

**CONSTITUTIONAL LAW**  
**OF THE KYRGYZ REPUBLIC**  
**On the National Bank of the Kyrgyz Republic**

Adopted by the Jogorku Kenesh of the Kyrgyz Republic

June 30, 2022

**Chapter 1. General Provisions**

**Article 1. Scope of this Constitutional Law**

1. This Constitutional Law shall determine the legal status, objectives and procedure for activities, functions and powers, as well as guarantees of independence of the National Bank of the Kyrgyz Republic (hereinafter referred to as the National Bank).
2. The norms contained in other legislative and regulatory legal acts, as well as relating to the scope of this Constitutional Law, shall comply with this Constitutional Law. In the event of conflicts between this Constitutional Law and other regulatory legal acts, the norms of this Constitutional Law shall apply.

**Article 2. Legal Status of the National Bank**

1. The National (Central) Bank shall be a bank of the Kyrgyz Republic (Bank of Kyrgyzstan, Kyrgyz Bank) and shall be owned by it.
2. The National Bank shall be a legal entity with an independent form of business organization - the "Central Bank of the Kyrgyz Republic", carrying out its activities in accordance with this Constitutional Law and not pursuing the goals of making a profit.
3. The location of the National Bank shall be the city of Bishkek. The National Bank shall have the right to create legal entities, branches (representative offices) and appoint its representatives in the Kyrgyz Republic and abroad.
4. The National Bank shall have a seal with the image of the State Emblem of the Kyrgyz Republic and its name.
5. The National Bank, as a legal entity, shall be liable for the full extent of its assets.
6. The National Bank shall be entitled to apply to a court to protect own, state and public interests.

**Article 3. Goal of the National Bank**

The purpose of the activity of the National Bank shall be to achieve and maintain the stability of prices through the implementation of the appropriate monetary policy.

#### **Article 4. Main Tasks of the National Bank**

The main tasks contributing to the achievement of the goal of the National Bank shall be maintaining the purchasing power of the national currency, ensuring the efficiency, safety and reliability of bank and payment systems of the Kyrgyz Republic to promote the long-term economic growth of the Republic.

#### **Article 5. Functions and Powers of the National Bank**

The National Bank shall:

- 1) Determine and conduct monetary policy;
- 2) Develop and implement a common foreign exchange policy;
- 3) Own and manage all international reserves;
- 4) Contribute to the financial stability of the Kyrgyz Republic;
- 5) Have the exclusive right to issue national banknotes of the Kyrgyz Republic and organize cash turnover;
- 6) Have the right to issue electronic money;
- 7) Issue permits, including within the framework of special regulatory regimes, in accordance with this Constitutional Law and the laws of the Kyrgyz Republic;
- 8) Regulate and supervise the banking system of the Kyrgyz Republic, including the activities of banks and banking groups;
- 9) Carry out regulation and supervision of non-banking financial and credit institutions and other legal entities supervised by the National Bank;
- 10) Supervise the payment system (oversight), promote efficient, reliable and secure functioning of the payment system of the Kyrgyz Republic;
- 11) Implement various forms and principles of bank financing, including the Principles of Islamic Banking and Finance, determine the rules for carrying out banking operations and transactions in accordance with the Sharia'h standards;
- 12) Conduct banking transactions in accordance with this Constitutional Law;
- 13) Regulate and monitor the activities of temporary administrators of persons supervised by the National Bank and liquidators of banks, as well as non-banking financial and credit institutions determined by the National Bank;
- 14) Carry out antitrust regulation of the activities of persons supervised by the National Bank;
- 15) Supervise the compliance of the legislation of the Kyrgyz Republic in the field of protection of the rights of banking and payment services' consumers by the persons supervised by the National Bank;
- 16) Exercise the right of preemptive purchase of refined precious metals and stones in accordance with the legislation of the Kyrgyz Republic, regulating the turnover of precious stones;
- 17) Produce refined bullions from precious metals;
- 18) Be a lender of last resort for banks in accordance with this Constitutional Law;

- 19) Represent the interests and acts on behalf of the Kyrgyz Republic in international organizations on monetary policy, banking and payment systems;
- 20) Draw up the balance of payments together with the state body in the field of official statistics and determine the international investment position of the Kyrgyz Republic;
- 21) Develop and issue regulatory legal acts in accordance with this Constitutional Law and the banking legislation of the Kyrgyz Republic:
- 22) Establish the service of the financial mediator, determine the legal status, procedure for the activity, formation and interaction of the financial mediator service with state and other bodies, determine the procedure for out-of-court settlement of disputes between providers of financial services and their consumers, and also approve contributions from financial service providers for the maintenance of the financial mediator service;
- 23) Exercise other powers in accordance with the legislation of the Kyrgyz Republic.

