

**Act No. 6/1993 Coll.
on the Czech National Bank,
as amended by**

Act No. 60/1993 Coll., Act No. 15/1998 Coll., Act No. 442/2000 Coll., the Constitutional Court ruling promulgated under No. 278/2001 Coll., Act No. 482/2001 Coll., Act No. 127/2002 Coll., Act No. 257/2004 Coll., Act No. 377/2005 Coll., Act No. 57/2006 Coll., Act No. 62/2006 Coll., Act No. 230/2006 Coll., Act No. 160/2007 Coll., Act No. 36/2008 Coll., Act No. 124/2008, Act No. 254/2008 Coll., Act No. 295/2009 Coll., Act No. 285/2009 Coll., Act No. 156/2010 Coll., Act No. 281/2009 Coll., Act No. 145/2010 Coll., Act No. 41/2011 Coll., Act No. 92/2011 Coll., Act No. 136/2011 Coll. (part), Act No. 139/2011 Coll., Act No. 136/2011 Coll. (part) and Act No. 357/2011 Coll.

Note: This text is a working document for information only, and is not an official translation of the Czech legislation

The Czech National Council has passed this Act:

**PART ONE
Basic provisions**

Article 1

- (1) The Czech National Bank shall be the central bank of the Czech Republic and the authority performing financial market supervision.
- (2) The Czech National Bank shall be a legal entity governed by public law having its registered address in Prague; it shall not be incorporated in the Companies Register.
- (3) The Czech National Bank shall be entrusted with the powers of an administrative authority to the extent defined in this Act and in special legal rules.¹⁾
- (4) The Czech National Bank shall independently and with due diligence manage the assets entrusted to it by the state.

Article 2

- (1) The primary objective of the Czech National Bank shall be to maintain price stability. Without prejudice to its primary objective, the Czech National Bank shall support the general economic policies of the Government leading to sustainable economic growth. The Czech National Bank shall act in accordance with the principle of an open market economy.
- (2) In accordance with its primary objective, the Czech National Bank shall:
 - a) set monetary policy;
 - b) issue banknotes and coins;
 - c) manage the circulation of currency, administer payments and clearing between banks, foreign bank branches and credit unions, promote smooth and efficient operation thereof, and contribute to the safety, soundness and efficiency of payment systems and to the development thereof;
 - d) supervise the activities of entities operating on the financial market, analyse the evolution of the financial system, see to the sound operation and development of the financial market in the Czech Republic, and contribute to the stability of its financial system as a whole;

- e) carry on other activities pursuant to this Act and pursuant to special legal rules.^{1a)}
- (3) When performing its tasks, the Czech National Bank shall co-operate with the central banks of other countries, with the authorities supervising the financial markets of other countries, and with international financial organisations and international organisations engaged in the supervision of banks, electronic money institutions and financial markets.
- (4) The Czech National Bank shall consider the potential impact of decisions it wishes to issue in connection with performing supervision pursuant to paragraph 2(d) on the stability of the financial system of another Member State of the European Union, taking into account the facts available at the time of issuance thereof, in particular in cases of emergency which might affect the functioning of financial systems.

Article 2a

The Czech National Bank shall be part of the European System of Financial Supervision¹⁷⁾ and cooperate with the European Systemic Risk Board¹⁸⁾ and with European Supervisory Authorities¹⁹⁾.

Article 3

- (1) The Czech National Bank shall submit a report on monetary development to the Chamber of Deputies of Parliament at least twice a year for review. If the Chamber of Deputies so resolves, the Czech National Bank shall submit an extraordinary report on monetary development within thirty days. The resolution of the Chamber of Deputies must state what the extraordinary report should contain.
- (2) The report on monetary development shall be submitted to the Chamber of Deputies by the Governor of the Czech National Bank, who in such an event shall be entitled to attend the session of the Chamber of Deputies and must be called upon to speak.^{1c)}
- (3) The Chamber of Deputies shall acknowledge the report on monetary development or shall ask for a revised report.
- (4) If the Chamber of Deputies asks for a revised report, the Czech National Bank shall within six weeks submit a revised report that complies with the requirements of the Chamber of Deputies.
- (5) The Czech National Bank shall inform the public on monetary development at least once every three months.

Article 3a

The Czech National Bank shall submit a financial stability report to the Chamber of Deputies for information at least once a year.

PART TWO

Organisation of the Czech National Bank

Article 4

The Czech National Bank shall comprise:

- a) a headquarters having its registered address at Prague;
- b) branch offices;

- c) special-purpose organisational units.

Article 5

- (1) The supreme governing body of the Czech National Bank shall be the Bank Board of the Czech National Bank (hereinafter referred to as the “Bank Board”). The Bank Board shall set monetary policy and the instruments for implementing this policy, and shall decide upon the fundamental monetary policy measures of the Czech National Bank and measures in the area of financial market supervision.
- (2) Furthermore, the Bank Board shall, in particular:
 - a) set forth the principles for the activities and transactions of the Czech National Bank;
 - b) approve the budget of the Czech National Bank;
 - c) set forth the organisational structure and fields of competence of the organisational units of the Czech National Bank;
 - d) define the types, amounts and uses of the funds of the Czech National Bank;
 - e) execute the rights and duties arising from labour-law relations in respect of the staff of the Czech National Bank. The Bank Board may delegate these activities to other members of staff;
 - f) grant its consent to the entrepreneurial activities of the staff of the CNB;
 - g) fix the salary and other emoluments of the Governor; the salaries and other emoluments of Vice-Governors and other members of the Bank Board shall be fixed by the Governor;
 - h) decide on appeals against the decisions of the Czech National Bank in the first instance.

