

BANK OF SLOVENIA ACT

BANKA

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BANK OF SLOVENIA

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1. GENERAL PROVISIONS

Article 1 (Bank of Slovenia)

- (1) The Bank of Slovenia is the central bank of the Republic of Slovenia.
- (2) The Bank of Slovenia is a legal person, governed by public law, which independently disposes of its own property.
- (3) The Bank of Slovenia is wholly owned by the state and is autonomous as regards its finances and administration.

Article 2 (Status of the Bank of Slovenia)

The Bank of Slovenia and members of its decision making bodies shall be independent and, in performing the tasks pursuant to this act, shall not be bound by any decisions, points of view or instructions issued by the statutory authorities or any other bodies, nor shall they seek any instructions or guidelines from them.

Article 3 (Registered office of the Bank of Slovenia)

- (1) The Bank of Slovenia shall have its registered office in Ljubljana.
- (2) The Bank of Slovenia shall operate under the name “Banka Slovenije” (Bank of Slovenia).

Article 4 (Objective of the Bank of Slovenia)

The primary objective of the Bank of Slovenia shall be to maintain price stability. Consistent with the goal of price stability, the Bank of Slovenia shall support the general economic policy and shall strive for financial stability in line

with the principles of open market economy and free competition.

2. CAPITAL AND RESERVES OF THE BANK OF SLOVENIA

Article 5 (Initial capital of the Bank of Slovenia)

- (1) The initial capital of the Bank of Slovenia constituted from a portion of the general reserves of the Bank of Slovenia shall amount to Slovenian Tolars 2 billion on entry into force of this act.
- (2) The initial capital of the Bank of Slovenia may be increased by allocation of funds from general reserves in an amount to be determined by the Governing Board of the Bank of Slovenia.

Article 6 (Reserves of the Bank of Slovenia)

- (1) The reserves of the Bank of Slovenia shall be composed of general reserves and special reserves.
- (2) General reserves shall serve to cover general risks associated with the operations of the Bank of Slovenia. Special reserves shall serve to cover exchange rate and price risks.
- (3) Special reserves shall be equal to the amount of unrealized income deriving from exchange rate and price changes.
- (4) The amount of general reserves shall not be limited and shall be allocated from net profit in accordance with its allocation pursuant to Article 50 of this act.

3. ISSUE OF BANKNOTES AND COINS

Article 7 (Issue of banknotes)

- (1) The Bank of Slovenia is authorized to issue banknotes, which are legal tender in the Republic of Slovenia and the use of which is unlimited, and to lay down its denominations and main features thereof.
- (2) The monetary unit of the Republic of Slovenia shall be stipulated by a special act.
- (3) The liability of the Bank of Slovenia created by the banknotes issued shall be unlimited.

Article 8 (Issue of coins)

- (1) The Republic of Slovenia is authorized to issue coins, which are legal tender and the use of which is limited, and shall determine denominations and the main features thereof. The Bank of Slovenia shall, subject to approval of the ministry in charge of finance, set the upper limit for settlement of debts by means of coins, and the creditor shall comply.
- (2) Tasks on expert and technical levels related to issue of coins shall be performed by the Bank of Slovenia based on respective contract between the Bank of Slovenia and the ministry in charge of finance.
- (3) Issue of commemorative coins shall be governed by a special act.

Article 9 (Distribution of banknotes and coins on the territory of the Republic of Slovenia)

- (1) The Bank of Slovenia shall put banknotes and coins in circulation, shall withdraw them from circulation

at its discretion, and shall organize distribution of banknotes and coins on the territory of the Republic of Slovenia.

- (2) The smallest denomination in circulation used to round up the final settlement of payments in cash, cashless payments, and in books of account shall be determined by the Bank of Slovenia.
- (3) Banknotes and coins withdrawn from circulation shall be substituted by the Bank of Slovenia within the time-limits and in the manner at its discretion.
- (4) The Bank of Slovenia shall substitute the banknotes and coins unfit for circulation as follows: badly worn and soiled banknotes at par, damaged and torn banknotes and coins at terms and conditions at its discretion.
- (5) The Bank of Slovenia may adopt secondary legislation to regulate all issues related to issue and distribution of banknotes and to distribution of coins.

Article 10 **(Authenticity of banknotes and coins)**

The Bank of Slovenia shall have the exclusive right to give expert opinion on the authenticity of Slovenian Tolar banknotes and coins.

4. TASKS OF THE BANK OF SLOVENIA

4.1. General provisions

Article 11 **(Tasks of the Bank of Slovenia in implementation of monetary policy)**

In performing its tasks and exercising its powers pursuant to this and other acts, the Bank of Slovenia shall, in particular:

-
1. design and implement monetary policy,
 2. put in place and implement monetary control,
 3. be responsible for general liquidity of the banking system,
 4. participate in transactions in foreign exchange and financial markets,
 5. accept deposits of banks and savings banks,
 6. open accounts for banks and savings banks,
 7. regulate payments systems.