## **Article 6. Main Transactions of the National Bank**

1. To achieve the purpose of the activity and fulfill the main tasks, the National Bank shall have the right to carry out the following transactions:

- 1) Extend loans to banks, in exceptional cases, a loan of last resort to non-banking financial and credit institutions attracting deposits that experience problems with solvency in accordance with this Constitutional Law;
- 2) Buy and sell government securities issued by the Cabinet of Ministers of the Kyrgyz Republic (hereinafter referred to as the government securities) in the secondary market;
- 3) Buy and sell foreign currency;
- 4) Buy and sell securities issued by the National Bank, as well as securities issued by foreign states, international organizations, and other securities determined by the National Bank;
- 5) Buy and sell precious metals, precious stones and other types of currency values;
- 6) Accept deposits from banks, other financial institutions, including foreign financial institutions;
- 7) Provide funds in national currency on the terms of payment, urgency, repayment to international financial institutions, created by the Kyrgyz Republic jointly with other states under their projects and programs of concessionary financing of the economy of the Kyrgyz Republic on the security of high-liquidity freely convertible foreign currency in the amount of not more than fifteen percent of the paid authorized capital of an international organization, provided that these transactions shall correspond to the goals of the monetary policy being implemented by the National Bank;
- 8) Open accounts in banks and other financial institutions;
- 9) Open correspondent accounts for banks, including foreign ones;
- 10) Act as an intermediary in transactions with funds provided by international financial institutions for the financing of various programs;
- 11) Provide funds in the national currency on the terms determined by the Board of the National Bank to the Agency for the Protection of Depository of the Kyrgyz Republic in order to ensure the financial stability of the deposit protection system of the Kyrgyz Republic;
- 12) Import into the country and export from the country precious metals, precious stones and any currency;
- 13) Carry out other banking transactions in accordance with the banking legislation of the Kyrgyz Republic.

2. The National Bank shall carry out certain banking transactions and services on a paid basis. The types of services and the amount of the fee shall be determined by the National Bank independently, taking into account the provisions of Article 1 of this Constitutional Law.

3. The National Bank shall be entitled to carry out the transactions specified in Part 1 hereof, including in accordance with the Principles of Islamic Banking and Finance.

## **Article 7. Organization of Activities of the National Bank**

1. The National Bank shall independently organize and carry out its activities within the competence established by this Constitutional Law and the banking legislation of the Kyrgyz Republic.
2. The National Bank shall have the right to receive the necessary data, information and documents from any individuals and legal entities, as well as state bodies, free of charge in the manner prescribed by this Constitutional Law and the legislation of the Kyrgyz Republic.
3. The National Bank shall be prohibited from carrying out activities that go beyond its competence, provided for by this Constitutional Law and other laws of the Kyrgyz Republic.

## **Article 8. Independence of the National Bank**

1. The State shall guarantee the independence of the National Bank in exercising its powers. Intervention of state bodies in the legitimate activities of the National Bank shall not be allowed.
2. The Kyrgyz Republic may not be held liable for the obligations of the National Bank, just as the National Bank may not be held liable for the obligations of the Kyrgyz Republic.
3. Adoption of regulatory legal acts of the Kyrgyz Republic contrary to the powers of the National Bank shall be prohibited.
4. Officials of the National Bank shall be prohibited from accepting instructions and orders from state bodies, civil servants and other persons that contradict the main tasks and objectives of the National Bank.
5. The court or other authorized state bodies, officials, before making a decision on banks to restrict their activities, including the disposal of their monetary funds or property, shall be obliged to request the National Bank about the consequences of such a decision for creditors and customers of the bank, as well as financial system of the Kyrgyz Republic.
6. The National Bank, within the framework of ensuring the activities of the National Bank in order to fulfill its main tasks, shall purchase goods, works and services at its own expense in accordance with the procedures determined by the Board of the National Bank. Subsidiaries of the National Bank shall purchase goods, works and services at their own expense in accordance with the procedures determined by the authorized governing bodies of these organizations.
7. The Accounts Chamber of the Kyrgyz Republic shall audit the National Bank only in terms of carrying out operations on servicing the accounts of the Cabinet of Ministers of the Kyrgyz Republic.

