

**BANCO DE PORTUGAL**

# **ORGANIC LAW**

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ORGANIC LAW  
OF THE  
BANCO DE PORTUGAL

(Approved by Decree-Law No 337/90 of October 30)

## CHAPTER I

### **Nature and head office**

#### Article 1.

The Banco de Portugal, hereinafter called the "Bank", is a public law juridical person with administrative and financial autonomy and the status of a State-owned enterprise.

#### Article 2

The Bank has its head office in Lisbon and it may have subsidiaries, branches, delegations, or agencies elsewhere as well as delegations abroad.

#### Article 3

The Banco de Portugal is the central bank of the Portuguese Republic and in such capacity it shall ensure the internal monetary equilibrium and the external solvency of the currency.

## CHAPTER II

### **Capital, reserves and provisions**

#### Article 4

1. The capital of the Bank shall be 200 million escudos and it may be raised, namely by incorporation of reserves, pursuant to a resolution of the Board of Directors.

2. The resolution on the capital increase shall be authorised by the Finance Minister.

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#### Article 5

1. The Bank shall have a reserve with no fixed ceiling formed out of 10 per cent of the profit for each fiscal year assessed in accordance with Article 63.

2. In addition to the reserve mentioned in the foregoing number, the Board of Directors may establish other reserves and provisions namely to meet depreciation risks or losses to which certain types of assets or operations are particularly liable.

### CHAPTER III

#### **Currency issue, reserve assets and other cover of the issue**

#### Article 6

1. The Bank shall have the exclusive right to issue banknotes and to put in circulation metal coins, including commemorative coins, which shall be legal tender and a compulsorily accepted medium of exchange.

2. The obligation to compulsorily accept banknotes shall be universal and that of accepting metal coins shall be established by legal ordinance.

#### Article 7

1. The notes of the Banco de Portugal considered to be in circulation shall be those which the Bank, in the exercise of its functions, has delivered to third parties and which the latter continue to hold until the period for their exchange, referred to in Article 9, No. 1, has elapsed.

2. The liability of the Bank shall be confined to the notes in circulation without prejudice to the provisions of Article 9, No. 2.

3. The metal coins shall be put in circulation through and under the requisition of the Bank.

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#### Article 8

1. The denominations, plates, and characteristics of the banknotes shall be approved by Decree-Law, on a proposal from the Banco de Portugal.

2. The notes shall bear the date of issue and the facsimile signatures of the Governor and of a Vice-Governor or another member of the Board in office on that date.

3. The face value of metal coins, their characteristics, and the amount of their issue shall be agreed between the State and the Bank and approved by Decree-Law.

#### Article 9

1. The Bank shall fix and announce the period for the exchange of banknotes of any denomination or plate to be withdrawn from circulation.

2. At the end of the period referred to in the preceding number, the notes shall cease to be legal tender and shall be deducted from circulation but the Bank shall be bound to exchange them over the subsequent period of twenty years.

#### Article 10

1. The Bank shall seize all the notes presented to it, which are liable to suspicion of counterfeiting, forging, or change in face value and shall draw up a writ with the identifications of the notes and of their bearer as well as the ground of suspicion.

2. The writ mentioned in the foregoing number shall be forwarded to the Criminal Police for the purpose of the relevant proceedings.

3. The Bank may resort directly to any authority or agent thereof, for the purpose envisaged in this Article.

#### Article 11

The legal procedure of currency reform shall not be admitted.

#### Article 12

1. The reproduction or imitation, in whole or in part, by any technical means, of notes of the Bank shall be prohibited as well as the distribution of such reproduction of such reproductions or imitations.

2. The mere manufacture of plates, matrices, or any other technical means enabling the reproduction or imitation envisaged in the foregoing number shall also be prohibited.

3. Under duly warranted circumstances, namely for educational purposes, the Bank may authorize the reproduction or imitation of banknotes.

#### Article 13

1. Violation of the provisions of Nos. 1 and 2 of the foregoing Article, other than the crimes of counterfeiting, forging, or change in face value of the currency, shall be a breach of regulations punishable by a fine ranging from Esc. 20,000 to 500,000 or from Esc. 50,000 to 6,000,000 depending on whether the agent is a physical or juridical person.