Article 12

(Other tasks of the Bank of Slovenia)

In addition to the tasks pursuant to the foregoing Article of this act, the Bank of Slovenia shall also engage in other tasks, in particular:

1. shall manage foreign exchange assets, as well as other assets entrusted to it,
2. may act as paying and/or fiscal agent for the state and as representative of the state in international financial institutions in accordance with law,
3. shall open and maintain accounts for state bodies and public entities, and for other participants in the money market,
4. shall accept, when necessary, deposits from entities listed in the preceding item,
5. shall set up, implement and control a system of prudential rules for safe and sound operation of banks and savings banks,
6. shall ensure the information system necessary for uninterrupted performance of all its functions,
7. shall maintain accounts, based on underlying contracts, of other financial institutions (clearing and depository corporation and stockbrokers).

Article 13
(Information system of the Bank of Slovenia)

- (1) The Bank of Slovenia shall be responsible for recording, collecting, processing, and disclosure of data and information relevant to the performance of its tasks pursuant to this and other acts.
- (2) The Bank of Slovenia may require a legal person or a branch of foreign legal persons to provide the information needed in relation to obligation pursuant to the first item of this Article, or in order to be able to perform other tasks in accordance with this or another act.
- (3) The Bank of Slovenia shall prescribe the manner and scope of recording, collecting, processing, disclosure and transfer of data and information needed for performance its functions pursuant to this and other acts.
- (4) The Bank of Slovenia and the ministry in charge of finance shall exchange data and information relevant for the functioning of monetary and financial systems.

Article 14
(Payment systems)

The Bank of Slovenia shall, in accordance with its powers pursuant to Article 11 of this act, steer, manage, support and oversee the operation of the payment systems.

The Bank of Slovenia shall ensure that the payment systems in the Republic of Slovenia operate in a lawful and orderly manner pursuant to this and other acts.

4.2. Monetary policy and exchange rate policy

Article 15
(Monetary measures and control)

- (1) The Bank of Slovenia may, as regards the tasks pursuant to Articles 11 and 12 of this act, adopt measures and exercise control.

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- (2) In performing the tasks pursuant to the preceding paragraph, the Bank of Slovenia can:
1. Determine conditions and instruments for regulation of credit activity and liquidity of banks and savings banks, as well as conditions and instruments for regulation of the quantity of money in circulation,
 2. Adopt measures related to interest rates and exchange rate in pursuance of monetary and exchange rate policy objectives,
- (3) The Bank of Slovenia shall determine general terms and rules for its operations pursuant to the preceding item of this article.

Article 16 **(Money market)**

- (1) Trading on the money market pursuant to this act shall be read as trading with financial instruments with maturity up to one year, in particular:
- trading with short-term debt securities,
 - temporary purchase and sale of securities,
 - trading with financial derivatives the price of which depends on interest rates or on the price of foreign currencies.
- (2) The Bank of Slovenia may, subject to prior opinion of the Securities Market Agency, adopt money market trading rules, which determine in particular:
- financial instruments to which the rules apply,
 - trading rules,
 - clearing and settlement rules,
 - rules for the computation and publication of trading statistics.

Article 17
(Open market operations)

- (1) In pursuance of its monetary policy objectives and related tasks, the Bank of Slovenia may, on a spot and forward basis, and whether outright or under repurchase agreement, buy or sell, lend or borrow marketable and non-marketable financial assets, including precious metals, and may issue securities denominated in domestic or foreign currencies, and shall record these in a register.
- (2) The Bank of Slovenia shall lay down the terms and general rules for its open market operations.

Article 18
(Credit and lending)

- (1) The Bank of Slovenia may, in pursuance of monetary policy objectives and in carrying out the tasks under this act, conduct credit and lending operations with banks and savings banks, and with other market participants, based on adequate collateral.
- (2) The Bank of Slovenia shall determine the terms and conditions for credit and lending, the forms of transactions, and the type of collateral.

Article 19
(Reserve requirements)

- (1) The Bank of Slovenia shall determine the form and amount of minimum reserves to be held by banks and savings banks and shall prescribe the percentage of liability base that banks and savings banks are obliged to hold on their account with the Bank of Slovenia.
- (2) The Bank of Slovenia may lay down different ratios depending on the type, maturity and amount of de-

posits and other liabilities of banks and savings banks, and may determine that certain deposits or other liabilities are exempt from the reserve requirement respectively.

- (3) The Bank of Slovenia shall pay interest on assets held as minimum reserves and shall determine the penalty for non-compliance and misuse of minimum reserves.
- (4) The Bank of Slovenia shall determine the manner of and the deadlines for calculating, maintenance and the use of minimum reserves.

Article 20

(Other monetary policy instruments)

In order to achieve the objectives and carry out the tasks pursuant to this act, the Bank of Slovenia may employ other monetary policy instruments deemed necessary.

Article 21

(Exchange rate policy)

The Bank of Slovenia shall conduct the exchange rate policy for domestic currency in accordance with the primary objective laid down in Article 4 of this act.