## **Article 9. Regulatory Legal Acts of the National Bank**

1. The National Bank shall issue regulatory legal acts that are an integral part of the banking legislation of the Kyrgyz Republic. When developing draft regulatory legal acts, the National Bank shall have the right to take into account international standards of banking regulation and supervision, including the standards of the Basel Committee for effective banking supervision and Sharia'h standards approved by the Accounting and Auditing Organization for Islamic Financial Institutions and the Islamic Financial Services Board.
2. The banking legislation shall regulate relations in the field of banking activities, conducting monetary and foreign exchange policies, functioning of the payment system (banking legal relations), as well as the legal status, competence, legal relations and responsibility of participants in banking legal relations. Participants in banking legal relations shall be the state represented by the authorized body, the National Bank, banks and other persons supervised by the National Bank, legal entities and individuals, including individual entrepreneurs, as well as non-residents.
3. Regulatory legal acts of the National Bank shall be subject to inclusion in the State Register of Regulatory Legal Acts of the Kyrgyz Republic.
4. Regulatory legal acts of the National Bank directly affecting the interests of individuals and legal entities, as well as regulating entrepreneurial activity, shall be subject to official publication in the manner stipulated by the legislation of the Kyrgyz Republic, in the official publication and on the official website of the National Bank.

5. The National Bank shall develop and conduct an analysis of the regulatory impact on the regulatory legal acts of the National Bank in accordance with the requirements and procedures established by the National Bank.
6. The official interpretation (clarification) of the regulatory legal acts of the National Bank shall be carried out by the National Bank by adopting the relevant regulatory legal act.
7. Draft regulatory legal acts of the Kyrgyz Republic, involving banking legal relations, shall be subject to obligatory agreement with the National Bank.
8. The terms and definitions used in this Constitutional Law shall be understood in accordance with their generally accepted meaning in the legislation of the Kyrgyz Republic and in international banking practice, unless otherwise specified by this Constitutional Law or other banking legislation of the Kyrgyz Republic.
9. The National Bank shall issue a glossary (set) of banking terms and provide explanations on banking terminology.

#### **Article 10. Official Publications and Official Website of the National Bank**

1. The National Bank shall ensure the publication of official journals of the National Bank.
2. The National Bank shall have an official website. The procedure for organizing work with the official website shall be determined by the National Bank.

### **Chapter 2. Capital and Reserves of the National Bank**

#### **Article 11. Capital of the National Bank**

1. The capital of the National Bank shall consist of the authorized capital, obligatory reserve, reserve for revaluation of assets and liabilities, retained earnings or loss.
2. The National Bank shall have an authorized capital in the amount of KGS 4 (four) billions. The National Bank may not alienate or pledge its authorized capital.
3. An increase or decrease in the amount of the authorized capital of the National Bank cannot be carried out without making appropriate amendments to this Constitutional Law.
4. The obligatory reserve and reserves for the revaluation of assets and liabilities shall be formed in accordance with this Constitutional Law. Obligatory reserves may be used only to cover the losses of the National Bank in accordance with Paragraph 7 of Article 12 of this Constitutional Law.
5. Undistributed profit or loss shall be defined as the difference between income and expenses incurred during the financial year until the distribution or settlement of this profit or loss in accordance with this Constitutional Law.

#### **Article 12. Profit and Reserves of the National Bank**

1. The profit of the National Bank shall be determined based on the results of the financial year after the recognition of all income and expenses of this period, taking into account Paragraph 3 of this Article.
2. Revaluation of monetary assets and liabilities in foreign currencies, precious metals and precious stones shall be reflected in the capital in the reserve account for the revaluation of assets and liabilities.

3. If the reserve for the revaluation of assets and liabilities will have a negative balance, then the entire negative balance must be attributed to the expenses of the current period and taken into account when calculating the profit for distribution carried out in accordance with Paragraph 4 of this Article.

4. The profit of the National Bank, calculated under Paragraph 3 of this article, shall be distributed in the following order:

1) If, according to the results of the financial year, the amount of the authorized capital and the obligatory reserve of the National Bank shall be below five percent of the monetary obligations of the National Bank, then the transfer of profits to the income of the republican budget of the Kyrgyz Republic shall not be made. In this case, the profit shall be transferred to the obligatory reserve of the National Bank;

2) If, according to the results of the financial year, the amount of the authorized capital and the obligatory reserve of the National Bank shall be from five to ten percent of the monetary obligations of the National Bank, then seventy percent of the profit shall be transferred to the income of the republican budget. The balance of profit after deduction to the income of the republican budget of the Kyrgyz Republic shall be transferred to the obligatory reserve of the National Bank;

3) If, according to the results of the financial year, the amount of the authorized capital and the obligatory reserve shall be equal to or exceed ten percent of the monetary obligations of the National Bank, then one hundred percent of the profit shall be transferred to the income of the republican budget of the Kyrgyz Republic.

5. Transfer of profits shall be made at the end of the financial year after an independent external audit and approval of the annual report by the Board of the National Bank.

6. For the purposes of this article, the monetary obligations of the National Bank shall include:

1) Banknotes put into turnover by the National Bank;

2) Financial obligations under monetary regulation instruments;

3) Funds of banks and other financial institutions on accounts opened with the National Bank;

4) Funds of the Cabinet of Ministers of the Kyrgyz Republic on accounts, opened with the National Bank, other financial obligations to the Cabinet of Ministers of the Kyrgyz Republic;

5) Loans received by the National Bank.

