

# LAW OF TURKMENISTAN ON THE FOREIGN CURRENCY CONTROL

The present Law determines the general principles of implementation the foreign currency operations in the domestic economic turnover and in the international settlements of Turkmenistan, powers and functions of the authorities concerning the foreign currency control and management of foreign currency finances; the present Law determines the rights and responsibilities of residents and non-residents in respect of possession, use and management of foreign currency values; directions of foreign currency control and responsibility for violation of foreign exchange legislation.

## SECTION I. GENERAL PROVISIONS

### Article 1. Terms definition

The terms used in the present Law mean the following:

1. "Foreign currency values":

- foreign currency;
- securities - payment documents (cheques, promissory notes, bills of exchange, letters of credit etc.) and fund values (stocks, bonds, etc.) in foreign currency;
- precious metals - gold, silver, platinum and other metals of platinum group (palladium, iridium, rhodium, ruthenium and osmium) in any kind and condition excluding jewellery and other household clauses made of these metals and scrap of these clauses;
- natural gems - raw and manufactured (diamonds, cut diamonds, rubies, sapphires as well as pearl)
- excluding jewellery made of such gems and scrap of these clauses.

Banknotes and coins of Turkmenistan - manats in circulation in a form of bank-notes and coins of the Central Bank as well as withdrawn or to be withdrawn but remaining subject to exchange into circulating bank-notes; funds in manats on accounts with banks and other credit institutions of Turkmenistan.

"Foreign currency"- bank-notes and coins in circulation that are the legal tender on the territory of a relevant foreign state as well as withdrawn or to be withdrawn but remaining subject to the exchange into bank-notes in circulation; funds in foreign currencies and international monetary or settlement units on accounts.

"Residents":

- physical persons permanently residing on in Turkmenistan including those temporarily residing abroad;
- legal entities, as well as subjects that do not have the status of a legal entity located in Turkmenistan, registered in Turkmenistan, including enterprises with the participation of foreign investments;
- diplomatic, trade and other official representative offices of Turkmenistan abroad as well as other representative offices of enterprises and organisations of Turkmenistan abroad not involved in economic or other commercial activities;
- officers of international organisations residing in Turkmenistan and working as international officers.

"Non-residents":

- physical and legal entities as well as subjects having no status of a legal entity, residing both on the territory of Turkmenistan and abroad and not being the residents of Turkmenistan;

"Foreign currency operations"- operations involving:

- the transfer of the rights of property on foreign currency values;
- the use of foreign currency or payment documents in foreign currency as a means of payment;
- import and transfer to Turkmenistan from abroad and export and transfer from Turkmenistan to foreign states foreign currency values, as well as performance of international money transfers.

Foreign currency operations are subdivided into current operations and operations involving movement of capital.

"Current foreign currency operations"

- operations on purchase and sale of foreign currency values, goods and services;
- transfers to and from foreign states of interests, dividends and other income from bank deposits, credits, investments and other financial operations;
- transfers of non-trade means including transfers of salaries, pensions, alimony, inheritance and other similar operations.

"Foreign currency operations involving movement of capital":

- investments including purchase and sale of securities;
- giving and obtaining credits;
- attraction and placement of funds on deposits and accounts;
- any transfers of cash and securities to and from abroad;

"Cash"- means of payment in a form of bank-notes, coins, traveller cheques and other similar means of payment.

"Non-cash"- bank accounts and clauses in transit.

"Authorised banks"- banks that have obtained a licence of the Central Bank for holding foreign currency operations.

## **Article 2. Regulation functions**

The Central Bank of Turkmenistan shall issue and apply regulation documents under the present Law pursuant to the authority granted to it.

## **Article 3. Delegation of authority**

The Central Bank of Turkmenistan is entitled to delegate some of its powers to the authorised banks.

# **SECTION II. MAIN PRINCIPLES FOR FOREIGN EXCHANGE CONTROL**

## **Article 4. Exchange rates**

The procedure of determining exchange rates shall be established by the Central Bank of Turkmenistan. The exchange rates determined by the established procedure are applied to all foreign currency operations in Turkmenistan.

## **Article 5. Authorised banks**

All the foreign currency operations in Turkmenistan shall be performed through the authorised banks. Each authorised bank, acting as an intermediary for its customers performing exchange operations, shall secure the observance of the legislation.

An authorised bank may freely buy and sell foreign currency in Turkmenistan and abroad in accordance with the procedures set by the Central Bank of Turkmenistan.

## **Article 6. Currency of Turkmenistan**

The only legal tender on the territory of Turkmenistan is manat.

#### **Article 7. Transfer of cash**

Import or export of cash are subject to being declared at the Customs Station at entrance and exit. Foreign currency cash bought from the authorised banks of Turkmenistan as well as the currency declared at the entrance shall be exported without any restrictions. Import of foreign currency cash is not restricted.

