital of the Bank of Lithuania; 50 per cent - to form the reserve capital of the Bank of Lithuania. After one of the said capitals is accumulated in full, up to 100 percent of the profit shall be allocated for the formation of the other capital.
2. Profit shall be allocated for the accumulation of authorised capital until it reaches the amount prescribed by Article 20 of this Law.
3. Profit shall be allocated for the accumulation of reserve capital until it reaches 10 percent of the Bank of Lithuania liabilities in Litas.
4. The balance of profit remaining after the distribution of profit into authorised and (or) reserve capital shall be paid into the state budget.
5. In the event the reserve capital becomes less than 10 percent of the Bank of Lithuania liabilities in Litas, the said capital shall be formed following the procedure established in Paragraphs 1 and 3 of this Article.

#### **Article 24. Relation of the Bank of Lithuania to the State Budget**

The balance of the profit of the Bank of Lithuania remaining after the distribution of profit into authorised and (or) reserve capital, shall be paid to the state budget once a year and no later than by the 1st of May of the following year.

### **CHAPTER 4**

### **MONETARY POLICY OF THE BANK OF LITHUANIA**

#### **Article 25. Instruments of Monetary Policy**

When implementing its monetary policy the Bank of Lithuania shall choose and establish monetary policy instruments and the procedure for the application thereof.

## **Article 26. Rediscount Operations**

1. The Bank of Lithuania, pursuant to the procedure and terms set forth by the Bank, shall have the right to rediscount bills of exchange and other debt instruments for credit institutions.
2. The Bank of Lithuania shall determine the total value of rediscount operations and the maximum rediscount value for each credit institution separately.

## **Article 27. Loans of the Bank of Lithuania**

1. The Bank of Lithuania, pursuant to the procedure, terms and conditions laid down by the Bank, shall have the right to make loans in Litas to credit institutions registered in the Republic of Lithuania that have their accounts at the Bank of Lithuania.
2. The loans made by the Bank of Lithuania shall be secured by the pledge of the following assets of a credit institution which obtains the loan:
  - 1) debt securities issued by the Government or the Bank of Lithuania;
  - 2) foreign currency or precious metals; and
  - 3) bills of exchange, other debt instruments and real estate which satisfy the terms established by the Bank of Lithuania.
3. Loans may also be secured by a state guarantee, or a surety or guarantee of a credit institution.

## **Article 28. Deposits at the Bank of Lithuania**

The Bank of Lithuania, pursuant to the procedures and terms laid down by the Bank, shall have the right to accept deposits denominated in Litas from credit institutions registered in the Republic of Lithuania.

## **Article 29. Open Market Operations**

1. Open market operations shall be the operations initiated by the Bank of Lithuania to increase or decrease reserves in the banking system by concluding transactions with banks.
2. The Bank of Lithuania, pursuant to the procedures and terms set forth by the Bank, shall carry out the following open market operations:
  - 1) purchase and sell in the secondary market debt instruments of the Government and other debt instruments specified by the Bank of Lithuania, and perform other operations with them;
  - 2) issue and purchase its own debt securities and carry out other operations with the said instruments, and establish procedures for their issue and trading;
  - 3) accept time deposits; and
  - 4) purchase and sell foreign currency and carry out other operations in foreign currency.

## **Article 30. Required Reserves**

1. The Bank of Lithuania shall have the right to require credit institutions to hold apart of their assets calculated on the basis of their liabilities as required reserves.

2. The rate of required reserves, the procedure for the formation and holding thereof, as well as the amount of fines and penalties for violating the said ratio and procedure shall be established by the Bank of Lithuania.

### **Article 31. Regulation of the Exchange Rate of the Litas**

In order to implement its primary objective, the Bank of Lithuania shall establish the system for the regulation of the Litas exchange rate. Governed by this system, the Bank of Lithuania shall determine and announce an official Litas exchange rate against foreign currencies.

### **Article 32. Other Instruments of Monetary Policy**

In order to implement its primary objective, the Bank of Lithuania may establish and apply other monetary policy instruments.

## **CHAPTER 5**

### **FOREIGN RESERVES AND OPERATIONS WITH FOREIGN FINANCIAL AND CREDIT INSTITUTIONS**

### **Article 33. Foreign Reserves**

The Bank of Lithuania shall manage, use and dispose of foreign reserves of the Bank of Lithuania with the view to implementing its primary objective and ensuring the reliability of the system for the regulation of the Litas exchange rate.

### **Article 34. The Structure of Foreign Reserves**

Foreign reserves may be composed of:

- 1) gold;
- 2) foreign currency in banknotes and coins;
- 3) assets in foreign currency held abroad;
- 4) Special Drawing Rights (SDRs) and reserves in the International Monetary Fund; and
- 5) other universally recognised international reserves.

### **Article 35. Operations with Foreign Financial and Credit Institutions**

In performance of its functions, the Bank of Lithuania shall have the right to conduct the following operations with central banks of foreign countries, foreign and international financial and credit institutions:

- 1) open accounts on its own behalf and put deposits thereon;
- 2) open and manage accounts and accept deposits in Litas;
- 3) take and make loans;
- 4) purchase and sell gold and assets in foreign currency; and
- 5) carry out other operations.

**Article 36. Settlement Agreements**

The Bank of Lithuania may, on its own behalf or, according to an agreement with the Government of the Republic of Lithuania, on its behalf enter into settlement agreements with foreign public and (or) private institutions.

## **CHAPTER 6**

### **FUNCTIONS OF A STATE TREASURY AGENT**

**Article 37. Restriction of the Right to Lend**

The Bank of Lithuania shall be prohibited from lending to the Government and other institutions of the executive authority, state and municipal enterprises, or to purchase securities thereof in the primary market.

**Article 38. Opening of Accounts for State Bodies**

The Bank of Lithuania shall have the right to open and manage treasury accounts of the Republic of Lithuania, and accounts of state funds established by laws or resolutions, in Litas and (or) foreign currency.

**Article 39. Operations with Government Securities**

On the basis of an agreement with the Ministry of Finance, the Bank of Lithuania may organise the issue and redemption of Government securities and the payment of interest thereon.

**Article 40. Administration of the National Debt**

On the basis of an agreement with the Ministry of Finance, the Bank of Lithuania may administer the national debt.

**Article 41. Consulting the Government**

The Bank of Lithuania may consult and give proposals to the Government on the issues related to financial markets and State Treasury policy.

## **CHAPTER 7**

### **LICENSING AND SUPERVISION OF CREDIT INSTITUTIONS**

**Article 42. Credit Institution**

A credit institution shall be a bank, another legal person or a subdivision of a foreign credit institution whose activities on the basis of legal acts are regarded as activities of credit institutions, and which hold a license or permission issued by the Bank of Lithuania to engage in certain operations provided for in laws.

#### **Article 43. Licensing of Credit Institutions**

1. It shall be prohibited to engage in the activities of credit institutions without a license or permission of the Bank of Lithuania.
2. The terms and procedure for the issue of licenses and permissions shall be established by the laws which regulate the establishment and activities of credit institutions and other laws of the Republic of Lithuania, as well as legal acts issued by the Bank of Lithuania.

#### **Article 44. Establishment of Prudential Requirements for Credit Institutions**

The Bank of Lithuania shall establish prudential requirements for credit institutions, and the ratios and methods for the calculation thereof.

#### **Article 45. Supervision of the Activities of Credit Institutions**

1. The Bank of Lithuania shall supervise the activities of credit institutions holding a license or permission of the Bank of Lithuania according to the procedure provided for by laws and other legal acts.
2. The supervision of the activities of credit institutions which hold a license or permission of the Bank of Lithuania shall involve the collection and analysis of information obtained for the purposes of supervision in the form of reports, as well as assessments of activities of credit institutions and their financial situation on the basis of the said information, taking into account prudential and other requirements of the activities of credit institutions, established by legal acts; inspection of the activities of credit institutions, such as verification of the correctness of the compilation of financial reports presented to the Bank of Lithuania and assessments of the activities and financial situation (capital, the quality of assets, profitability) of credit institutions, as well as assessments of the efficiency of the management of assets and liabilities, and of the management of a credit institution; and application of economic and other enforcement measures prescribed by legal acts against credit institutions failing to comply with the requirements concerning sound and reliable activities provided for in legal acts.

#### **Article 46. Rights of the Bank of Lithuania in Performance of the Supervision of Credit Institutions**

1. In performance of the supervision of the activities of credit institutions, the Bank of Lithuania shall have the right to:
  - 1) receive information necessary for the performance of the supervisory function from state institutions, credit institutions, their subsidiaries, as well as from other enterprises, institutions and organisations;
  - 2) inspect credit institutions holding a licence or permission, examine their accounts, books, and other documents;

- 3) in cases established by laws and according to the procedure provided for therein, apply enforcement measures against credit institutions holding a licence or a permission, if they violate laws and legal acts of the Bank of Lithuania regulating the activities of credit institutions; and
  - 4) take measures in order to ensure an efficient operation of the credit system.
2. The information received by the Bank of Lithuania from state institutions, credit institutions, enterprises, institutions and organisations for the purposes of supervision may not be disclosed publicly or released to anyone, except to institutions of administration, state control and law enforcement in cases specified by laws.
  3. The staff of the Bank of Lithuania inspecting a credit institution shall have the right to receive all documents and information related to the activities and the financial situation of that credit institution or its subsidiary.
  4. Pursuant to the procedure set forth by the Bank of Lithuania, the staff of the Bank of Lithuania shall have the right to participate in the work of management bodies of a credit institution by attending its meetings as observers, or by following the activities of management bodies and the administration of credit institutions in some other way.