7. If, according to the results of the financial year and taking into account Paragraph 3 of this Article, the National Bank shall have a loss that is not covered by the obligatory reserve, then the Cabinet of Ministers of the Kyrgyz Republic shall cover this loss in order to replenish the authorized capital up to the amount established by this Constitutional Law, by direct transfer of funds to the National Bank not later than the closure of the year following the financial year in which the loss occurred.

### **Chapter 3. Monetary Policy and Promotion of Financial Stability of the Kyrgyz Republic**

#### **Article 13. Monetary Policy**

1. Monetary policy shall be determined and conducted by the National Bank. When conducting monetary policy, the National Bank shall have the right to interact with the Cabinet of Ministers of the Kyrgyz Republic.

2. The Board of the National Bank will determine the main directions of the monetary policy for the medium term in order to achieve the goal of the National Bank.

3. The National Bank, within the framework of the main directions of monetary policy, shall apply the instruments of monetary regulation at its disposal and shall have the right to:

1) Determine the interest rate policy through monetary policy instruments;

2) Issue securities and conduct all types of relevant transactions;

3) Establish the requirements to obligatory reserves for financial and credit institutions attracting deposits;

- 4) Conduct an appropriate credit policy;
- 5) Regulate the amount of money supply in turnover;
- 6) Apply other instruments of monetary policy.

#### **Article 14. Obligatory Reserves**

1. The National Bank shall establish requirements to obligatory reserves for banks and other non-banking finance and credit institutions that attract deposits. The mentioned persons shall be required to have obligatory reserves placed with the National Bank.
2. The amount of obligatory reserves, the procedure for their calculation and placement shall be established by the National Bank.
3. Non-compliance with reserve requirements shall entail a fine in the amount and in the order determined by the National Bank.

#### **Article 15. Securities Issued by the National Bank**

For the purposes of the monetary policy, the National Bank shall have the right to issue securities and conduct all kinds of the relevant transactions in accordance with the approved international practice.

#### **Article 16. Money and Credit Transactions of the National Bank**

To achieve the goal and fulfill the main tasks, the National Bank shall have the right to carry out the following transactions:

- 1) Purchase and sale of government securities in the secondary market;
- 2) Purchase and sale of securities issued and guaranteed by the National Bank;
- 3) Purchase and sale of foreign currency, precious metals, precious stones;
- 4) Extending loans to banks in accordance with this Constitutional Law;
- 5) Other instruments of liquidity regulation, ways and methods accepted in international practice.

#### **Article 17. Loans Extended to Banks**

1. The National Bank shall have the right to extend loans to banks in the national currency on the terms of payment, urgency, repayment, providing one of the following types of pledge:

- 1) Gold and other precious metals and precious stones;
- 2) Foreign currency;
- 3) Deposits in the National Bank;

- 4) Government securities and securities issued by the National Bank;
  - 5) Other types of pledge determined by the National Bank.
2. Types of loans, conditions and procedure for their provision shall be determined by the National Bank.
3. The National Bank shall have the right to provide the following in order to prevent systemic risk, ensure the integrity and maintain the stability of the banking system:
- 1) A loan to maintain liquidity to individual banks experiencing temporary liquidity problems;
  - 2) In exceptional cases, a loan of last resort to banks, non-banking financial and credit institutions that attract deposits and experience solvency problems.
4. The extension of loans in the form of an overdraft shall be prohibited.
5. The National Bank shall create special reserves related to the expenses of the National Bank to cover possible losses on assets, including loans.
6. Extension of loans that does not limit the powers of the National Bank to apply enforcement measures to banks, non-banking financial and credit institutions attracting deposits.

#### **Article 18. Promotion of Financial Stability**

1. The National Bank shall independently, and in cooperation with the Cabinet of Ministers of the Kyrgyz Republic, take measures aimed at ensuring financial stability of the Kyrgyz Republic, including macroprudential regulation.
2. In order to promote financial stability, state bodies, as well as legal entities, regardless of the form of ownership, shall be obliged to provide the National Bank with the necessary information on the composition of macroprudential indicators for assessing, analyzing and monitoring financial stability in a timely manner in the forms and within the time limits determined by the National Bank.
3. Failure to provide or untimely provision of the information specified in this article shall entail liability under the legislation of the Kyrgyz Republic.

### **Chapter 4. National Currency of the Kyrgyz Republic**

#### **Article 19. Monetary Unit of the Kyrgyz Republic**

**(national currency)**

1. The monetary unit of the Kyrgyz Republic shall be KGS. One KGS shall be equal to 100 (one hundred) tyiyn.
2. Monetary notes shall be issued for turnover in the form of banknotes and coins.
3. The National Bank shall set the official exchange rate of KGS against monetary units of other countries.