Article 22

(Operations in foreign exchange markets)

- (1) The Bank of Slovenia shall implement the exchange rate policy in accordance with objectives and authorizations to conduct monetary policy, in particular:
 - 1. by means of purchase and sale, on a spot and forward basis, under repurchase agreement and outright, of foreign exchange or any other form of foreign

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- exchange assets, including securities denominated in foreign currency and precious metals,
2. by means of all types of banking transactions with domestic and foreign institutions, including both, lending and borrowing operations.
- (2) The Bank of Slovenia may conduct the operations from the preceding paragraph with other central banks, foreign financial institutions and with international financial organizations.
- (3) The Bank of Slovenia shall hold and manage foreign exchange assets which it acquired through operations in foreign exchange markets or by other forms of banking operations.

4.3. Supervision of Banks and Savings Banks

Article 23

(Supervision of the operation of banks and savings banks)

- (1) The Bank of Slovenia shall conduct supervision of banks, savings banks and other persons pursuant to the act governing banking and shall design, bring into effect and control a system of regulations to ensure the standards for safe operation of banks and savings banks.
- (2) In designing, supervising and enforcing the system of regulations from the preceding item, the Bank of Slovenia shall take account of the relevant standards and recommendations drawn up by competent domestic and international institutions for this purpose.

4.4. Financing of the public sector and relations between the Bank of Slovenia and the National Assembly and other bodies of the Republic of Slovenia

Article 24

(Prohibition of lending to and financing of the public sector)

- (1) The Bank of Slovenia shall not grant overdrafts nor any other type of credit facility in favour of bodies of the Republic of Slovenia, of the European Union or European Union Member States, or in favour of their regional and local authorities, and other public entities.
- (2) The Bank of Slovenia shall not issue guarantees for liabilities of the entities referred to in the preceding item and shall not purchase their debt instruments directly from them.

Article 25

(Exemptions to the prohibition of lending to and financing of the public sector)

The restrictions from the preceding Article shall not apply to:

1. banks, savings banks and other financial institutions in public ownership, provided they are obliged to comply with the same conditions as other banks, savings banks and financial institutions,
2. **financing of liabilities of the Republic of Slovenia to the International Monetary Fund,**
3. operations related to issue of coins not exceeding 10% of the value of coins in circulation,
4. **intra-day bridging loans granted in favour of the public sector provided that no extension to the following day is possible.**

Article 26
(Reporting to the National Assembly
of the Republic of Slovenia)

The Bank of Slovenia shall report to the National Assembly of the Republic of Slovenia on its activities at least once every six months.

Article 27
(Operations for the Republic of Slovenia)

- (1) The single Treasury account of the Republic of Slovenia shall be maintained at the Bank of Slovenia.
- (2) The Bank of Slovenia and the ministry in charge of finance shall determine in an underlying agreement the type, range, conditions and manner of carrying out the operations for the Republic of Slovenia pursuant to Article 12 of this act.

5. DECISION MAKING BODIES
OF THE BANK OF SLOVENIA

5.1. General provisions

Article 28
(Decision making bodies of the Bank of Slovenia)

The decision making bodies of the Bank of Slovenia are the Governor of the Bank of Slovenia and the Governing Board of the Bank of Slovenia.

5.2. Governor of the Bank of Slovenia

Article 29
(Responsibilities of the Governor of the Bank of Slovenia)

- (1) The Governor of the Bank of Slovenia shall head the operation and organize the work, and shall represent the Bank of Slovenia.

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- (2) The Governor of the Bank of Slovenia shall carry out the decisions taken by the Governing Board of the Bank of Slovenia and adopt individual and general rules and regulations of the Bank of Slovenia that are not within the scope of authority of the Governing Board of the Bank of Slovenia.
 - (3) The Governor of the Bank of Slovenia may issue instructions for the implementation of decisions adopted by the Governing Board of the Bank of Slovenia.

5.3. Governing Board of the Bank of Slovenia

Article 30

(Composition of the Governing Board of the Bank of Slovenia)

- (1) The Governing Board of the Bank of Slovenia shall comprise nine members. The members of the Governing Board of the Bank of Slovenia shall be: the Governor, four Vice Governors and four members.
- (2) The Governor of the Bank of Slovenia shall chair the Governing Board of the Bank of Slovenia.
- (3) The Governor of the Bank of Slovenia shall authorize one of the Vice Governors to be his deputy.

Article 31

(Responsibilities of the Governing Board of the Bank of Slovenia)

- (1) The Governing Board of the Bank of Slovenia shall have the authority to decide on matters within the scope of the responsibilities of the Bank of Slovenia pursuant to this and other acts.
- (2) The Governing Board of the Bank of Slovenia shall have the authority to decide on the matters within the scope of its authority in meetings.

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- (3) The Governing Board of the Bank of Slovenia shall adopt rules of procedure.
 - (4) The Governing Board of the Bank of Slovenia shall take decisions by a two-thirds majority of votes of all of its members.