Article 6

- (1) The Bank Board shall consist of seven members, comprising the Governor of the Czech National Bank, two Vice-Governors of the Czech National Bank and four other members of the Bank Board of the Czech National Bank.
- (2) The Governor, Vice-Governors and other members shall be appointed and relieved from office by the President of the Republic.
- (3) cancelled
- (4) No person shall be allowed to hold the position of member of the Bank Board more than twice.
- (5) The members of the Bank Board shall be appointed for a term of six years.
- (6) Membership of the Bank Board shall be incompatible with the position of member of a legislative body, member of the Government and membership of the governing, supervisory or inspection bodies of other banks or commercial undertakings, and the performance of any independent gainful occupation, except for scientific, literary, journalistic, artistic and pedagogical activities and except for management of own assets. Membership of the Bank Board shall be incompatible with any activity which might cause any conflict of interest between the performance of this activity and membership of the Bank Board.
- (7) Any citizen of the Czech Republic who:
 - a) is fully competent to perform legal acts,
 - b) has completed a university education,
 - c) is of integrity,

- d) is a person of recognised standing and professional experience in monetary matters and in the area of the financial market, may be appointed a member of the Bank Board.
- (8) For the purposes of this Act, “of integrity” shall refer to a natural person who has not been lawfully convicted of a criminal offence.
- (9) The members of the Bank Board shall be staff of the Czech National Bank.
- (10) The performance of duties of a Bank Board member shall terminate:
 - a) with the expiration of his term of office,
 - b) on the day immediately following the day on which written notice of relief from office or of written notice of resignation from office is delivered, or at some later date given in the notice of relief or resignation from office.
- (11) The President of the Republic shall relieve a member of the Bank Board from office:
 - a) in the event of a breach of paragraph 6 or of paragraph 7(c),
 - b) on the day any judgement depriving the member of competence to perform legal acts or limiting his competence to perform legal acts enters into legal force.
- (12) The President of the Republic may relieve a member of the Bank Board from office if the member fails to perform his duties for a period exceeding six months.
- (13) The Governor shall be relieved from office by the President of the Republic if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. The President of the Republic may also relieve the Governor from office if he fails to perform his duties for a period exceeding six months. A decision to this effect may be referred to the European Court of Justice by the Governor concerned or the Governing Council of the European Central Bank on grounds of infringement of the Treaty on European Union or the Treaty on the Functioning of the European Union or of any rule of law relating to its application.

Article 7

- (1) The Governor, or, in his absence, a Vice-Governor nominated by him, shall chair the meetings of the Bank Board. The Bank Board shall act by a simple majority of the votes cast. The Bank Board shall have a quorum if the Governor, or his nominee, and at least three other members of the Bank Board are present. In the event of a tie, the chairperson shall have the casting vote.
- (2) The Bank Board shall approve the Rules of Procedure of the Bank Board.

Article 8

The Governor shall represent the Czech National Bank externally. In his absence, a Vice-Governor nominated by him shall act on his behalf.

PART THREE

Relationship to the Government and to other bodies

Article 9

- (1) When providing for the primary objective of the Czech National Bank and when carrying out other activities, neither the Czech National Bank nor the Bank Board shall seek or take instructions from the President of the Republic, from Parliament, from the Government, from administrative authorities or from any other body.

- (2) The Czech National Bank and the Government shall inform each other on matters concerning the principles and measures of monetary and economic policy.

Article 10

- (1) The Czech National Bank shall take a position on proposals presented to the Government for consideration that concern the fields of competence of the Czech National Bank.
- (2) The Czech National Bank shall act in an advisory capacity vis-à-vis the Government in matters of monetary policy and the financial market.

Article 11

- (1) The Minister of Finance or another nominated member of the Government may attend the meetings of the Bank Board in an advisory capacity and may submit motions for discussion.
- (2) The Governor of the Czech National Bank or a Vice-Governor nominated by him may attend the meetings of the Government in an advisory capacity.

PART FOUR

Issuance of banknotes and coins

Article 12

The Czech National Bank shall have the exclusive right to issue banknotes and coins, including commemorative coins (hereinafter referred to as “banknotes and coins”).

Article 13

The monetary unit in the Czech Republic shall be the Czech koruna (crown), abbreviated as “Kč”. The Czech koruna shall be divided into one hundred hellers.

Article 14

The Czech National Bank shall manage the stocks of banknotes and coins, and shall organise the delivery of banknotes and coins from the manufacturers in keeping with the requirements for the circulation of money.

Article 15

The Czech National Bank shall organise the printing of banknotes and the minting of coins, and shall see to the protection and security of banknotes and coins that have not been released into circulation and to the safekeeping and destruction of printing plates, dies and invalid and withdrawn banknotes and coins.

Article 16

- (1) Valid banknotes and coins issued by the Czech National Bank shall be legal tender at their par value in respect of all payments made within the territory of the Czech Republic.

- (2) Coins made from precious metals, commemorative coins and special coins intended for collection may be sold at prices other than their par value.

Article 16a

- (1) No person shall be allowed to produce, import, offer, sell or otherwise distribute medals, tokens or similar items whose appearance may mislead their holder to believe that they are coins or commemorative coins of a certain par value issued by the Czech National Bank.
- (2) No person shall be allowed to use the word “coin” when referring to or describing a token, medal or similar item in connection with the offer, sale or other distribution thereof.

Article 17

Cancelled

Article 18

Cancelled

Article 19

- (1) The Czech National Bank may declare invalid and withdraw from circulation any banknotes and coins it has issued. It shall refund their par value by exchanging them for other, newly issued banknotes and coins. The period over which such exchange may take place shall not be less than five years, save as otherwise provided in a special legislative act.
- (2) At the end of the exchange period, the sum total of the banknotes and coins that have been declared invalid but have not been presented for exchange shall be deducted from the amount of money in circulation that appears in the accounts of the Czech National Bank. This sum shall be income to the Czech National Bank.