#### **Article 20. Issues of Currency Symbols**

1. The National Bank shall have the exclusive right to issue into turnover and withdraw from turnover the national currency.
2. Currency symbols shall be the unconditional obligations of the National Bank and shall be secured by all of its assets.



3. Declaring currency as invalid means of payment shall be the exclusive right of the National Bank.

#### **Article 21. Payment Instrument**

1. The KGS shall be the only legal payment instrument throughout the territory of the Kyrgyz Republic, mandatory for acceptance without restrictions for all types of payments. Settlements and payments in the territory of the Kyrgyz Republic shall be made in the national currency of the Kyrgyz Republic, unless the legislation of the Kyrgyz Republic stipulates otherwise. Prices for goods and services shall be indicated in KGS without reference to the foreign exchange rate, with the exception of contracts for the supply of exported and imported goods and services, when the payment currency shall be determined by agreement of the parties. Advertising with the indication of prices for goods and services in foreign currency shall be prohibited.

2. In the event of an unjustified refusal to accept national currency of the Kyrgyz Republic, as well as its deliberate destruction or improper use in advertising and other purposes, individuals and legal entities shall be liable in accordance with the legislation of the Kyrgyz Republic.

3. Forgery and illegal production, as well as unauthorized issue of currency symbols shall entail liability in accordance with the legislation of the Kyrgyz Republic.

#### **Article 22. Organization of Cash Turnover**

For the purpose of organizing cash turnover in the territory of the Kyrgyz Republic, the National Bank shall:

- 1) Predict the need for the issue of the national currency symbols and ensure their production;
- 2) Ensure the creation of reserve funds of the national currency symbols;
- 3) Establish the procedure and requirements for the storage, transportation and collection of cash national currency symbols for banks and other persons supervised by the National Bank;
- 4) Develop and approve the procedure for conducting cash transactions for banks and other persons supervised by the National Bank;
- 5) Establish the procedure for determining the payment capacity and the rules for replacing the national currency symbols;
- 6) Determine the signs of protection and the procedure for conducting an examination of the national currency symbols, as well as the procedure for the destruction of the national currency symbols withdrawn from turnover;
- 7) Apply other methods and mechanisms for organizing cash turnover.

### **Chapter 5. Foreign Exchange Policy in the Kyrgyz Republic**

#### **Article 23. Foreign Exchange Policy**

The National Bank shall develop and implement a unified foreign exchange policy and regulation in the Kyrgyz Republic.

#### **Article 24. Foreign Exchange Transactions of the National Bank**

1. The National Bank shall conduct any foreign exchange transactions, including transactions for the purchase and sale of precious metals, precious stones and foreign currency in the foreign exchange markets, and shall be also authorized to import and export precious metals, precious stones and any currency to/from the country without restrictions in order to manage international reserves, conduct monetary policy, carry out its activities and protect the economic interests of the Kyrgyz Republic.
2. The National Bank shall have the right to buy foreign currency and sell it to the Cabinet of Ministers of the Kyrgyz Republic at the market rate on a contractual basis.
3. The National Bank shall determine the procedure and conditions for transactions in the interbank foreign exchange market (interbank forex exchange).

#### **Article 25. Exchange Rate**

1. The official exchange rate shall be determined and announced by the National Bank on the basis of the market spot exchange rate and other market rates. The official exchange rate shall be determined and announced by the National Bank without the obligation of the National bank to buy and sell foreign currency at announced rates.
2. Spot exchange and other market exchange rates shall be freely determined between the seller and the buyer, unless otherwise established by the National Bank.

#### **Article 26. Foreign Exchange Transactions in the Territory of the Kyrgyz Republic**

1. Settlements and payments in foreign currency in the territory of the Kyrgyz Republic shall be carried out in accordance with the procedure established by the National Bank.
2. Transactions on the purchase and sale (exchange) of cash and non-cash national and/or foreign currency in the territory of the Kyrgyz Republic shall not be limited, and shall be carried out only with banks, specialized financial, as well as financial and credit institutions, microfinance, microcredit companies, credit unions and exchange bureaus that have the appropriate license issued by the National Bank.  
  
The procedure and conditions for transactions on the sale and purchase (exchange) of cash and non-cash national and/or foreign currency, the provision of reports and information, as well as the requirements for the persons specified in the first paragraph of this part, shall be determined by the National Bank.
3. The persons specified in Part 2 of this Article shall be obliged to ensure that the transactions comply with the requirements of the legislation of the Kyrgyz Republic.

#### **Article 27. Movement of Foreign Currency and Currency Values**

1. The movement (import and export) of foreign currency to/from abroad, as well as the movement of currency values that are not currency, shall not be limited, provided they are declared at customs control points in accordance with the customs legislation.
2. The National Bank shall have the right to restrict the movement of cash foreign currency, as well as currency values and precious metals in order to fulfill the international obligations by the Kyrgyz Republic and protect the economic security of the Kyrgyz Republic.