Article 32
(Other responsibilities of the Governing Board
of the Bank of Slovenia)

- (1) The Governing Board of the Bank of Slovenia shall also have the authority to decide on other matters concerning the operations of the Bank of Slovenia, and shall:
 1. propose the external auditor,
 2. regulate rights and obligations of members of the Governing Board of the Bank of Slovenia arising from employment contracts,
 3. determine the existence of any conflict of interest of members of the Governing Board of the Bank of Slovenia,
 4. rule on internal administrative issues of the Bank of Slovenia.
- (2) The Governing Board of the Bank of Slovenia shall notify the National Assembly of the Republic of Slovenia of the existence of any conflict of interest from the third item of the above paragraph of this Article.

Article 33
(Participation of third persons in meetings of the Governing
Board of the Bank of Slovenia)

- (1) The representative of the committee of the National Assembly of the Republic of Slovenia in charge of finance and monetary policy, and the minister in

charge of finance, may participate in meetings of the Governing Board of the Bank of Slovenia, but shall have no right to vote.

- (2) Depending on the individual matters for consideration, the Governing Board of the Bank of Slovenia may also invite other experts to participate in meetings.

Article 34

(Publication of regulations adopted by the Bank of Slovenia)

The Bank of Slovenia shall publish the regulations adopted by the Governing Board of the Bank of Slovenia in the Official Gazette of the Republic of Slovenia.

5.4. Procedure for appointment and removal from office of the Governor, Vice Governors and members of the Governing Board of the Bank of Slovenia

Article 35

(Appointment of the Governor of the Bank of Slovenia)

The Governor of the Bank of Slovenia shall be nominated by the President of the Republic of Slovenia and appointed by the National Assembly of the Republic of Slovenia for a six-year term of office, and may be re-appointed.

Article 36

(Appointment of Vice Governors and members of the Governing Board of the Bank of Slovenia)

Vice Governors and members of the Governing Board of the Bank of Slovenia shall be nominated by the President of the Republic of Slovenia and appointed by the National Assembly of the Republic of Slovenia for a six-year term of office, and may be re-appointed.

Article 37
**(Appointment procedure for the Governor,
Vice Governors and members of the Governing Board
of the Bank of Slovenia)**

- (1) The Governor of the Bank of Slovenia shall notify the President of the Republic of Slovenia and the National Assembly of the Republic of Slovenia of the expiry of the term of office of any member of the Governing Board of the Bank of Slovenia not later than six months prior to such expiry.
- (2) Within 30 days of receipt of the notification from the preceding item of this article, the President of the Republic of Slovenia shall publish in the Official Gazette of the Republic of Slovenia a call for nomination of potential candidates for a member of the Governing Board of the Bank of Slovenia.
- (3) Nominations shall be delivered not less than 30 days following the publication, and in case of the term of office ending before the expiry, not less than 15 days following the publication of the call for nominations. Nominations shall be substantiated and shall include a written statement of acceptance of the candidature by the candidate.
- (4) The President of the Republic of Slovenia shall propose his candidate for a member of the Governing Board of the Bank of Slovenia by choosing one of the nominees, or else he may also propose another candidate. The proposal shall be made within 30 days of expiry of the term defined in the preceding item. Each proposal shall be substantiated and shall include a written statement of acceptance of candidature by the candidate.
- (5) The National Assembly of the Republic of Slovenia shall take a vote on the candidate proposed for a member of the Governing Board of the Bank of Slovenia within 30 days of submission of the proposal.

Votes shall be cast by ballot. The proposed candidate is appointed if voted for by majority of all Members of Parliament.

- (6) If the candidate proposed for a member of the Governing Board of the Bank of Slovenia does not receive the necessary majority of votes of Members of Parliament, the President of the National Assembly shall immediately notify the President of the Republic of Slovenia accordingly, and the latter shall notify the President of the National Assembly of the Republic of Slovenia of his decision as regards a further election procedure for a member of the Governing Board of the Bank of Slovenia within the 14 days of such notification.

Article 38 **(Incompatibility of function)**

- (1) Members of the Governing Board of the Bank of Slovenia, shall carry out their function on the basis of full-time employment in the Bank of Slovenia.
- (2) Notwithstanding the provision of the preceding item of this article, those employed in higher education may perform the function of members of the Governing Board of the Bank of Slovenia on the basis of part-time employment equal to one third of full-time employment.
- (3) A member of the Governing Board of the Bank of Slovenia from the preceding paragraph can not perform the function of Governor or Vice Governor of the Bank of Slovenia.
- (4) The function of a member of the Governing Board of the Bank of Slovenia is in compatible with :
1. functions in state bodies, statutory authorities of local communities, bodies of political parties and trade unions,

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2. work in state bodies, in statutory authorities of local communities and in other public entities,
 3. membership in boards of management or supervisory boards of banks, savings banks or other corporations, institutes and co-operatives,
 4. other gainful employment, scientific and research work excepted as long as it does not conflict with the interest of the Bank of Slovenia,
 5. other work or activities, which might affect their independence or could be in conflict with interest of the Bank of Slovenia.
- (5) Following his appointment, the member of the Governing Board of the Bank of Slovenia may begin his term of office after he has brought his status in line with the provisions of this article. His compliance and beginning of his term of office shall be verified by the Governing Board of the Bank of Slovenia following the proposal by the Governor of the Bank of Slovenia. The member of the Governing Board of the Bank of Slovenia shall bring his status in line with the provisions of this article within three months following his appointment at the latest, otherwise the decree on his appointment shall cease to be in force as of the day of expiry of this time-limit.