Article 20

Cancelled

Article 21

Cancelled

Article 22

The Czech National Bank shall set forth by decree:

- a) the par values, dimensions, weight, material, appearance and other attributes of banknotes and coins and the manner of their issuance into circulation;
- b) the manner of terminating the validity of banknotes and coins and the manner and period of their exchange for other banknotes and coins.

PART FIVE
Instruments of monetary control of the Czech National Bank

Article 23

The Czech National Bank shall set the interest rates, structures, maturities and other terms and conditions for the transactions it performs pursuant to this Act and special legislative acts.¹⁾

Article 24

Cancelled

Article 25

- (1) The Czech National Bank may require banks, foreign bank branches and credit unions to hold a prescribed part of their funds on accounts with the Czech National Bank (hereinafter referred to as “required minimum reserves”).
- (2) The required minimum reserves may not exceed 30 per cent of the total liabilities of an institution required to hold reserves pursuant to paragraph 1, net of its liabilities owed to other such institutions.

Article 26

- (1) Where a bank, a foreign bank branch or a credit union fails to maintain the required minimum reserves, the Czech National Bank may charge it interest at double the effective Lombard rate on the amount of the required minimum reserves which the bank fails to provide.
- (2) When increasing the reserve requirement, the Czech National Bank shall set a deadline by which institutions subject to the requirement under Article 25 have to achieve the new level.

Article 26a

The Czech National Bank shall set rules for the fulfilment of the requirements laid down in Articles 25 and 26 in a provision promulgated in the Bulletin of the Czech National Bank.

PART SIX
Transactions of the Czech National Bank
Transactions with Banks

Article 27

The Czech National Bank shall keep the accounts of banks and accept their deposits.

Article 28

The Czech National Bank may purchase from banks or sell to them:

- a) bills of exchange maturing within six months of the date of their purchase by the Czech National Bank and bearing at least two signatures, of which at least one shall be on behalf of the bank;

- b) government bonds or other securities underwritten by the Government.

Article 29

- (1) The Czech National Bank may grant to banks for a maximum of three months credits guaranteed by the securities referred to in Article 28 or by government bonds or other securities underwritten by the Government, or by stock lists of bulk goods fully insured against loss and damage, or by other assets.
- (2) In the interests of maintaining a bank's liquidity, the Czech National Bank may exceptionally provide short-term credit for a period of up to three months. When providing such credit, the Czech National Bank shall require adequate collateral.

Article 29a

Transactions conducted by the Czech National Bank pursuant to Part Six with banks may also be conducted with foreign bank branches and credit unions in a similar manner.

Transactions with the Czech Republic

Article 30

- (1) The Czech National Bank shall keep accounts pursuant to the Act on Budgetary Rules and on the Amendment of Some Related Acts.
- (2) The Czech National Bank may not provide returnable funds or any other financial support to the Czech Republic or its bodies, or to regional authorities, bodies governed by public law or legal entities under the control of the state, a regional authority or a body governed by public law, with the exception of banks, not even through the purchase of debt securities from such entities where such entities are the issuers thereof. Moreover, it may not carry on transactions with such entities that might give rise to a Czech National Bank claim against such entities.

Article 31

- (1) The Czech National Bank shall offer government bonds for sale pursuant to a legislative act governing the issuance of bonds³⁾ and by agreement with the Ministry of Finance may perform on its behalf and for an agreed remuneration activities relating to the management, redemption and transfer of government bonds, the payment of interest on such bonds and other activities as required.
- (2) The Czech National Bank shall be authorised to keep a record of the securities issued by the Czech Republic and maturing within one year, a record of the securities issued by the Czech National Bank (Article 33) and a record of bonds maturing within one year, and shall be authorised to operate a settlement system for these investment instruments.

Article 31a

Pursuant to a special legal rule governing budgetary rules^{3a)}, the Czech National Bank may, upon the request of the Ministry of Finance, deal in investment instruments^{3b)}. This shall be without prejudice to the provision of Article 31(1).

Other transactions of the Czech National Bank

Article 32

Save as otherwise provided in this Act, the Czech National Bank may purchase and sell securities in order to regulate the money market.

Article 33

The Czech National Bank may issue, and trade in, short-term securities maturing within six months.

Article 34

- (1) The Czech National Bank may, under terms and conditions customary in the banking sector, keep the accounts of its staff and provide other banking services to them. It may also keep accounts and provide banking services for legal entities. The Czech National Bank shall publish a list of these legal entities in its annual financial report.
- (2) A special legislative act⁴⁾ shall apply *mutatis mutandis* to the carrying-on of the activities referred to in paragraph 1.

PART SEVEN

Powers of the Czech National Bank in respect of foreign exchange management

Article 35

The Czech National Bank shall:

- a) after discussion with the Government stipulate the exchange rate regime of the Czech currency vis-à-vis foreign currencies, with the proviso that the primary objective of the Czech National Bank must not be jeopardised;
- b) declare the exchange rate of the Czech currency vis-à-vis foreign currencies;
- c) set the price of gold in the banking operations of the Czech National Bank;
- d) hold, manage and dispose of monetary reserves in gold and foreign exchange.

Article 36

The Czech National Bank shall:

- a) trade in gold and foreign exchange assets and conduct all types of banking transactions with domestic and foreign banks as well as credit unions and payments with other countries;
- b) issue securities in foreign currencies.

PART EIGHT

Other activities and powers of the Czech National Bank

Article 37

- (1) The Czech National Bank, together with the Ministry of Finance, shall prepare and submit to the Government draft legislation on the currency and the circulation of money, and draft legislation concerning the status, competence, organisation and activities of the

CNB, save for financial market supervision, the payment system and electronic money issuance.