#### **Article 28. Freedom of Movement of Funds and Capital**

1. Receipts and transfers of capital to/from abroad shall not be restricted.

2. The National Bank shall have the right to restrict transfers of funds and capital in order to fulfill the international obligations by the Kyrgyz Republic and to protect the economic security of the Kyrgyz Republic.

#### **Article 29. Registration of Accounts Opened by Residents Outside the Kyrgyz Republic**

1. Residents of the Kyrgyz Republic – legal entities shall be obliged to register with the National Bank accounts and deposits opened outside the Kyrgyz Republic.

2. Residents of the Kyrgyz Republic - legal entities shall be obliged, at the request of the National Bank, to provide information on accounts and deposits opened outside the Kyrgyz Republic, as well as any other documents and information related to foreign currency transactions.

### **Chapter 6. Payment System of the Kyrgyz Republic**

#### **Article 30. Payment System of the Kyrgyz Republic**

The payment system of the Kyrgyz Republic (hereinafter referred to as the payment system) shall be a connected system of technologies, procedures, rules, payment instruments and money transfer systems that shall provide money circulation. The functioning of the payment system, the functions and powers of the National Bank in the payment system shall be regulated by a special law and regulatory legal acts of the National Bank.

#### **Article 31. Cooperation with Public Authorities and Foreign Bodies of Supervision Over**

##### **Payment Systems**

1. The National Bank, where necessary, shall interact with authorized public authorities, supervisory bodies of other states and international financial institutions in order to increase the efficiency of supervisory activities in relation to international payment systems, the participants, payment organizations and operators of which are located in the territory of the Kyrgyz Republic.

2. The National Bank shall have the right to cooperate with foreign bodies of supervision over payment systems to harmonize standards, principles and methods for making cross-border payments, as well as exchange information on any payment system operating in the relevant jurisdictions.

### **Chapter 7. Foreign Economic Activities and International Reserves**

#### **Article 32. Relations of the National Bank with International Organizations, Central Banks**

## **and Other Institutions of Foreign Countries**

1. In the cases provided for by the legislation and international agreements that have come into force in accordance with the procedure established by law, to which the Kyrgyz Republic is a party, the National Bank shall represent the interests of the Kyrgyz Republic on issues of monetary and foreign exchange policy, payment systems, macroprudential, banking regulation and supervision and other issues that fall within its competence.
2. The National Bank, in accordance with the powers granted, may conduct operations and transactions on behalf of the Kyrgyz Republic in relations with central and commercial banks of other countries, as well as international organizations.
3. The National Bank shall have the right to open and maintain accounts, act as a representative or correspondent of central banks and other financial institutions of foreign states, international financial organizations in the Kyrgyz Republic and abroad.
4. The National Bank shall cooperate in the monetary, foreign exchange, payment and banking spheres, in the field of macroprudential, banking regulation and supervision with any organization located both in the territory of the Kyrgyz Republic and abroad.
5. The National Bank shall have the right to enter into legal agreements with international organizations, central and commercial banks and authorized bodies of other states within its competence.

## **Article 33. International Reserves of the National Bank**

1. In order to fulfill the tasks established by this Constitutional Law, the National Bank shall keep reserve assets in foreign currency and other international assets that meet the tasks and needs of the National Bank.
2. International reserves shall be owned by the National Bank and consist of:
  - 1) Gold and other precious metals and precious stones;
  - 2) Foreign currency in cash and non-cash forms;
  - 3) Promissory notes and bills of exchange in foreign currency;
  - 4) Government securities issued or guaranteed by foreign government agencies in their own currency or in a foreign currency;
  - 5) Other securities determined by the National Bank;
  - 6) Any internationally recognized reserve assets.
3. The international reserves management policy, requirements for counterparties and levels of authority shall be established by the National Bank.
4. International reserves of the National Bank shall be used for:
  - 1) Maintaining the purchasing power of the national currency, price stability, ensuring the financial stability of the Kyrgyz Republic through the provision of appropriate monetary and foreign exchange policy in accordance with this Constitutional Law;
  - 2) Timely servicing of obligations of the Cabinet of Ministers of the Kyrgyz Republic in a foreign currency. The National Bank shall satisfy the need of the Cabinet of Ministers of the Kyrgyz Republic in a foreign currency when fulfilling obligations on external debt, paying membership fees to international organizations, financing representative offices of the Kyrgyz Republic abroad and other obligations by selling a foreign currency - a part of international reserves to the Cabinet of Ministers of the Kyrgyz Republic;
  - 3) Fulfillment of obligations of the National Bank in a foreign currency;
  - 4) Ensuring the operational activities of the National Bank;
  - 5) Fulfillment of other powers of the National Bank, as prescribed by this Constitutional Law.
5. The National Bank shall independently form, own and manage all international reserves, taking into account the priorities of liquidity and ensuring the safety of reserve assets. Securities included in international reserves must be highly liquid.