Article 39
(Removal from office of the Governor, Vice Governors
and members of the Governing Board
of the Bank of Slovenia)

- (1) A member of the Governing Board of the Bank of Slovenia may be relieved from office before expiry of his term only in case:

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1. he demands to be relieved himself,
 2. a conflict of interest arises during his term of office,
 3. he has been found guilty of a criminal offence and unconditionally sentenced to imprisonment
 4. a prescribed procedure has found him guilty of serious misconduct, due to which there is reasonable doubt whether he is still considered fit to discharge his function. The Bank of Slovenia shall - in agreement with the minister in charge of finance - adopt the procedure to carry out the process.
- (2) A member of the Governing Board of the Bank of Slovenia shall be relieved from office before expiry of his office as of the day when the National Assembly of the Republic of Slovenia has established that one of the reasons laid down in preceding paragraph of this article exists.
- (3) Administrative dispute in accordance with the act governing administrative disputes may be instituted against the decision of the Parliament of the Republic of Slovenia.

5.5. Internal Organization of the Bank of Slovenia

Article 40 (Organizational structure and operation of the Bank of Slovenia)

- (1) The organizational structure and way of operation of the Bank of Slovenia shall be set out in internal regulations adopted by the Governor of the Bank of Slovenia.
- (2) Internal regulations of the Bank of Slovenia shall also determine the functions of staff with special authori-

zations, their rights and obligations, the procedure for their appointment and the term of their office.

- (3) The Governing Board of the Bank of Slovenia shall decide on the appointment of the staff from the preceding item based on proposals by the Governor of the Bank of Slovenia.

Article 41 **(Internal audit)**

- (1) Internal audit shall be set up as an independent organizational unit, directly accountable to the Governor, in order to out continuous control of the entire operation of the Bank of Slovenia pursuant to Article 40.
- (2) Internal audit shall conduct internal auditing in accordance with professional principles and standards of internal audit, code of conduct for internal auditors, and rules governing internal audit. Internal audit shall conduct its tasks based on regulations laying down the type, scope, deadlines for internal audit, and manner of reporting.
- (3) Internal audit shall report to the Governor of the Bank of Slovenia. The findings of internal audit shall be the basis for appropriate measures to be taken by the Governor.
- (4) Internal audit shall report to the Governing Board of the Bank of Slovenia at least once a year.

Article 42 **(Rights and obligations of staff of the Bank of Slovenia)**

- (1) Rights, obligations and responsibilities of the staff of the Bank of Slovenia shall be laid down in internal regulations, adopted by the Governing Board of the Bank of Slovenia in accordance with the act governing employment.

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- (2) Rights, obligations and responsibilities of the Governor, Vice Governors and of the four members of the Governing Board of the Bank of Slovenia which arise from their employment, shall be determined by the Governing Board of the Bank of Slovenia in accordance with the act governing employment.
 - (3) Rights, obligations and responsibilities of staff with special authorizations pursuant to Article 40 of this law and deriving from their employment shall be determined in internal regulations in line with the act governing employment. The regulation shall be adopted by the Governing Board of the Bank of Slovenia based on a proposal by the Governor.
 - (4) The internal regulations pursuant to the first, second and the third item of this article shall be published in the Official Gazette of the Republic of Slovenia.

6. DECISIONS MAKING PROCEDURES OF THE BANK OF SLOVENIA IN INDIVIDUAL MATTERS

Article 43 (Authority to conduct supervision)

- (1) Within the scope of its authority, the Bank of Slovenia shall oversee the implementation of provisions of this and other acts, and of pertaining regulations issued and measures taken, by supervising banks and savings banks.
- (2) The Bank of Slovenia shall determine detailed terms and conditions for and manner of conducting supervision.
- (3) The stipulations of the act governing banking shall apply as appropriate to procedures of the Bank of Slovenia.

Article 44
(Manner of conducting supervision)

The Bank of Slovenia shall carry out the supervision of banks and savings banks by means of:

1. examination of statutory returns and other documentation submitted by a bank or a savings bank, and by evaluating data and other documentation at its disposal;
2. on-site examination of books and other documentation held in a bank or a savings bank.

Article 45
(Supervisory measures by the Bank of Slovenia)

- (1) In implementing monetary policy the Bank of Slovenia may take measures and can:
 1. limit credit operations of a bank or a savings bank
 2. require the maturity structure of assets and liabilities to match,
 3. limit access to instruments in the open market and to standing facilities of the Bank of Slovenia, and impose other restrictions on operation,
 3. require payment of a non-interest-bearing deposit with the Bank of Slovenia, particularly in the case of non-compliance with the reserve requirement and/or other infringements and irregularities related to reserve requirement,
 4. impose penalty interest in case of non-compliance with measures,
 5. propose to the bodies of a bank or a saving bank in charge to suspend or relieve from duty the person responsible,
 6. take other measures stipulated by law.

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- (2) The measures pursuant to this Article and their duration, except for item 6 of the preceding paragraph of this article, shall be imposed by means of a decree.

Article 46
(Judicial review)

Judicial review against individual regulations of the Bank of Slovenia issued on the basis of powers deriving from this act shall be provided by means of proceedings determined in the law governing banking.

7. PROTECTION OF CONFIDENTIAL DATA

Article 47
(Protection of confidential data)

Members of the Governing Board of the Bank of Slovenia, staff of the Bank of Slovenia, and other persons carrying out tasks for the account of Bank of Slovenia, shall be obliged, even after their function has expired or after their employment at the Bank has ended, to protect confidential data they have had access to in the course of their function and work respectively.

**8. COOPERATION OF THE BANK OF SLOVENIA
WITH CENTRAL BANKS AND INTERNATIONAL
FINANCIAL INSTITUTIONS**

Article 48
**(Cooperation with central banks
and international financial institutions)**

In order to carry out its tasks, the Bank of Slovenia may cooperate with other central banks, supervisory authorities and international financial institutions.

9. INCOME, EXPENDITURES AND ASSETS OF THE BANK OF SLOVENIA

Article 49

(Financial plan and annual financial statements of the Bank of Slovenia)

- (1) The financial year of the Bank of Slovenia is the same as the calendar year.
- (2) The Bank of Slovenia shall prepare its financial statements in accordance with principles, standards and accounting guidelines adopted by the Governing Board of the Bank of Slovenia, having observed the principles, standards and accounting guidelines adopted by the European Central Bank (hereinafter: ECB).
- (3) The Bank of Slovenia shall budget its income and expenditures for the coming financial year in a financial plan to be adopted by 31 December of the preceding year.
- (4) Should the financial plan not have been adopted by 31 December of the preceding year, financing shall be carried out pursuant to the decision on temporary financing adopted by the Governing Board of the Bank of Slovenia.
- (5) By 31 March of every year, the Governing Board of the Bank of Slovenia shall adopt the annual financial statements for the preceding year.
- (6) The Bank of Slovenia shall inform the National Assembly of the Republic of Slovenia of its annual financial statements and of its financial plan. The annual financial statements are an integral part of the annual report and shall be published.

Article 50

(Allocation of net profit)

- (1) Net profit shall be allocated to special reserves, general reserves and to the budget of the Republic of Slovenia.

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- (2) The unrealized income deriving from exchange rate and price changes shall be allocated in its entirety to special reserves. They may only be used to cover a shortfall deriving from unrealized expenses deriving from exchange rate and price changes.
 - (3) After the allocation of funds to special reserves, 25% of net income shall be allocated to the budget of the Republic of Slovenia, the rest shall be allocated to the general reserves.
 - (4) Without prejudice to the preceding item of this article, and in the case that the general reserves of the Bank of Slovenia of the preceding year exceed 5% of the balance sheet total of the Bank of Slovenia, the Bank of Slovenia and the minister in charge of finance may agree that a larger share of net income pursuant to preceding paragraph be allocated to the budget of the Republic of Slovenia.
 - (5) Without prejudice to the third item of this article, and in the case that general reserves of the Bank of Slovenia of the preceding year fall short of 1% of the balance sheet total of the Bank of Slovenia, the Bank of Slovenia and the minister in charge of finance may agree that a smaller share of the net income pursuant to item (3) of this article be allocated to the budget of the Republic of Slovenia.

Article 51 **(Cover of any net loss)**

- (1) A net loss of the Bank of Slovenia shall be covered from general reserves.
- (2) Any net loss which cannot be covered in the manner described in the first item of this article, shall be covered by the budget of the Republic of Slovenia.

Article 52
(External audit of financial statements of the Bank of Slovenia)

Financial statements of the Bank of Slovenia shall be audited by an independent international auditor, who shall be appointed by the competent Committee of the National Assembly of the Republic of Slovenia on a proposal by the Governing Board of the Bank of Slovenia for a period of three years. Should the competent Committee of the National Assembly of the Republic of Slovenia not take the decision on the appointment at least six months prior to the beginning of a new three-year term, the Bank of Slovenia may appoint the auditor at its discretion. The Governing Board of the Bank of Slovenia shall submit its proposal to the competent Committee of the National Assembly of the Republic of Slovenia prior to expiry of the second year of the three-year period.

Article 53
(Tariff of the Bank of Slovenia)

The Bank of Slovenia shall lay down the schedule of tariff rates for the remuneration for its priced services.

**10. MEMBERSHIP OF THE REPUBLIC OF SLOVENIA
IN THE EUROPEAN UNION**

Article 54
(General provision)

As of the date of accession of the Republic of Slovenia to the European Union, the Bank of Slovenia shall be an integral part of the European System of Central Banks (hereinafter: ESCB) and shall perform its tasks in accordance with Article 43 of the Statute of ESCB and ECB applying to Member States with a derogation.

Article 55
(Information System of the Bank of Slovenia)

As of the day of accession of the Republic of Slovenia to the European Union, the Bank of Slovenia shall cooperate with the ECB pursuant to the statutes of ESCB and ECB as regards the recording, collecting, processing, and disclosure of data and information relevant for performance its tasks.

Article 56
(Membership in decision making bodies of the ECB)

As of the day of accession of the Republic of Slovenia to the European Union, the Governor of the Bank of Slovenia shall be member of the General Council of the ECB.

Article 57
**(Judicial protection of the Governor
of the Bank of Slovenia)**

- (1) As of the day of accession of the Republic of Slovenia to the European Union, the Governor of the Bank of Slovenia may refer a decision by the National Assembly of the Republic of Slovenia pursuant to the item (2) of Article 39 of this act to the European Court of Justice.
- (2) As from this day, item (3) of Article 39 of this act shall no longer apply to the Governor of the Bank of Slovenia.

**11. INTRODUCTION OF THE EURO
AS THE MONETARY UNIT
OF THE REPUBLIC OF SLOVENIA**

Article 58
(General provisions)

- (1) As of the day of introduction of the Euro as the monetary unit of the Republic of Slovenia, the Bank of Slovenia shall, in carrying out its tasks, fully

observe the provisions of the Statute of the ESCB and the ECB. In case of incompatibility of individual provisions of this law with the Statute of the ESCB and the ECB, the provisions of the Statute shall prevail.

- (2) Without prejudice to the provision of the preceding item of this article, the Bank of Slovenia shall act independently and shall not be bound by the provisions of the Statute of the ESCB and the ECB when performing the tasks pursuant to Articles 5, 6, 9, items 2-7 of Article 12, Articles 23 and 27 of this act.

Article 59 **(Issue of banknotes)**

When issuing banknotes under Article 7 of this act, the Bank of Slovenia shall be bound by the decisions of the ECB.

Article 60 **(Issue of coins)**

The Republic of Slovenia shall issue coins pursuant to Article 8 of this act subject to prior approval by the ECB.

Article 61 **(Tasks of the Bank of Slovenia in the implementation of monetary policy)**

In implementing monetary policy pursuant to items 1 and 2 of Article 11 of this act, the Bank of Slovenia shall act in accordance with the Statute of the ESCB and the ECB, and shall follow the guidelines and instructions of the ECB, and by doing so

- shall participate in defining and implementing monetary policy
- shall participate in defining and implementing monetary control.

Article 62
(Other tasks of the Bank of Slovenia)

In performing other tasks pursuant to item 1 of Article 12 of this act, the Bank of Slovenia shall manage the foreign exchange assets not transferred to the ECB for management, as well as other assets that have been entrusted to it.

Article 63
(Subscription of ECB capital and transfer of a portion of international reserves)

Subscription of capital, transfer of a portion of international reserves, and other issues concerning cooperation with and integration in the ESCB and the ECB, shall be accomplished in accordance with the Statute of the ESCB and the ECB and with decisions taken by decision making bodies of the ECB pursuant to the Statute.

Article 64
(Annual financial statements of the Bank of Slovenia)

The annual financial statements of the Bank of Slovenia pursuant to Article 49 of this act shall include the portion of monetary income or loss of the ESCB and the ECB allocated in accordance with the Statute of the ESCB by the ECB and accrued in the performance of the common monetary policy function.

Article 65
(Appointment of external auditor)

The appointment of the auditor pursuant to Article 52 of this act shall be governed by the provisions of the Statute of the ESCB and the ECB.

Article 66
(Membership in the decision making bodies of the ECB)

As of the date of the introduction of the Euro as the monetary unit of the Republic of Slovenia, the Governor of the Bank of Slovenia shall be member of the Governing Council of the ECB.

Article 67
(Exchange rate policy)

As of the date of the introduction of the Euro as the monetary unit of the Republic of Slovenia, the provision of Article 21 of this act shall no longer apply.

12. PENAL PROVISIONS

Article 68
(Infringements by banks and savings bank)

- (1) A fine from SIT 2,000,000.00 to 20,000,000.00 shall be imposed on a bank or a savings bank for the following infringements:
1. non-compliance with the terms, rules and measures adopted by the Bank of Slovenia concerning the issue and distribution of banknotes and coins (item 5 of Article 9),
 2. non-compliance with the regulations adopted and instructions issued by the Bank of Slovenia on the operation of the information system (item 3 of Article 13),
 3. non-compliance with the regulations adopted and instructions issued by the Bank of Slovenia with regard to steering, managing and supporting the payment systems (Article 14).
 4. non-compliance with the terms and conditions and

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- rules adopted by the Bank of Slovenia for its own operations (item 3 of Article 15),
- 5.non-compliance with the terms and conditions and rules laid down by the Bank of Slovenia for open market operations (item 2 of Article 17),
- 6.non-compliance with conditions for credit and lending laid down by the Bank of Slovenia (item 2 of Article 18).
- (2) A fine from SIT 250,000.00 to 1,500,000.00 shall be imposed on the person of a bank or a savings bank responsible for the infringement pursuant to the preceding paragraph of this Article.

Article 69 **(Infringements by other entities)**

- (1) A fine from SIT 250,000.00 to 1,500,000.00 shall be imposed on a legal entity or on a branch of a foreign legal entity for non-compliance with rules and regulations adopted and instructions issued by the Bank of Slovenia with regard to the operation of the information system (item 3 of Article 13),
- (2) A fine from SIT 100,000.00 to 750,000.00 shall be imposed on the person of the legal entity or a branch of a foreign legal entity responsible for the infringement pursuant to the preceding paragraph of this article.

13. TRANSITIONAL AND FINAL PROVISIONS

Article 70 **(General)**

The Bank of Slovenia, established in accordance with the Law on the Bank of Slovenia (Official Gazette of the Republic of Slovenia, No. 1/91-I), shall carry on its operation as the Bank of Slovenia in accordance with this act.

Article 71
(Claims of the Bank of Slovenia on the
Succession Fund of the Republic of Slovenia)

Until the succession to former SFRY has been regulated, the claims of the Bank of Slovenia on Succession Fund of the Republic of Slovenia shall also be treated as an exemption to the prohibition of lending to and financing of the public sector.

Article 72
(Adoption of rules and regulations)

- (1) The Bank of Slovenia shall harmonize its regulations with this act not later than six months after the entry into force of this act.
- (2) Until the regulations pursuant to preceding paragraph have been adopted, the regulations of the Bank of Slovenia adopted in accordance with the Law on the Bank of Slovenia (Official Gazette of the Republic of Slovenia, No. 1/91-I) shall apply as appropriate, provided they are not in conflict with the provisions of this act.

Article 73
(Proceedings)

Proceedings in individual cases pending as of the day of entry into force of this act shall be terminated in accordance with this act.

Article 74
(Appointment of decision making bodies)

- (1) Governor, Vice Governors and members of the Governing Board of the Bank of Slovenia appointed pursuant to the Law on the Bank of Slovenia (Official Gazette of the Republic of Slovenia, No. 1/91-I) whose

function is in compliance with the provision of Article 38 of this act, shall remain in office as Governor, Vice Governors and members of the Governing Board of the Bank of Slovenia pursuant to this act. The Deputy Governor, appointed pursuant to the Law on the Bank of Slovenia, shall remain in office as Vice Governor of the Bank of Slovenia pursuant to this act.

- (2) Governor, Vice Governors and members of the Governing Board of the Bank of Slovenia whose function is not in compliance with the provisions of Article 38 of this act, shall remain in office in accordance with the terms of their appointment until their term office has expired.
- (3) Until the term of office of the first member of the Governing Board of the Bank of Slovenia whose function is not in compliance with the provisions of Article 38 has expired, the Governing Board of the Bank of Slovenia shall exercise its functions as constituted prior to the entry into force of this act.
- (4) Provided that function of more than nine members of the Governing Board of the Bank of Slovenia is in compliance with the provisions of Article 38 of this act as of the date of its entry into force, the Governing Board of the Bank of Slovenia may carry on its functions comprising more than nine members until their term of office has expired.

Article 75 **(Monetary unit of the Republic of Slovenia)**

- (1) The date of the introduction of the Euro as the monetary unit of the Republic of Slovenia shall be laid down by law.
- (2) As of the date of the introduction of the Euro as the monetary unit of the Republic of Slovenia, the liability for the banknotes issued pursuant to item (3)

of Article 7 of this act shall be governed by the Statute of the ESCB and the ECB and pertaining regulations.

Article 76
(Nullification of regulations)

As of the day of entry into force of this act, the acts listed below shall cease to be in force:

1. Law on Bank of Slovenia (Official Gazette of the Republic of Slovenia, No. 1/91-I),
2. Decree on the manner of oversight of the Bank of Slovenia by the National Assembly of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, No. 7/99).

Article 77
(Entry into force)

This act shall enter into force on the fifteenth day following its publication in the Official Gazette of the Republic of Slovenia, except for the provisions of Section 10 which shall enter into force on the date of accession of the Republic of Slovenia to the European Union, and provisions of Section 11 which shall enter into force on the day of the introduction of the Euro as monetary unit of the Republic of Slovenia.