- (2) The Czech National Bank shall co-operate with the Ministry of Finance in preparing draft legislation in the areas of the financial market, the payment system, regulation of electronic money issuance, foreign exchange management and the adoption of the single currency, the euro, in the Czech Republic.

Article 38

- (1) The Czech National Bank shall be authorised to operate payment systems. The conditions for payment system operation shall be set forth in an act governing the payment system.
- (2) The Czech National Bank shall assign a payment system code to a payment service provider which intends to use account numbers pursuant to the international standardisation rules (IBAN) for the accounts it maintains.
- (3) The Czech National Bank shall set forth by decree the rules for creating account numbers pursuant to the international standardisation rules (IBAN).
- (4) The Czech National Bank shall maintain a list of payment system codes and payment service providers to which it has assigned these codes; it shall publish the list in a manner allowing remote access.

Article 39

The Czech National Bank shall register the representative offices of foreign banks and financial institutions carrying on banking activities⁷⁾ where such offices are active within the territory of the Czech Republic. The foreign bank or financial institution shall register its representative office prior to commencing its activities. The representative office shall not transact business and shall not be incorporated in the Companies Register.

Article 40

Within the scope of its fields of competence pursuant to this Act, the Czech National Bank shall negotiate payment and other agreements with foreign banks, financial market supervisory authorities and international financial institutions.

Article 41

- (1) The Czech National Bank shall co-ordinate the development of the banking information system in the Czech Republic. For this purpose, it shall set forth the principles of the banking information system in a legal regulation.
- (2) In order to undertake its tasks, the Czech National Bank shall demand the necessary information and documents from:
 - a) banks, foreign bank branches, credit unions,
 - b) other entities subject to its supervision (Article 44),
 - c) other entities belonging to the financial institutions sector pursuant to European Union law⁸⁾ or entities which have at their disposal information necessary for the compilation of the balance of payments of the Czech Republic.

This shall be without prejudice to the right of the Czech National Bank to request information

and fulfilment of the information duty of these entities pursuant to legislative acts governing supervision of the activities of these entities by the Czech National Bank.^{8a)}

- (3) The Czech National Bank shall set forth in a provision promulgated in the Bulletin of the Czech National Bank the content, form, dates and manner of submission of the information and documents required from the persons specified in paragraph 2(a), and the organisational and communicational terms and conditions for submitting them to the Czech National Bank.
- (4) The Czech National Bank shall set forth in a decree the group of entities referred to in paragraph 2(b) and (c), and the content, form, dates and manner of compilation and submission of the information and documents required from these entities.
- (5) If the submitted information and documents do not comply with the requirements set pursuant to paragraph 3, or if reasonable doubts arise about the correctness or completeness of the information and documents submitted, the Czech National Bank shall be entitled to request relevant details or an explanation.
- (6) The Czech National Bank may provide to the Czech Statistical Office for statistical purposes individual data which it has acquired for the performance of its tasks where such provision is necessary for the fulfilment of the obligations arising from an international treaty which is binding on the Czech Republic.

Article 42

The Czech National Bank shall be entitled to engage in commercial and investment activities insofar as is necessary to provide for its own operations.

Article 43

The issuance of securities by the Czech National Bank, the trading in securities and other investment instruments, their registration and the operation of a settlement system for them, as performed by the Czech National Bank, shall not be subject to licensing or supervision under special legal rules⁹⁾.

PART NINE Supervision

Article 44

- (1) The Czech National Bank shall perform supervision of:
 - a) banks, foreign bank branches, credit unions, electronic money institutions, branches of foreign electronic money institutions, small-scale electronic money issuers, payment institutions and small-scale payment service providers, and of the sound operation of the banking system;
 - b) investment firms, securities issuers, the central depository, other entities keeping a register of investment instruments, investment companies, investment funds, settlement system operators, organisers of investment instrument markets and other persons specified in special legal rules governing capital market undertakings;
 - c) insurance corporations, reinsurance corporations, pension funds and other entities active in insurance and private pension schemes pursuant to legislative acts governing insurance, the activities of insurance intermediaries and private pension schemes^{9c)};

- d) entities handling domestic banknotes and domestic coins pursuant to a legislative act governing the circulation of banknotes and coins;
 - e) the safe, sound and efficient operation of payment systems pursuant to a legislative act governing the payment system^{9d)};
 - f) the activities of other entities that have a licence or registration pursuant to special legal rules^{9e)}.
- (2) Supervision shall include:
- a) decisions on licence, permit and registration applications and prior approvals pursuant to special legal rules;
 - b) inspection of adherence to the conditions stipulated in licences and permits;
 - c) inspection of adherence to laws and directly applicable EU regulations, insofar as the Czech National Bank has the power to conduct such inspections under this Act or special legal rules, and inspection of adherence to the decrees and provisions issued by the Czech National Bank;
 - d) collection of the information needed to perform supervision pursuant to special legal rules and its enforcement, and verification of whether it is true, complete and up-to-date;
 - e) the imposition of remedial measures and penalties pursuant to this Act or a special legal rule;
 - f) proceedings regarding administrative offences.
- (3) The Czech National Bank shall also perform supervision of the entities specified in paragraph 1 on a consolidated or group basis as well as supplementary supervision of such entities in financial conglomerates to the extent set forth in legislative acts governing financial conglomerates, the activities of banks and insurance activities^{9f)}.

Article 44a

- (1) The Czech National Bank shall perform supervision of compliance with the obligations set out in the Civil Code as regards the remote conclusion of financial services agreements, supervision of observance of the prohibition of unfair business practices^{9k)} and supervision of compliance with the obligations as regards the conclusion of consumer credit agreements^{9m)} by persons referred to in Article 44(1) in the performance of the activities pursued by these persons under authorisation, licence or registration obtained from the Czech National Bank. In performing supervision, the Czech National Bank shall be entitled to require any necessary information and documents from these persons.
- (2) In the case of cross-border co-operation, the Czech National Bank shall perform supervision under paragraph 1, proceeding in accordance with the relevant legal rule of the European Union^{9h)}.
- (3) If the Czech National Bank detects an infringement of an obligation or reasonably suspects that the collective interests of consumers⁹ⁱ⁾ may be infringed by a person supervised under paragraph 1 which has committed unlawful conduct in a Member State of the European Union or another state of the European Economic Area, it shall prohibit that person from carrying on the unlawful conduct.

Article 44b

- (1) For the discharge of the responsibilities laid down in Part Nine hereof, the Ministry of the Interior or the Police of the Czech Republic shall provide the Czech National Bank with
 - a) reference data from the basic population register,

- b) data from the population registration information system,
 - c) data from the foreign nationals information system.
- (2) The data provided pursuant to paragraph (1)(a) shall comprise
- a) surname,
 - b) first name(s),
 - c) date, place and district of birth, or for a data entity born abroad, date, place and country of birth,
 - d) address of residence,
 - e) citizenship(s).
- (3) The data provided pursuant to paragraph (1)(b) shall comprise
- a) first name(s), surname, maiden name,
 - b) date, place and district of birth, or for a citizen born abroad, place and country of birth,
 - c) sex,
 - d) birth certificate number,
 - e) address of permanent residence,
 - f) citizenship(s).
- (4) The data provided pursuant to paragraph (1)(c) shall comprise
- a) first name(s), surname, maiden name,
 - b) date of birth,
 - c) citizenship(s),
 - d) type and address of residence,
 - e) start (end) of residence.
- (5) Of the data provided, only such data as is necessary to perform the particular task may be used in a particular case.
- (6) Data kept as reference data in the basic population register shall be used from the population registration information system or the foreign nationals information system only if they are in a form preceding the current situation.
- (7) In order to prove integrity or credibility by the Czech National Bank, the Czech National Bank shall require an extract from the Criminal Register pursuant to a special legal rule or, in cases stipulated by a special legal rule, a copy from the Criminal Register. The application for an extract or copy from the Criminal Register and the extract or copy from the Criminal Register shall be submitted in electronic form in a manner allowing remote access. In order to prove integrity or credibility in cases stipulated by a special legal rule, the Czech National Bank shall also be entitled to require the birth certificate number from persons whose integrity or credibility is being assessed.
- (8) For the purpose of accessing the register referred to in (1)(a) in cases stipulated by a special legal rule, the Czech National Bank shall be entitled to require the identity card number or a similar identification card number from entities being registered pursuant to special legal rules.

Article 45

- (1) In the performance of supervision and supplementary supervision of banks and other entities in financial conglomerates to the extent set forth in a special legal rule⁹¹⁾ by way of on-site inspection, the relations between the Czech National Bank and the supervised entities shall follow the basic rules of inspection as set forth in a special legislative act¹⁰⁾ for state administrative bodies, with the exception of the provisions on co-operation in the area of inspection.¹¹⁾

- (2) An employee of the Czech National Bank may not perform supervision in the form of an onsite inspection if he or she is a person close^{11a)} to the supervised entity or to an entity which has a position in the supervised entity that enables it to influence the activity of the employee.

Article 45a Financial Market Committee

- (1) A Financial Market Committee (hereinafter the “Committee”) shall be established as a advisory body to the Bank Board for the area of financial market supervision.
- (2) The Committee shall consist of seven members:
 - a) a Chairman, a Vice-Chairman and another member of the Committee, elected by the Budget Committee of the Chamber of Deputies at the proposal of professional organisations or interest groups of financial market participants and after the Czech National Bank and the Ministry of Finance have issued their opinions on the proposed persons; these members of the Committee must be credible and recognised financial market experts;
 - b) a Bank Board member appointed and dismissed by the Bank Board;
 - c) two senior officers of the Ministry of Finance appointed and dismissed by the Minister of Finance;
 - d) the Financial Arbiter.
- (3) The term of office of a member of the Committee who is elected by the Budget Committee of the Chamber of Deputies shall be three years. The member may be re-elected. The Budget Committee shall be obliged to elect a member no later than three months following the expiration of the term of office, death, resignation or dismissal of a previous member of the Committee by the Budget Committee due to loss of credibility.
- (4) The members of the Committee shall perform their duties impartially and without compensation.

Article 45b

- (1) The Committee shall meet regularly at least twice a year.
- (2) The meetings of the Committee shall be chaired by the Chairman (or the Vice-Chairman in the Chairman’s absence).
- (3) The Governor of the Czech National Bank and the Minister of Finance shall be entitled to attend the meetings of the Committee.
- (4) The Committee shall adopt rules of procedure specifying detailed rules for its meetings.
- (5) A Czech National Bank employee approved by the Bank Board shall be the Secretary of the Committee.

Article 45c

- (1) The Committee shall monitor and discuss:
 - a) general frameworks, strategies and approaches to financial market supervision;
 - b) significant new trends on the financial market and in the supervision or regulation thereof;
 - c) systemic national and international issues regarding the financial market and the performance of supervision thereof.

- (2) The Committee shall be entitled to submit to the Bank Board opinions and recommendations in the areas specified in paragraph 1. In such cases, the Chairman (or Vice-Chairman in the Chairman's absence) shall be entitled to participate in the discussion of the Committee's opinion or recommendation in the Bank Board. The Committee shall also be entitled to submit similar opinions and recommendations to the Ministry of Finance.
- (3) The Czech National Bank shall inform the Committee at least twice a year of its main financial market supervisory activities in the past period, including decisions made. It shall also do so at the request of the Committee. The Ministry of Finance and the Financial Arbiter shall be subject to the same information duty at the request of the Committee.