6. Import and/or export of precious metals and stones abroad by the National Bank in order to form international reserves and manage them or to promote and sell abroad shall not require a license. The procedure and conditions for the import and/or export, acquisition and sale of precious metals and stones shall be determined by the National Bank.

## **Chapter 8. Relationships of the National Bank with the Cabinet of Ministers of the Kyrgyz Republic**

### **Article 34. Interaction with the Cabinet of Ministers of the Kyrgyz Republic**

1. The National Bank and the Cabinet of Ministers of the Kyrgyz Republic shall interact within their competence.
2. The National Bank shall take into account the economic policy pursued by the Cabinet of Ministers of the Kyrgyz Republic, contribute to its implementation, unless this contradicts the main goal, tasks and powers of the National Bank.
3. The National Bank and the Cabinet of Ministers of the Kyrgyz Republic shall inform each other in a timely manner on the issues of economic and monetary policy, and conduct regular mutual consultations.
4. The National Bank and the Cabinet of Ministers of the Kyrgyz Republic shall interact within the framework of the interministerial consultative and advisory body at the Cabinet of Ministers of the Kyrgyz Republic in order to develop recommendations for the adoption of anti-crisis measures in the event of crisis situations to ensure the stability of the financial sector.
5. The Cabinet of Ministers of the Kyrgyz Republic shall not be liable for the obligations of the National Bank, just as the National Bank shall not be liable for the obligations of the Cabinet of Ministers of the Kyrgyz Republic.

### **Article 35. Prohibition to Lending of the Cabinet of Ministers of the Kyrgyz Republic and**

#### **Provision of Financial Assistance**

1. The National Bank shall be prohibited from providing loans and guarantees to the Cabinet of Ministers of the Kyrgyz Republic, including for financing the republican budget deficit.
2. The National Bank shall not be entitled to provide state bodies, any individuals and legal entities with loans or other financial or material assistance in any form and for any purpose, with the exception of loans provided to banks, non-banking financial and credit institutions that attract deposits, international financial institutions, created by the Kyrgyz Republic jointly with other states, on funds they direct to concessional financing of the economy of the Kyrgyz Republic, to the Deposit Protection Agency of the Kyrgyz Republic, employees of the National Bank and in the cases provided for in Article 72 of this Constitutional Law.

### **Article 36. Transactions with Government Securities**

1. The National Bank shall have the right to buy and sell government securities in the secondary market, as well as act as a depository.
2. The National Bank shall be prohibited from buying government securities upon their initial placement.

### **Article 37. Banking Transactions for Maintaining Accounts of the Cabinet of Ministers of the**

#### **Kyrgyz Republic**

The National Bank shall carry out banking transactions for maintaining the accounts of the Cabinet of Ministers of the Kyrgyz Republic in accordance with the legislation of the Kyrgyz Republic.

## **Article 38. Consultations of the National Bank**

1. The National Bank shall consult the President of the Kyrgyz Republic, the Jogorku Kenesh of the Kyrgyz Republic, the Cabinet of Ministers of the Kyrgyz Republic on the issues falling within the competence of the National Bank.
2. When preparing the draft republican budget, the Cabinet of Ministers of the Kyrgyz Republic shall consult with the National Bank.
3. The National Bank shall act as a financial agent of the Cabinet of Ministers of the Kyrgyz Republic, including servicing the external debt of the Kyrgyz Republic on agreed terms.

## **Article 39. Preparation of a Balance Sheet of the Kyrgyz Republic**

1. The National Bank shall prepare the balance of payments of the Kyrgyz Republic together with the state body in the field of official statistics.
2. When preparing the balance of payments, the international methodology for its preparing shall be used, including the guidance on balance of payments and the international investment position, and a guidance on monetary and financial statistics.
3. The state and local self-governing bodies, individuals and legal entities, regardless of the form of ownership, as well as non-residents located in the territory of the Kyrgyz Republic, shall be required to provide the National Bank with the information on the composition of indicators for preparing and forecasting the balance of payments according to the forms and within the time limits determined by the National Bank.
4. Failure to provide or untimely provision of the information specified in this article shall entail liability in accordance with the legislation of the Kyrgyz Republic.