2. Attempt and negligence shall be punishable.

3. The Bank shall be responsible for the proceedings on the breaches of regulations envisaged in this Article as well as for the enforcement of the applicable penalties. The proceeds of the fines shall fully revert to the State.

4. The general law on breaches of regulations shall be subsidiarily applicable.

#### Article 14

As an additional penalty for the breaches of regulations envisaged in the foregoing Article, or regardless of the enforcement of a fine, under the general law mentioned in No. 4 above, the Bank may seize and destroy the reproductions, imitations, plates, matrices, and other technical means mentioned in Article 12.

#### Article 15

The currency issue of the Bank, comprised of the notes in circulation and other sight Escudo liabilities, shall always be covered by foreign and other assets, pursuant to the Articles below.

#### Article 16

1. The foreign assets shall comprise:

- a) Gold coin and bullion;
- b) Official ECUs, under the terms of the agreement concluded with the European Monetary Cooperation Fund;
- c) Special drawing rights of the International Monetary Fund;
- d) Credits receivable at call or within one year and represented by the balances in accounts opened with banks domiciled abroad or with foreign or international institutions with monetary or exchange duties;
- e) Cheques and payment orders issued by bodies of reputed credit on banks domiciled abroad;
- f) Drafts and certificates of indebtedness payable at call or within 180 days, accepted or subscribed, respectively, by banks domiciled abroad;
- g) Credits arising out of the Bank's intervention in international clearing and payments systems;
- h) Debt securities issued or guaranteed by foreign States, due or falling due within one year;
- i) Securities representing the participation, pursuant to Article 34, in the capital of foreign or international institutions with monetary or exchange duties.

2. The assets under *d)*, *e)*, *f)* and *g)* of the foregoing number shall be payable in a currency with guaranteed external convertibility, in special drawing rights, or in any other international unit of account.

3. The foreign liabilities shall comprise:

- a) Demand or time deposits represented by balances in accounts opened by banks or financial institutions

domiciled abroad and by foreign or international institutions with monetary or exchange duties;

- b) Loans from banks domiciled abroad and from foreign or international financial institutions;
- c) Debite arising out of the Bank's intervention in international clearing and payments systems.

4. The Bank may include in its foreign assets or liabilities any other kind of assets or liabilities, as it may deem appropriate, namely those derived from the participation of Portugal in the International Monetary Fund and in the European Monetary System.

5. The assets and liabilities referred to in Nos. 1 and 3 above shall be entered in the books according to the policies formulated by the Board of Directors taking into account the methods and principles adopted by kindred institutions and by international organisations with monetary or financial duties.

#### Article 17

The part of the Bank's currency issued above the level of the foreign assets, net of the corresponding liabilities, shall be fully covered by the following assets:

- a) Claims on the State and on the Autonomous Regions;
- b) Public-debt securities issued by the Portuguese State and other daims derived from money market operations, namely from contango;
- c) Securities representing the share in the capital of domestic institutions, according to law;
- d) Credit granted under the forms envisaged in Article 35, No. 1a);
- e) Claims derived from loans granted to credit or quasibanking institutions, under Article 35, No. 1c) and d); f) Metal coins held by the Bank;
- g) Escudo cheques owned and held by the Bank, without endorsement implying mere mandate or pledge, for the time required for collection thereof.

## CHAPTER IV Central Bank functions

### SECTION I General Provisions

#### Article 18

1. As central bank, it shall be particularly incumbent on the Bank, taking into account the Government's guidelines, to
  - a) Cooperate in the formulation of and execute the monetary and exchange rate policy;
  - b) Manage the foreign assets of the country or any other assets entrusted to it;
  - c) Act as intermediary in the international monetary relations of the State;
  - d) Provide for the stability of the domestic financial system, performing for the purpose the function of lender of last resort.

2. It shall also be incumbent on the Bank to advise the Government in the monetary, financial, and foreign exchange fields.