Article 45d

Report on the performance of financial market supervision

- (1) The Czech National Bank shall each year compile and submit for information to the Chamber of Deputies, the Senate and the Government a report on the performance of financial market supervision. This report shall be submitted by 30 June of the following year.
- (2) Before the report on the performance of financial market supervision is submitted, its content shall be discussed by the Committee, which shall be entitled to append its opinion to the report.

Article 46

Cancelled

Article 46a

Administrative offences in business and trading on the money market

- (1) A legal entity that is not a bank, or a natural person carrying on business activities, shall be deemed to have committed an administrative offence if it breaches a prudential rule or the conditions for trading on the money market stipulated in Article 24(b).
- (2) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1.

Article 46b

Administrative offences in the fulfilment of the information duty

- (1) A legal entity or a natural person carrying on business activities as specified in Article 41(2), shall be deemed to have committed an administrative offence if it breaches the duty to submit the information or documents referred to in Articles 41 and 44a(1), or if it repeatedly submits incomplete or incorrect information or documents.
- (2) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1.

Article 46c

- (1) A legal person shall be deemed to have committed an administrative offence if it produces, imports, offers, sells or otherwise distributes in contravention of Article

- 16a(1) medals, tokens or similar items that may be mistaken for coins or commemorative coins issued by the Czech National Bank.
- (2) A legal person shall be deemed to have committed an administrative offence if it uses the word coin in contravention of Article 16a(2) when referring to or describing a medal, token or similar item in connection with the offer, sale or distribution thereof.
 - (3) A natural person shall be deemed to have committed an offence if it produces, imports, offers, sells or otherwise distributes in contravention of Article 16a(1) medals, tokens or similar items that may be mistaken for coins or commemorative coins issued by the Czech National Bank.
 - (4) A natural person shall be deemed to have committed an offence if it uses the word coin in contravention of Article 16a(2) when referring to or describing a medal, token or similar item in connection with the offer, sale or distribution thereof.
 - (5) A fine of up to CZK 10,000,000 shall be imposed for an administrative offence under paragraph 1 or 2.
 - (6) A fine of up to CZK 1,000,000 may be imposed for an offence under paragraph 3 or 4.

Article 46f

Joint provisions on administrative offences

- (1) A legal entity shall not be liable for an administrative offence if it proves that it made every effort that could possibly have been required to prevent the breach of its legal duty.
- (2) The gravity of the administrative offence, particularly the manner in which it was committed and its consequences and circumstances, shall be taken into account in determining the amount of the fine to be imposed on a legal entity.
- (3) A legal entity shall cease to be liable for an administrative offence if the Czech National Bank fails to open administrative proceedings on the offence within one year of the day the offence came to its knowledge, but no later than five years from the day the offence was committed.
- (4) Administrative offences under Articles 46a to 46e shall be heard by the Czech National Bank.
- (5) The Bank Board shall rule on appeals against decisions on administrative offences.
- (6) The provisions of this Act regarding the liability of, and sanctions against, legal entities shall apply to liability for conduct arising from or directly related to the business activity of a natural person^{11b}.
- (7) Revenue from fines imposed shall constitute a state budget revenue.

PART TEN

Financial Management of the Czech National Bank

Article 47

- (1) The Czech National Bank shall manage its finances in compliance with a budget broken down so as to show clearly the operating and investment expenditure of the Czech National Bank.
- (2) The Czech National Bank shall defray the necessary costs of its operations from its income. The profit it generates shall be used to replenish its reserve fund and other funds created from profits and for other purposes in the budgeted amount. It shall transfer the remaining profit to the state budget.
- (3) Within three months of the end of the calendar year, the Czech National Bank shall submit its annual financial report to the Chamber of Deputies for review. This report

shall include information on the salaries of the members of the Bank Board of the Czech National Bank.

- (4) The Chamber of Deputies may either:
 - a) approve,
 - b) acknowledge, or
 - c) rejectthe financial report of the Czech National Bank.
- (5) If the Chamber of Deputies rejects the financial report of the Czech National Bank, the Czech National Bank shall within six weeks submit a revised report that complies with the requirements of the Chamber of Deputies.

Article 48

- (1) The Czech National Bank shall keep accounts in accordance with a special legal rule.^{12a)}
- (2) The annual accounts of the Czech National Bank shall be audited by one or more auditors appointed by agreement between the Bank Board and the Minister of Finance.
- (3) As soon as the annual accounts are approved and audited, the Bank Board shall submit them to the Chamber of Deputies and publish them.
- (4) The Czech National Bank shall publish an annual report containing basic information on monetary development.
- (5) The Czech National Bank shall produce and publish every ten days a report on its financial position.

PART ELEVEN General provisions

Article 49

All banking operations of the Czech National Bank, including balances on the accounts it keeps, shall be subject to banking secrecy.

Article 49a

- (1) Administrative fees for acts by the Czech National Bank pursuant to a special legal rule^{12b)} shall constitute income to the Czech National Bank.
- (2) The reimbursement of the costs of administrative proceedings conducted by the Czech National Bank under this Act or any other act shall be collected by the Czech National Bank. The reimbursement of these costs shall constitute income to the Czech National Bank. The reimbursement of the costs of administrative proceedings conducted by the Czech National Bank shall be regarded as public budget funds for the purposes of administration of the payment thereof.^{12c)}

Article 49b

- (1) Within the limits of the law, the Czech National Bank shall issue provisions of the Czech National Bank (hereinafter referred to as “provisions”) where it is authorised to do so by law. These provisions shall be binding on banks, foreign bank branches and credit unions.
- (2) Each provision shall be signed by the Governor of the Czech National Bank.

- (3) Each provision shall enter into force on the date of its promulgation in the Bulletin of the Czech National Bank (hereinafter referred to as the "Bulletin").
- (4) Each provision shall take effect on the date stipulated therein. However, the earliest it can take effect is on the date of its promulgation in the Bulletin, namely the date of issue of the relevant Volume of the Bulletin.
- (5) The provisions shall be marked in the Bulletin with serial numbers, with the series terminating at the end of each calendar year.
- (6) The Czech National Bank shall issue official information documents of the Czech National Bank, in which it shall provide information, for example, on the Bank Board's interest rate decisions, interpretative opinions of the Czech National Bank, the conditions for the transactions of the Czech National Bank and facts important to persons operating on the financial market. The official information documents shall be signed by a Bank Board member and issued in the Bulletin.
- (7) The Bulletin shall be issued in sequentially numbered Volumes marked with serial numbers, with the series terminating at the end of each calendar year.
- (8) The Czech National Bank shall publish a copy of the Bulletin in a manner enabling remote access. However, this copy shall not be deemed the Bulletin under paragraph 3 and it shall not be possible to refer to its wording in administrative or other proceedings.

Article 50

- (1) The staff of the Czech National Bank shall maintain confidentiality in the performance of their duties. This obligation shall remain in effect even after the termination of their employment or any similar relation to the Czech National Bank. The obligation of confidentiality in matters encountered in the performance of their duties shall also apply to the members of advisory bodies and to auditors.
- (2) The staff of the Czech National Bank and the members of advisory bodies may be exempted from this obligation by the Governor on the grounds of the public interest.
- (3) The staff of the Czech National Bank may not engage in entrepreneurial activities, participate in the entrepreneurial activities of other persons or hold offices in the statutory or other bodies of any corporation without the prior approval of the Bank Board. This provision shall not apply to the management of own assets and scientific, literary, journalistic, artistic and pedagogical activities. In all these activities, the staff of the Czech National Bank shall be obliged to prevent any conflict of interest or abuse of information acquired while performing their duties in the Czech National Bank.
- (4) The staff of the Czech National Bank shall be obliged to follow the principles of professional ethics set forth in the Code of Ethics of the Czech National Bank, which shall be approved by the Bank Board.

PART TWELVE

Transitional and final provisions

Article 51

The Czech National Bank shall be established by the division of the State Bank of Czechoslovakia.¹³⁾

Article 52

A limit of seven per cent of the revenues of the state budget in the previous year shall be set

exceptionally for 1993 for the total stock of credits granted to the Czech Republic pursuant to Article 30(2).

Article 53

The rights and duties arising from the employment relations of the State Bank of Czechoslovakia with staff working within the territory of the Czech Republic shall be transferred to the Czech National Bank.

Article 54

The property of the State Bank of Czechoslovakia shall be transferred to the Czech National Bank to the extent set forth in a special legislative act.¹⁴⁾

Article 55

- (1) Where the State Bank of Czechoslovakia is named in legal regulations issued prior to the date this Act takes effect and accepted into the legal order of the Czech Republic and in provisions, this shall be taken to mean the Czech National Bank as from the date this Act takes effect.
- (2) Provisions issued by the State Bank of Czechoslovakia in force as of the date this Act takes effect shall be deemed provisions issued by the Czech National Bank.
- (3) Legal acts performed by the State Bank of Czechoslovakia vis-à-vis persons having their registered address or permanent residence within the territory of the Czech Republic shall be deemed, as from the date this Act takes effect, legal acts performed by the Czech National Bank.

Article 56

Cancelled

Article 57

Accounts kept by the State Bank of Czechoslovakia within the territory of the Czech Republic as of the date of dissolution of the State Bank of Czechoslovakia shall be deemed accounts kept by the Czech National Bank in compliance with this Act.

Article 58

- (1) The present senior officers of the State Bank of Czechoslovakia appointed to their posts by the President of the Czech and Slovak Federal Republic from among the citizens of the Czech Republic pursuant to Article 6 of Act No. 22/1992 Coll., on the State Bank of Czechoslovakia, shall perform their duties as members of the Bank Board of the Czech National Bank until the day the members of the Bank Board of the Czech National Bank are appointed pursuant to Article 6(2) and (3).
- (2) The Bank Board may allow a derogation from the provisions of Article 6(5) for 1993.

Article 59

The Budgetary Rules of the Republic^{3a)} shall apply to the Czech National Bank, with the

exception of the provisions governing the duties of the central bodies of the state administration and those governing the inspection of budgetary financial management.

Article 60

Act No. 22/1992 Coll., on the State Bank of Czechoslovakia, is hereby repealed.

Article 60a

Article 61

This Act shall take effect on 1 January 1993.

The position and competence of the Czech National Bank within the European Community, or the European Union, and in the European System of Central Banks is further regulated by Article II of Act No. 442/2000 Coll. (as amended by Article IV of Act No. 127/2002 Coll.)

Section II of Act No. 442/2000 Coll.

1. From the date the Treaty of Accession of the Czech Republic to the European Union enters into force:
 - a) the Czech National Bank shall, without prejudice to its primary objective, support the general economic policies in the European Community with a view to contributing to the achievement of the objectives of the European Community;
 - (b) the Czech National Bank shall be a part of the European System of Central Banks in accordance with the Treaty establishing the European Community and in accordance with the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (hereinafter referred to as the “Statute”) and shall observe the provisions of the Statute to the extent of the requirements for Member States of the European Union that have not yet introduced the euro as their national currency. In performing the tasks ensuing from this position, the Czech National Bank shall act in accordance with the legal acts of the European Central Bank;
 - (c) when exercising the powers and carrying out the tasks and duties conferred upon them by this Act, the Treaty establishing the European Community and the Statute, neither the Czech National Bank, nor any member of its Bank Board shall seek or take instructions from European Community institutions or bodies, from any government of a Member State of the European Union or from any other body;
 - (d) the Czech National Bank may not provide returnable funds or any other financial support to the European Community or its institutions or bodies, or to Member States of the European Union, or to regional authorities, other bodies governed by public law or legal entities under the control of any of the Member States of the European Union, a regional authority thereof or a body governed by public law.
2. The prohibition referred to in paragraph 1(d) shall not apply to banks and other credit institutions owned by the entities referred to in paragraph 1(d), which, in the context of the provision of funds, shall be given the same treatment by the Czech National Bank as private credit institutions.

Provisions of the Czech National Bank

Section II of Act No. 127/2002 Coll.

Provisions issued after the date this Act takes effect may also cancel the provisions of the Czech National Bank promulgated prior to the date this Act takes effect in the Collection of Laws of the Czech Republic pursuant to Act No. 545/1992 Coll., on the Collection of Laws of the Czech Republic or pursuant to Act No. 309/1999 Coll. on the Collection of Laws and the Collection of International Agreements, by the promulgation of their complete wording.

1) e.g. Act No. 21/1992 Coll., on Banks, as amended, and Act No. 219/1995 Coll., the Foreign Exchange Act.

1a) Article 18b of Act No. 124/2002 Coll., on Transfers of Funds, Electronic Payment Instruments and Payment Systems (the Payment Systems Act), as amended by Act No. 257/2004 Coll.

1c) Article 52(2) of Act No. 90/1995 Coll., on the Standing Orders of the Chamber of Deputies.

3) Articles 25 and 26 of Act No. 190/2004 Coll., on Bonds, as amended by Act No. 56/2006 Coll.

3a) Act No. 218/2000 Coll., on Budgetary Rules and on Amendment of Some Related Acts (The Budgetary Rules), as amended.

3b) Act No. 256/2004 Coll., on Capital Market Undertakings.

4) Act No. 21/1992 Coll.

6a) Act No. 591/1992 Coll., on Securities, as amended.

7) Article 1(3) of Act No. 21/1992 Coll.

8) Council Regulation (EC) No. 2223/96 of 25 June 1996, on the European system of national and regional accounts in the Community.

8a) e.g. Act No. 21/1992 Coll., as amended, Act No. 256/2004 Coll., as amended, Act No. 189/2004 Coll., on Collective Investment, as amended, Act No. 87/1995 Coll., as amended, Act No. 277/2009 Coll., on Insurance, Act No. 42/1994 Coll., on Supplementary Pension Insurance with State Contribution, as amended.

9) Act No. 15/1998 Coll., as amended. Act No. 256/2004 Coll., as amended.

Act No. 256/2004 Coll. as amended.

9c) Act No. 277/2009 Coll.

Act No. 42/1994 Coll., as amended.

Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters and on the Amendment of the Trades Licensing Act (Act on Insurance Intermediaries and Independent Loss Adjusters), as amended.

9d) Act No. 284/2009 Coll., the Payment System Act, as amended by Act No. 156/2010 Coll.

9e) Act No. 219/1995 Coll., the Foreign Exchange Act, as amended.

9f) Act No. 377/2005, on Supplementary Supervision of Banks, Credit Unions, Electronic Money Institutions, Insurance Corporations and Securities Dealers in Financial Conglomerates and on the Amendment of Certain Other Acts (Act on Financial Conglomerates).

Act No. 21/1992 Coll., as amended.

Act No. 277/2009 Coll.

9h) Regulation (EC) No. 2006/2004 of the European Parliament and of the Council of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (the Regulation on consumer protection cooperation).

9i) Article 3(k) of the Regulation on consumer protection cooperation.

9j) Act No. 269/1994 Coll., on the Criminal Register, as amended.

18) Article 2a(13) of Act No. 87/1995 Coll., Article 4(7) of Act No. 21/1992 Coll.

9l) Act No. 377/2005, on Supplementary Supervision of Banks, Credit Unions, Electronic Money Institutions, Insurance Corporations and Securities Dealers in Financial Conglomerates and on the Amendment of Certain Other Acts (Act on Financial Conglomerates).

9k) Articles 4 to 5a, Article 6 and Article 12 of Act No. 634/1992 Coll., on Consumer Protection, as amended by Act No. 36/2008 Coll.

9m) Act No. 145/2010 Coll., on Consumer Credit and on the Amendment of Certain Other Acts.

10) Part Three of Act of the Czech National Council No. 552/1991 Coll., on State Inspection.

11) Articles 21 to 23 of Act No. 552/1991 Coll.

11a) Article 116 of the Civil Code.

11b) Council Regulation (EC) No. 2182/2004 concerning medals and tokens similar to euro coins. Council Regulation (EC) No. 2183/2004 extending to the non-participating Member States the application of Regulation (EC) No. 2182/2004 concerning medals and tokens similar to euro coins.

11c) Council Regulation (EC) No 1338/2001 laying down measures necessary for the protection

of the euro against counterfeiting and Council Regulation (EC) No 1339/2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency.

11d) Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro, OJ L 344, 28.12.2001, p. 13-16.

11e) Articles 4 and 6 of Regulation No 2560/2001.

11f) Article 2(2) of the Commercial Code.

12a) Act No. 563/1991 Coll., on Accounting, as amended.

12b) Act No. 634/2004 Coll., on Administrative Fees, as amended.

12c) Article 2(2) of Act No. 280/2009 Coll., Tax Procedure Code.

13) Article 14 of Constitutional Act No. 143/1968 Coll., on the Czechoslovak Federation, as amended.

14) Constitutional Act No. 541/1992, on the Division of the Property of the Czech and Slovak Federal Republic between the Czech Republic and the Slovak Republic and on its Transfer to the Czech Republic and the Slovak Republic.

17) Article 1 of Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

18) Regulation (EU) No. 1092/2010 of the European Parliament and of the Council.

19) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC.

Regulation (EU) No. 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/79/EC.

Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/77/EC.