## **Chapter 9. Relationships of the National Bank with Banks and Other Legal Entities**

### **Supervised by the National Bank**

## **Article 40. Authorized Body of Licensing, Regulation and Supervision**

1. The National Bank shall be an authorized body of licensing (issuance of permits), regulation and supervision of the banking system of the Kyrgyz Republic, banks, banking groups, non-banking financial and credit institutions and other legal entities, supervised by the National Bank, including payment organizations and payment system operators.
2. The National Bank, in accordance with special laws and regulatory legal acts of the National Bank, within the framework of exercising the powers to licensing (issuance of permits) of the activities of banks, banks of their groups, non-banking financial and credit institutions and other legal entities supervised by the National Bank:
  - 1) Shall determine the procedure for licensing (issuance of permits) and establish requirements for shareholders (participants);
  - 2) Shall establish requirements to the procedure for purchasing shares or threshold participation in the capital, agreeing on changes to the constituent documents;
  - 3) Shall establish requirements for officials and other employees;
  - 4) Shall determine the list of officials that are subject to mandatory coordination with the National Bank, and the procedure for their coordination;
  - 5) Shall determine the procedure for expanding activities;

6) Shall establish the conditions and procedure for the reorganization of banks and other persons,

supervised by the National Bank;

7) Shall exercise other licensing powers.

3. The National Bank, in order to ensure the stability and reliability of the banking and payment systems of the Kyrgyz Republic, shall protect the interests of depositors and other consumers of banking and payment services, comply with the banking legislation of the Kyrgyz Republic, shall carry out the supervision and establish rules of regulation and supervision over the persons specified in Part 1 of this Article in accordance with the requirements of special laws and the legislation of the Kyrgyz Republic regulating their activities, as well as the legislation of the Kyrgyz Republic in the field of countering the financing of terrorist activities and legalization (laundering) of criminal proceeds.

4. Rights and powers of the National Bank, authorized persons under the special regimes introduced in legal entities supervised by the National Bank shall be determined by special laws and regulatory legal acts of the Kyrgyz Republic.

5. The National Bank shall not interfere with the current activities of banks, non-banking financial and credit institutions, and other legal entities supervised by the National Bank, except in cases provided for by this Constitutional Law and the legislation of the Kyrgyz Republic.

6. The National Bank shall establish the procedure and conditions for reporting by banks, banking groups, non-banking financial and credit institutions and other legal entities supervised by the National Bank.

The National Bank shall have the right to request and receive from banks, banking groups, non-banking financial and credit institutions and other legal entities supervised by the National Bank, their shareholders (participants) any information, including the data constituting banking secrecy, for the purposes of regulation and supervision in accordance with the legislation of the Kyrgyz Republic.

Information and documents received by the National Bank and not related to banking secrecy shall be of confidential nature and shall not be subject to publication or transfer to third parties, except in cases when it is required for the purposes of regulation and supervision in accordance with this Constitutional Law.

Information and documents containing banking secrecy and confidential information may be transferred to third parties only on the basis of a judicial act in the form of certified copies.

Employees of the National Bank and any other persons who have or had access to confidential information shall be prohibited from disclosing it otherwise than in the manner prescribed by this Constitutional Law.

#### **Article 41. Prudential Regulations, Requirements and Limitations**

1. For the purposes of regulation and supervision, the National Bank shall establish the minimum amount of the authorized and own (regulatory) capital of a bank, non-banking financial and credit institutions and other legal entities supervised by the National Bank, their structure, as well as prudential regulations and indicators, requirements, limits and prohibitions in accordance with special laws governing the activities of banks, non-banking financial and credit institutions, and other legal entities supervised by the National Bank, as well as regulatory legal acts of the National Bank.

The National Bank shall establish criteria for the systemic importance of banks and non-banking financial and credit institutions, and shall have the right to establish other sizes and types of prudential regulations and indicators, requirements and limitations. The systemic importance of banks and non-banking financial and credit institutions shall be determined by the National Bank.

The National Bank shall have the right to establish prudential regulations, requirements and limitations in relation to banking groups.

2. The National Bank shall have the right to determine the amount, formation procedure and methods for calculating the reserves created by the bank, non-banking financial and credit institutions for covering losses on assets and liabilities bearing credit and other risks, attributable to their expenses.

3. The National Bank shall establish the requirements and procedure for submitting programs and plans of persons supervised by the National Bank to evaluate their activities, business model, internal control and risk management systems, as well as a financial recovery plan in case of financial problems.

4. Requirements for accounting, financial reporting and external audit of banks, banking groups and other persons supervised by the National Bank, including requirements for an audit organization and auditors, shall be determined by the National Bank.

## **Article 42. Protection of Consumer Rights**

1. The National Bank shall determine the requirements for the activities of supervised persons in the provision of services, disclosure of information about services, consideration of applications from consumers of banking and payment services, establish other requirements aimed at protecting the consumer rights.
2. Relationships of persons supervised by the National Bank with customers shall be built on the basis of the partnership principle in accordance with this Constitution based on the civil, banking and other legislation of the Kyrgyz Republic.

## **Article 43. