

# THE LAW OF THE REPUBLIC OF BELARUS

## of December 14, 1990

"ON THE NATIONAL BANK OF THE REPUBLIC OF BELARUS"

The present law defines functions and objectives of the National Bank in a finance and credit system of the Republic of Belarus, creates a legal basis for its functioning.

### SECTION 1. GENERAL PROVISIONS

Article 1. The National Bank of the Republic of Belarus shall be the central bank of the Republic of Belarus. It shall be a property of the Republic and accountable to the Supreme Soviet of the Republic of Belarus. It shall function exclusively in the interests of the Republic of Belarus.

Article 2. The main objectives of the National Bank of the Republic of Belarus shall be to regulate monetary circulation, coordinate credit and monetary activities, as well as support and develop credit institutions in accordance with the state policy of the Republic of Belarus towards an effective realization of the economic potential of the Republic.

Article 3. The National Bank of the Republic of Belarus shall be legal person having its own Charter adopted by the Supreme Soviet of the Republic of Belarus, and its own seal with the National Emblem of the Republic of Belarus and the inscription "The National Bank of the Republic of Belarus" imprinted on it.

Article 4. The National Bank of the Republic of Belarus shall be independent in its activities within the competence granted to it by the present Law and other laws of the Republic of Belarus, decrees of the Supreme Soviet of the Republic of Belarus and its Charter. The State bodies shall have no right to interfere into the activities of the National Bank conducted within its competence. The National Bank of the Republic of Belarus shall be entitled to a legislative initiative in the Supreme Soviet of the Republic of Belarus.

Article 5. The National Bank of the Republic of Belarus and the Government of the Republic of Belarus shall make up an annual draft of basic guidelines for the monetary and credit policy for the forthcoming year and submit it to the Supreme Soviet of the Republic of Belarus, as well as a report on this policy's implementation in the previous year.

Article 6. The National Bank of the Republic of Belarus shall not be liable for commitments of the Government of the Republic of Belarus, nor shall the Government of the Republic of Belarus be liable for commitments of the National Bank of the Republic of Belarus except for the cases provided for by the legislation or when the Bank assumes such liability. The National Bank shall be prohibited to make loans to the Belarusian Ministry of Finance and local authorities to finance the budget deficit.

Article 7. The National Bank of the Republic of Belarus shall have an ownership capital, a reserve and other funds serving as a security against its liabilities, shall establish other funds for various purposes. Types and amounts of these funds, as well as the procedure for their establishment and use shall be regulated by the Charter of the National Bank of the Republic of Belarus.

Article 8. The National Bank of the Republic of Belarus within its authorized competence, shall issue standard acts and other instructions binding for all commercial banks and other credit

institutions (hereinafter referred to as "commercial banks") functioning on the territory of the Republic of Belarus.

Article 9. The National Bank shall be managed by the Board composed of the Chairman, his deputies and members. The Belarusian Supreme Soviet on presentation of the Chairman of the Supreme Soviet of the Republic of Belarus shall appoint the Chairman of the Board of the National Bank of the Republic of Belarus for a term of six years. The Chairman of the Board of the National Bank shall attend meetings of the Council of Ministers with the consultative vote. The Presidium of the Supreme Soviet on presentation of the Chairman of the Board of the National Bank shall appoint deputies to the Chairman and members of the Board of the National Bank.

Article 10. The employees of the National Bank must not have a part-time or contractual employment with commercial organizations. The employees of the National Bank can obtain credits from this Bank only. The employees of the National Bank must not reveal any official information obtained while fulfilling official duties.

Article 11. The National Bank shall represent an integral centralized system consisting of a central body and affiliated institutions, as well as enterprises and organizations.

Article 12. The National Bank and its affiliated institutions shall gain their profits exclusively from banking activities and must not have shareholding interests in commercial banks and enterprises excluding the Vnesheconombank and banks abroad. The National Bank shall incur its expenses for account of its profits. The National Bank and its institutions shall be exempted from all kinds of taxes, charges and duties (including customs and stamp ones). The Supreme Soviet on presentation of the National Bank shall annually approve its profits distribution.

Article 13. By order of a commission of the Supreme Soviet the activity of the National Bank and its institutions shall be annually revised by an auditing organization.

Article 14. The National Bank shall annually report to the Supreme Soviet on its activity, balance and overall balance of the banking system of the Republic. After the approval by the Supreme Soviet the balance of the National Bank and the overall balance of the banking system of the shall be published in the press.

Article 15. The National Bank shall set the volume of accounting and statistic reports to be submitted by commercial banks and needed by the Bank to fulfil its control functions. The information obtained for the purpose of the banking control shall be considered confidential. The National Bank shall not interfere into operational activities of commercial banks.

Article 16. The main functions of the National Bank are: to regulate monetary and credit activities; to organize interbank accounts and cash services for commercial banks; to organize together with the Ministry of Finance the cash performance of the State budget through commercial banks; to register commercial banks and to control their compliance with the established obligatory rules, the application of the banking legislation and the standard acts issued by the National Bank; to control affiliated and representation offices of foreign banks being established on the Republic's territory; to regulate foreign economic banking activities; to regulate the credit market; to provide for a uniform arrangement of book-keeping and accounting in the banking system of the Republic.

## SECTION 2. MONETARY AND CREDIT REGULATION

Article 17. The National Bank shall have an exclusive right of emission and withdrawal from circulation of money in cash on the Republic's territory. The National Bank shall regulate a non-cash emission of money in the process of control over deposit and loans operations. It shall be prohibited to use the cash and non-cash emission of money to finance the State budget deficit.