#### Article 19

1. The Bank shall ensure the centralisation and compilation of the monetary, financial, and exchange statistics as well as of other data deemed necessary for the discharge of the functions entrusted to it.
2. The Bank may require of any public or private body the direct supply of whatever information is deemed necessary for compliance with the provisions of the foregoing number.

#### Article 20

It shall be incumbent on the Bank to regulate the establishment and operation of clearing houses for cheques and other payment instruments.

## SECTION II

## Monetary and exchange rate policy

## Article 21

In execution of the monetary and exchange rate policy, the Bank shall be responsible for the direction and control of the money, financial, and foreign exchange markets.

## Article 22

1. In order to direct and control the money, financial, and foreign exchange markets, the Bank shall be responsible for:

- a) Regulating the operation of those markets, adopting general measures or intervening, whenever necessary, to ensure compliance with the economic policy objectives, particularly as regards the behaviour of the interest and exchange rates;
- b) Supervising credit, quasi-banking, and other institutions legally subject to the Bank, namely by issuing directives to guide their action and to ensure the centralisation services of credit risks;
- c) Determining the composition and the minimum requirements of cash holdings and other assets for the coverage of liabilities of monetary or non-monetary institutions whose activity may wholly or partly affect the money and financial markets;
- d) Laying down the conditions under which the institutions authorised to deal in foreign exchange may hold foreign assets or assume foreign liabilities.

2. Without prejudice to the penalties envisaged by law, the Bank may adopt the measures required to prevent or halt practices contrary to the rules adopted under the foregoing number as well as to correct the effects of such practices.

## SECTION III

## Exercise of supervision

## Article 23

In order to ensure the supervision of the institutions subject thereto, it shall be the responsibility of the Bank namely to:

- a) Appraise the applications for the establishment of the aforesaid institutions as well as those for their merger, splitting, or alterations of their purpose;
- b) Appraise the competence and qualifications of the directors and managers of the same institutions;
- c) Define the scope of supervision on a consolidated basis, and issue the instructions to be carried out for the purpose by the institutions concerned;
- d) Set, and check the compliance with, all the prudential ratios which those institutions shall observe in order to ensure their liquidity and solvency;
- e) Temporarily waive certain obligations namely those established under *d)* above, whenever a situation occurs in an institution which may affect its regular operation or that of the monetary and financial systems;
- f) Issue directives to govern the activity of institutions, namely as regards their accounting methods and internal control and the data to be supplied to the Bank and the public as well as their periodicity;
- g) Keep in order the special register to which the above-mentioned institutions are subject.

## Article 24

It shall also be the responsibility of the Bank to: *a)* Carry out spot inspections at the institutions subject to its supervision and conduct inquiries into any organisation or premises whenever there is a well-founded suspicion of irregular practices in monetary, financial, or foreign exchange activities;



- b) Institute, according to law, the proceedings appropriate to the verification of the offences committed.

#### SECTION IV

##### Relations between the State and the Bank

#### Article 25

The Bank may grant to the State, through the appropriate credit operations, the funds required by the latter to subscribe capital stock of international organisations operating chiefly in the monetary, financial, and foreign exchange fields.

#### Article 26

1. The State may resort to an account, free of charge, opened with the Bank whose debit balance shall not exceed 10 per cent of the current revenue collected in the previous year.

2. The Autonomous Regions may resort to a mechanism similar to that envisaged in the foregoing number, under the terms of Decree-Law No. 336/90 of October 30.

#### Article 27

1. In addition to the cases referred to in Articles 25 and 26 and without prejudice to the operations authorised under Article 35, No. 1 b), the Bank shall not grant credit to the State nor to any other public-law juridical persons except through the underwriting of Treasury bills under the terms agreed between the Finance Ministry and the Bank with due observance of the legal ceilings.

2. The Bank shall also be prohibited from guaranteeing any bonds issued by the Government, by its agencies, or by any other public-law juridical persons, as well as from effecting payments for

their account, unless the Bank holds funds in their name which are readily available for the purpose.

3. The provisions of this Article shall not prevent the Bank from carrying out any operations permitted by this Organic Law with public-law juridical persons having the status of credit or quasi-banking institutions.

#### Article 28

The Bank, as Government Cashier and Depository of the Treasury, at the regional and local level, shall be subject to the legal provisions governing the duties and powers of such services.

#### Article 29

In the capacities indicated in the preceding Article, the Bank shall effect, free of charge, the incomings, outgoings, and transfers of funds from the Treasury account.

#### Article 30

The accounts of the State for which the Bank is responsible shall be subject, as regards writing-down and examination, to the system of the other accounts of the State.

#### SECTION V

##### International monetary relations

#### Article 31

The Banco de Portugal is the foreign exchange authority of the Portuguese Republic.

## Article 32

In its capacity as exchange authority, the Bank shall be particularly responsible for the:

- a) Supervision and control of external payments;
- b) Definition of the principles governing gold and foreign exchange operations;
- c) Licensing of external payments whenever required.

## Article 33

1. The Bank, either in its own name or on behalf of the State and for the account and by order of the latter, may conclude clearing and payments agreements or any other contracta for the same purpose with public or private kindred institutions domiciled abroad.

2. With a view to the management of its foreign assets, the Bank may rediscount credit instruments from its own portfolio, pledge assets as security, and carry out abroad any other relevant operations.

## Article 34

The Bank may subscribe capital stock of foreign or international institutions with monetary or exchange duties and participate in their supervisory and managing bodies.

## SECTION VI

## Operations of the Bank

## Article 35

1. In execution of the monetary and exchange rate policy, the Bank may carry out any operations justified by virtue of its capacity as central bank, namely the following:

- a) To rediscount and discount for a period not exceeding one year, drafts, certificates of indebtedness, invoice statements, warrants and other similar credit instruments, under the conditions to be laid down by the Board of Directors;
- b) To buy and sell securities issued by the Portuguese State;
- c) To grant loans to credit and quasi-banking institutions for a period not exceeding one year, in such forms as the Bank may deem appropriate, secured by:
  - i) Gold coin and bullion;
  - ii) Treasury bills and other securities issued by foreign States and listed on the stock exchanges in major financial markets;
  - iii) Securities issued by the Portuguese State;
  - iv) Participation bonds and other securities issued by national public-law juridical persons with the same privileges and guarantees of public-debt bonds;
  - v) Drafts and certificates of indebtedness payable at home or abroad in national or foreign currency;
- d) To open current account credits in favour of credit or quasi-banking institutions guaranteed by securities issued by the Portuguese State;
- e) To take demand deposits from the State;
- f) To take demand or time deposits from credit, quasibanking, or other institutions subject to its supervision;
- g) To take deposits of securities issued by the State and held by the institutions mentioned in f) above;
- h) To carry out all and any operations in gold and foreign exchange;
- i) To issue securities or carry out contango operations for the purpose of intervening in the money market;
- j) To carry out any other banking operations not specifically forbidden by this Organic Law.

2. The Bank may, in the modes it deems advisable, pay interest on demand or time deposits in the following instances:

- a) Operations envisaged under *e*) and *f*) of the foregoing number;
- b) Compulsory deposit of cash reserves of credit, quasi-banking, and other institutions subject to its supervision;
- c) Operations with foreign or international institutions within the scope of international cooperation in the monetary, financial, and exchange fields;
- d) Reciprocity envisaged in bilateral agreements or contracts concluded by the State or by the Bank;
- e) Express stipulation in multilateral clearing and payments agreements.

Article 36

The Bank shall specifically not:

- a) Present for rediscount, in the country, credit instruments from its own commercial portfolio representing operations carried out under Article 35, No. 1a);
- b) Grant open credit or credit secured under forms which run counter to the provisions of this Organic Law;
- c) Promote credit or quasi-banking institutions, or any other companies, nor subscribe their capital stock unless otherwise provided for in this Organic Law, when authorized by special provision, or on account of repayment of credits, but in no circumstances as a partner with unlimited liability;
- d) Own real estate apart from the premises required for its business or for social purposes unless on account of private composition with debtors, assignment of property by debtors, public auction or other legal means of fulfilling the obligations or intended. to ensure such fulfilment, in which cases the Bank shall provide for their disposai as soon as possible.

CHAPTER V

**Government, management and auditing of the Bank**

SECTION I

General Provisions

Article 37

The organs of the Bank shall be the Governor, the Board 'of Directors, the Board of Auditors, and the Advisory Board.

Article 38

The Governor and the other members of the Board of Directors of the Bank shall be appointed by the Cabinet, on a proposai from the Finance Minister.

SECTION II

Governor

Article 39

1. It shall be incumbent upon the Governor:

- a) To represent the Bank;
- b) To, act on behalf of the Bank with foreign or international institutions;
- c) To supervise the coordination and dynamisation of the activity of the Board of Directors and to call the meetings thereof;
- d) To take the chair at any meeting of committees formed by members of the Board of Directors;
- e) Te initial the general books, for which purpose a facsimiie of his signature may be used;
- f) Exercise all other powers legally entrusted to him.

2. The Governor may, by means of a minute of the Board of Directors, under the terms of Article 45, No. 2, delegate part of his powers to the Vice-Governors or Directors.

## Article 40

It shall be generally incumbent on the Vice-Governors to assist the Governor and specifically to exercise the powers delegated to them by the latter, without prejudice to all other powers legally entrusted to them.

## Article 41

1. Whenever serious interests of the country or the Bank are at stake and it proves impossible to convene the Board of Directors, due to urgent need, for lack of quorum, or any other justified reason, the Governor shall have full powers to act in all matters required for the accomplishment of the purposes assigned to the Bank and which fall within the competence of that Board.

2. Before third parties, including notaries, registrars, and other public office holders, the signature of the Governor, alleging the situation envisaged in the foregoing number, shall be a presumption of the impossibility to hold a meeting of the Board of Directors.

## Article 42

1. The Governor, if he is absent or prevented, shall be replaced in the following way and order:

- a) By the senior Vice-Governor or, in equal circumstances, by the oldest in age;
- b) By the senior Director or, in equal circumstances, by the oldest in age.

2. The substitution rule laid down in the foregoing number shall apply to vacancies.

3. Before third parties, including notaries, registrars, and other public office holders, the signature of a Vice-Governor or of a Director, alleging the situations envisaged in the foregoing numbers, shall be a presumption of the aforesaid absence, prevention, or vacancy.

## Article 43

1. The Governor shall have a casting vote at the meetings which he chairs and may suspend the effectiveness of the decisions taken by the Board of Directors or by executive committees which, in his judgment, are contrary to the law, to the interests of the country or of the Bank.

2. The suspension shall be notified to the Government, through the Finance Minister, and shall be considered waived, should the Cabinet not confirm it within fifteen days after its imposition.

## SECTION III

**Board of Directors**

## Article 44

1. The Board of Directors shall consist of the Governor, who shall be the Chairman, of one or two Vice-Governors, and of three to five Directors.

2. The members of the Board of Directors shall be in office for renewable terms of five years.

3. The five-year term of office shall terminate on the date of the approval of the accounts for the last fiscal year started within that term.

## Article 45

1. The Board of Directors shall be responsible for all the acts required to achieve the purposes assigned to the Bank which do not fall within the exclusive competence of other bodies.

2. The Board of Directors may, by means of a minute, delegate powers to one or more of its members or to employees of the Bank and authorize the subdelegation of such powers, establishing, in each case, the relevant limits and conditions.

Article 46

1. The Board of Directors, on a proposal from the Governor, shall assign to its members responsibilities for one or more sectors comprising one or more sections of the Bank.
2. The assignment of a sector implies the delegation of powers corresponding to the competence of the same sector.
3. The allocation of sectors shall not waive the duty, incumbent upon all the members of the Board of Directors, to monitor and become acquainted with the general affairs of the Bank and to submit proposals concerning any of them.

Article 47

1. The Board of Directors shall meet regularly at least once a week and extraordinarily whenever convened by the Governor.
2. In order to make valid decisions, the Board meetings must be attended by the absolute majority of the acting members.
3. For the purpose of the foregoing number, the members of the Board on duty outside the head office or prevented due to illness shall not be considered acting members.
4. The decisions of the Board shall be taken by a majority of the members present; abstentions shall not be allowed.

Article 48

1. The Board of Directors may create standing or temporary Executive Committees as deemed necessary to the decentralisation and good operation of the services.
2. The Board of Directors may delegate part of its powers to the Executive Committees.

Article 49

1. All matters dealt with at the meetings of the Board of Directors and of the Executive Committees shall be mentioned briefly but clearly in the relevant minutes.
2. The minutes shall bear the signatures of all the members of the Board of Directors or of the Executive Committees who attended the meeting and shall be undersigned by the secretary.
3. The attendants at the meeting may dictate a summary of their participation to be recorded in the minutes and may vote "defeated" as to the decisions with which they disagree.

Article 50

1. Appeals in the general terms of the law may be filed against all and any administrative measures taken by the Governor, the Vice-Governors, the Board of Directors, the Executive Committees, the Directors, or the employees of the Bank, in the use of delegated powers.

Article 51

1. The members of the Board of Directors shall enjoy the same fringe benefits as the employees of the Bank.
2. The rules of the Public Managers Statute shall be applicable to the members of the Board of Directors as well as additional legal provisions which do not conflict with the specific features of the Bank.

SECTION IV  
Board of Auditors

Article 52

1. The Board of Auditors shall consist of four members, three of them appointed by the Finance Minister and one by the employees of the Bank.

2. Of the members appointed by the Finance Minister one shall be the Chairman, who has the casting vote, another shall be a chartered accountant, and the third shall be a personality of a recognised competence in economic matters.

#### Article 53

1. The members of the Board of Auditors shall perform their duties for renewable three-year periods.

2. The functions of member of the Board of Auditors may be discharged jointly with other non-conflicting professional duties.

#### Article 54

1. The Board of Auditors shall be responsible for:

- a) Monitoring the business of the Bank and the observance of the laws and regulations applicable thereto;
- b) Examining the periodic statements submitted by the Board of Directors during its term of office;
- c) Issuing its opinion on the budget, the balance sheet, and the annual accounts;
- d) Examining the books, vaults, and safes of the Bank whenever it deems convenient, subject to the appropriate security measures;
- e) Drawing the attention of the Governor or of the Board of Directors to any matter which it deems should be considered, and making recommendations on any subject submitted to it by those bodies.

2. The Board of Auditors may be assisted by any Bank departments or officials it chooses.

#### Article 55

1. The Board of Auditors shall meet regularly once a month and extraordinarily whenever meetings are called by its Chairman.

2. To be effective, the decisions of the Board of Auditors shall require a quorum of the absolute majority of its acting members.

3. The decisions of the Board of Auditors shall be taken by majority vote of the attending members, no abstentions being allowed.

4. The provisions of Article 49 shall apply to the minutes of the Board of Auditors.

5. The members of the Board of Auditors shall be entitled to a monthly remuneration to be determined by the Finance Minister.

#### Article 56

The members of the Board of Auditors may participate in the meeting of the Board of Directors, with no voting power; the presence of one of them in rotation shall be compulsory at regular meetings.

#### SECTION V

##### Advisory Board

#### Article 57

1. The Advisory Board shall comprise the Governor of the Bank, who shall be the Chairman, and the following members:

- a) The Vice-Governors;
- b) The former Governors;
- c) A representative of the governmental department in charge of development planning, to be appointed by that department;
- d) Two personalities of a recognised competence in banking and financial matters;
- e) A personality of a recognised competence in economic matters;
- f) A representative of each of the Autonomous Regions of the Azores and Madeira, to be appointed by the competent self-government bodies;
- g) The Chairman of the Advisory Board of the Bank.

2. The members mentioned under *d)* and *e)* above shall be appointed by the Cabinet, on a proposal from the Finance Minister, for renewable terms of three years.

3. Whenever deemed convenient, the Chairman of the Advisory Board may invite certain bodies or sectors of activity to be represented at their meetings, as well as suggest to the Government the attendance of officials from public bodies or services competent in the matters to be appraised, but in both cases with no voting power.

#### Article 58

It shall be incumbent on the Advisory Board to issue its opinion on:

- a) The annual report of the Bank, before its release;
- b) The matters referred thereto by the Governor or by the
  - Board of Directors.

#### Article 59

The Advisory Board shall meet regularly once every six months and extraordinarily whenever convened by the Governor.

### CHAPTER VI

#### Organisation of the Bank's departments

#### Article 60

The Board of Directors shall decide on the structure and operation of the Bank's departments and shall draw up the necessary internal regulations.

#### Article 61

The subsidiaries, branches, delegations, and agencies shall be responsible, under the direction, control, and supervision of the Board of Directors, for the discharge, in their respective areas, of the duties assigned thereto.

### CHAPTER VII

#### Budget and Accounts

#### Article 62

- I. An operating budget shall be drawn up every year.
2. The annual budget shall be forwarded to the Finance Minister not later than November 30 of the preceding year.

#### Article 63

1. The result for the fiscal year shall be assessed by deducting from the total income and other profits attributable to the fiscal year the amounts corresponding to the following costs:

- a) Annual operating and administrative costs;
- b) Annual appropriations for the formation of, or increase in, provisions for bad debts and depreciation of other assets, or for the emergence of other requirements under the terms to be defined by the Board of Directors;
- c) Special appropriations to the Pension Fund.

2. The profit for the fiscal year, assessed according to the foregoing number, shall be distributed as follows:

- a) 10 per cent to the legal reserve;
- b) 10 per cent to other reserves to be decided by the Board of Directors;
- c) 80 per cent to the State.

#### Article 64

1. Net later than March 31, the Bank shall submit the annual report, balance sheet, and accounts referred to the last day of the previous year for the Finance Minister's approval, after discussion and appraisal thereof by the Board of Directors, with the opinion of the Board of Auditors.

2. Unless a decision to the contrary is given by the Finance Minister, the report, balance sheet, and accounts shall be considered approved thirty days after the date of their receipt.

3. The report, balance sheet, and accounts shall be published in the Official Gazette within thirty days after their approval.

#### Article 65

The Bank shall publish in the Official Gazette a summary of its assets and liabilities, showing the item which account for reserves and other cover of the issue, notes in circulation and other sight liabilities, as at the close of business on the 8th, 15th, 22nd and last day of each month.

### CHAPTER VIII

#### Employees

#### Article 66

The employees of the Bank shall be subject to the legal regulations of the individual labour contract.

#### Article 67

1. The Board of Directors, bearing in mind the specific nature of the functions entrusted to the Bank, shall define the personnel policy after hearing the institutional bodies of representation of the workers.

2. The personnel policy, defined under the foregoing number, shall be made public, in writing, and the Board shall provide for the instruments required for the proper execution of that policy.

#### Article 68

1\_ Within the scope of the Bank's social action, there exists a welfare fund with the appropriations which the Board of Directors decides to allot thereto so as to ensure the achievement of its purpose.

2. The welfare fund shall be governed by the regulations approved by the Board of Directors and shall be managed by a committee appointed by the said Board, with delegated powers for the purpose, and which will include representatives of the workers' committee of the Bank.

### CHAPTER IX

#### General Provisions

#### Article 69

The Bank shall be bound by the signature of the Governor or of two other members of the Board of Directors, and of whomsoever is empowered thereto under Article 39, No. 2, Article 42, Nos. 1 and 2, and Article 45, No. 2.

#### Article 70

The members of the Board of Directors, Board of Auditors, and Advisory Board as well as all the employees of the Bank are bound to secrecy under the terms of the law.

#### Article 71

1. Unless when representing the Bank or its employees, the members of the Board of Directors and the other employees shall not be members of the supervisory and managing bodies of other credit or quasi-banking institutions subject to the Bank's supervision, or perform any other duties therein.



2. Without prejudice to other legally envisaged incompatibilities or preventions, the members of the Board of Directors shall not perform any remunerated duties outside the Bank or be members of the supervisory and managing bodies of any company, unless when representing the Bank's interest and when duly authorised by the Board of Directors.

#### Article 72

The Bank shall be governed by the provisions of this Organic Law and of the regulations to be adopted for its execution as well as by the applicable rules of the legislation governing the activity of, credit institutions.