The procedure and terms of import and export of foreign currency values and the national currency of Turkmenistan shall be determined by the Customs Code of Turkmenistan and regulations of the Central Bank of Turkmenistan.

#### **Article 8. Current foreign currency operations**

Any resident is entitled to convert the currency of Turkmenistan into foreign currency without any restrictions or groundless delays with the purpose of performing current operations in the time the required date of their performance has come, pursuant to the procedures set by the Central Bank of Turkmenistan.

Non-residents are entitled to convert the currency of Turkmenistan into foreign currency without any restrictions or groundless delays provided that the amounts being asked for are required for the transfer of revenue obtained as a result of the operations with the residents of Turkmenistan.

Residents are entitled to perform current foreign currency operations through authorised banks without any restrictions in accordance with procedures set by the Central Bank of Turkmenistan.

#### **Article 9. Operations involving movement of capital**

Residents - physical persons who have obtained foreign currency from the current non-trade operations and who keep it on deposits with the banks of Turkmenistan are entitled to carry out operations associated with movement of capital without any restrictions and groundless delays and in the order established by the Central Bank of Turkmenistan.

Non - residents are entitled, without any restrictions and groundless delays, to export capital which was before imported into the territory of Turkmenistan and declared in compliance with the Customs legislation.

#### **Article 10. Claims on repatriation**

Residents - recipients of foreign currency earned from current operations and operations on movement of capital with non-residents shall be obliged to transfer or import all foreign currency proceeds into Turkmenistan.

The Central Bank of Turkmenistan shall determine procedures and amounts of the obligatory sale of foreign currency proceeds for residents.

Foreign currency received by the authorised banks shall be sold to the Central Bank in accordance with its regulations.

Collection charges and commissions relating directly to an export transaction, and other similar costs and fees may be paid out of current receipts and are subject to the provisions of the given article.

Physical persons - residents may open foreign currency accounts and deposits abroad and keep foreign currency on such accounts and deposits for the period of their stay abroad.

#### **Article 11. Acquisition of foreign currency by the Cabinet of Ministers**

The Cabinet of Ministers has a priority right for acquiring foreign currency from the Central Bank of Turkmenistan or any authorised bank.

#### **Article 12. Restrictions on transfer of non-cash funds**

The Central Bank of Turkmenistan has the right to restrict the transfer of non-cash funds for the provision by Turkmenistan of its international obligations in accordance with the Charter of the United Nations Organisation.

#### **Article 13. Exchange rate risk**

The Central Bank of Turkmenistan shall not cover exchange rate risk and give no other subsidies on foreign currency operations or any other relevant actions.

### **SECTION III. THE LICENSING OF AUTHORIZED BANKS**

#### **Article 14. The licensing of authorised banks**

The Central Bank of Turkmenistan is entitled on any conditions and with any restrictions to grant to any bank the right to perform foreign currency operations in accordance with the present Law and regulations issued on its basis.

#### **Article 15. Restrictions and deprivation of licence**

1. The Central Bank of Turkmenistan may restrict the right to perform foreign currency operations or deprive an authorised bank of this right in case it does not follow the provisions of the granted licence, the present Law or regulations issued on its basis.
2. The Central Bank may cancel any licence or permission in case it is notified of the facts and conditions that could have made the issue of a licence or permission impossible, should such facts and conditions have been known at the moment of consideration of a relevant application.

### **SECTION IV. INFORMATION AND SANCTIONS**

#### **Article 16. Information**

Any physical persons and legal entities, on demand of the Central Bank of Turkmenistan, are obliged to submit declarations, accounts statements and other documents enabling the Central Bank to control observance of the present Law.

#### **Article 17. Appeal against decisions**

Physical persons and legal entities failing to obtain a licence for the performance of foreign currency operations may appeal against this decision in court.

#### **Article 18. Sanctions**

Deliberate and non-deliberate non-observance, violation as well as an attempt of violation or non-observance of the present Law provisions, regulations or any other decisions of the Central Bank of Turkmenistan adopted on the basis of the present Law shall be subject to the responsibility according to the current legislation of Turkmenistan.  
Sanctions are applied to: owners and heads of enterprises, legal representatives of the owners,

members of the bodies designated for performing functions of official representatives of legal entities, parties authorised to represent relevant interests in joint ventures, as well as persons performing or authorised to perform duties of management or supervision of an enterprise or part of an enterprise of another person under his own responsibility, in case of violation of the present Law by deliberate or non-deliberate failure to fulfil its control functions.

**PRESIDENT OF TURKMENISTAN  
SAPARMURAT TURKMENBASHY**

Ashgabat, October 8, 1993