Article 18. The emission of money in cash shall be made according to the procedure established by the National Bank.

Article 19. The National Bank shall regulate the amount of money in circulation according to the main directions of the monetary and credit policy of the Republic of Belarus for a given year by means of: - establishing obligatory economic standards for commercial banks; - changing interest rates of the National Bank on its credit; - changing the volume of credits provided to commercial banks; - purchasing and selling bonds and foreign currency; - refinancing banks by providing them with short-term credits; - making transactions with Government bonds on the open market.

Article 20. The National Bank shall establish the following economic standards for commercial banks: - a minimum amount of the ownership capital; - a limit ratio between the amount of proper funds of a bank and the amount of its assets; - indices of the balance liquidity; - an amount of legal reserves placed with the National Bank; - a maximum risk per one debtor; - a limit to currency and exchange rate risks. The National Bank shall define the procedure of forming up compulsory insurance and reserve funds of a bank to compensate for potential losses of legal persons. The said funds shall be formed up with profits of corresponding banks. To stabilize the situation at the credit resources market the National Bank is entitled to set a limit to interest rates on deposits and credits of commercial banks.

Article 21. The National Bank shall participate in governing the foreign exchange reserve of the USSR (including the gold and diamond reserves), setting up the official exchange rate of the rouble for other currencies, regulating the market rate of the rouble.

### SECTION 3. TRANSACTIONS OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS

Article 22. The National Bank may be entitled to performing the following operations: to give short-term credits without backing for a period not exceeding 6 month to the Government of the Republic of Belarus and local authorities; to give short-term credits against backing to commercial banks; to rediscount bills and other monetary obligations. The bills should have a commodity origin (for a term not less than 6 month) and acceptance by the first class banks put on a special list by the National Bank of the Republic of Belarus; to purchase and sell gold, other valuables, metals in ingots, nuggets and other forms at their own expense and by order, as well as foreign exchange; to purchase and sell at the market Government bonds within the framework of the monetary and credit regulation; to cash and deposit currency notes; to accept valuables for deposit; to make transfers and other operations for settling accounts; to issue guarantees and vouchers; to bring in credits and to issue bonds abroad; to give credits to its employees; to perform other operations provided by laws.

### SECTION 4. ESTABLISHMENT AND LIQUIDATION OF COMMERCIAL BANKS

Article 23. The National Bank of the Republic of Belarus shall register commercial banks being established on a joint stock or sharing basis with the consent of local Soviets of People's Deputies. To get authorization the founders shall submit an application with a feasibility study and information on qualifications of senior officials of the commercial bank as well as the bank charter. Furthermore, if a state commercial bank is being established, the executive and managing body of state authority shall submit a copy of its decision to establish the bank; if a joint bank with participation of a foreign founder is being established a corresponding foreign founder and a control body shall submit copies of their decision to participate in establishing a joint bank in the Republic of Belarus. The application for an authorization to perform banking activities shall be considered within 30 days. The National Bank shall also regulate the establishment of affiliated and representation offices of foreign banks in the Republic. The National Bank shall stipulate measures to prevent the creation of banking unions and associations with a view to restrict the competition in banking, to fix interest rates and commission remuneration rates.

Article 24. The National Bank shall be entitled to deny the authorization for establishing a bank in case of: inconsistency of the bank's charter and other documents with the legislation of the Republic of Belarus; instability of the financial status of the founders threatening the interests of customers and creditors of the bank (in the opinion of an auditing organization).

Article 25. The National Bank shall be entitled to order all-around or selective revision of operations of commercial banks. The revision or analysis of a commercial bank's activities shall be performed by the revision service of the National Bank or by an authorized auditing organization. In case of violation by any commercial bank of standards established by the present Law the National Bank shall set dates and other terms for eliminating the violations. In case of systematic violations of the established standards, non-compliance with instructions of the National Bank, ending the year with a negative balance or creating a situation threatening the interests of creditors of the bank, the National Bank may ask the founders (participants) of the commercial bank or an authorized State body: to take measures to improve the financial condition of the bank; to reorganize the bank; to change the management of the bank; to liquidate the bank. The National Bank, as an economic sanction, may raise the norm of compulsory reserves for commercial banks breaking the established standards, recover funds and apply penal sanctions. The National Bank shall be entitled to take a decision on a mandatory liquidation of a commercial bank in case of: a six month delay in the start of the operation of the bank since the time of its registration; violation by the bank of laws of the Republic of Belarus or the Charter while performing banking operations.

Article 26. The National Bank shall keep a book registering banks in the Republic. Newly established commercial banks, as well as affiliated offices of foreign banks shall acquire the status of a legal person from the moment of their registration. Liquidation of a bank, an affiliated or representation office of a foreign bank shall be followed by the deletion of a corresponding name from the register book. The bank's register shall be published annually as of January 1.

Article 27. The National Bank shall be entitled to declare bankrupt commercial banks failing to meet their obligations to their creditors (customers). Settlement of accounts between the bankrupt bank and its creditors shall proceed in accordance with the legislation in force.

Article 28. The decisions of the National Bank to deny an authorization or to enforce a mandatory liquidation of a commercial bank may be contested by the founders of the bank in court.

SECTION 5. RELATIONS OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS WITH INTERNATIONAL AND ALL-UNION MONETARY AND CREDIT SYSTEMS

Article 29. The National Bank in accordance with the legislature of the Republic of Belarus shall participate in international and all-Union monetary and credit systems.