#### **Article 47. Co-operation with the Authorities of Supervision of Credit Institutions of other States**

In carrying out the functions of the licensing and supervision of credit institutions, the Bank of Lithuania shall have the right to exchange information with the institutions of other states performing the supervision of credit institutions on the activities of any credit institution, and it shall have to ensure the confidentiality of such information. The information received from another institution performing the supervision of credit institutions may be communicated in cases provided for in laws only to courts, the public prosecutor's office, bodies of investigation if such information is needed for the investigation or examination of a criminal case, as well as to the institutions of state control (supervision), provided that legal acts regulating their activities obligate the persons working for them to keep such information confidential, and provided the foreign institution engaged in the supervision of credit institutions has given its consent to disclose the above-mentioned information.

### **CHAPTER 8**

#### **FINANCIAL ACCOUNTING AND REPORTING OF THE BANK OF LITHUANIA**

##### **Article 48. The Financial Year of the Bank of Lithuania**

The financial year of the Bank of Lithuania shall begin on the first day of January and end on the thirty-first day of December.

#### **Article 49. Financial Accounting and Annual Financial Statements**

1. The Bank of Lithuania shall manage its financial accounting and prepare its annual financial statements in accordance with International Accounting Standards and in compliance with the recommendations of the European Central Bank.
2. The annual financial statements of the Bank of Lithuania shall include a balance-sheet, profit (loss) statement, and explanatory notes.
3. The Bank of Lithuania shall, within four months after the end of a financial year, submit its annual financial statements together with the opinion of an independent auditor to the Seimas and shall make it public.

#### **Article 50. Audit of the Annual Financial Statements of the Bank of Lithuania**

The annual audit of the Bank of Lithuania shall be carried out by an audit company selected by the Bank of Lithuania. The terms of the purchase of services from such company shall be co-ordinated with the Seimas Committee on Budget and Finance.

#### **Article 51. Annual Report of the Bank of Lithuania**

The Bank of Lithuania shall make its annual report public and issue it as a separate publication. The annual report shall provide information on basic tasks regarding monetary policy and their implementation, monetary policy operations, activities while supervising credit institutions and discharging other functions established by laws, as well as information on the national macroeconomic situation, such as analysis of the developments in the national economy and financial markets, and on the financial position of the Bank and the results of its activities.

#### **Article 52. Reports by the Chairperson of the Board of the Bank of Lithuania on the Implementation of the Primary Objective**

The Chairperson of the Board Bank of Lithuania shall twice a year present reports to the Seimas on the implementation of the primary objective of the Bank, performance of its functions and the situation of the banking system.

### **CHAPTER 9 FINAL PROVISIONS**

#### **Article 53. Recovery of Funds and Securities from Borrowers Failing to Fulfil their Obligations**

1. The Bank of Lithuania shall have the right to debit, without an instruction of a credit institution, funds from the accounts of the said credit institution if it fails to fulfil its obligations to the Bank of Lithuania in due time specified in the Bank of Lithuania legal acts or contracts.
2. In the event the borrower fails to fulfil its obligations on the date specified in an agreement, and the performance of the said obligations has been secured by a collateral of securities issued by the

Government or the Bank of Lithuania, the Bank of Lithuania shall have the right to instruct the custodian of the said securities to transfer, in the manner prescribed by the Securities Commission, to the securities account of the Bank of Lithuania pledged securities worth the value of unfulfilled obligations, provided this is established in the contract concluded between the Bank of Lithuania and the borrower.

#### **Article 54. Information to the Bank of Lithuania**

Bodies of state authority and administration, enterprises, institutions and organisations of the Republic of Lithuania must present to the Bank of Lithuania all information required for the performance of its functions.

#### **Article 55. Publication of the Data of the Bank of Lithuania**

The Bank of Lithuania shall at least once a month issue information bulletins on the situation in the money and financial markets.

#### **Article 56. Aspects of the Formation of the Reserve Capital**

When this Law comes into force, the general reserve accumulated by the Bank of Lithuania shall be transferred to the reserve capital.

#### **Article 57. Tax Exemption of the Bank of Lithuania**

1. This Law shall also be the tax law.
2. The Bank of Lithuania shall be exempt from all taxes and charges, with the exception of the payment provided for in Paragraph 1 of Article 24 of this Law.

#### **Article 58. Distribution of the Profit of the Bank of Lithuania Earned in the Year 2000**

1. The profit of the Bank of Lithuania earned in the year 2000 shall be distributed in the following manner:
  - 1) 10 per cent – to form the authorised capital of the Bank of Lithuania;
  - 2) 50 per cent – to form the reserve capital of the Bank of Lithuania.
2. The remaining part of the profit shall be paid to the State budget of the Republic of Lithuania by 1 May 2001.“

*I promulgate this Law passed by the Seimas of the Republic of Lithuania.*

**PRESIDENT OF THE REPUBLIC**

**VALDAS ADAMKUS**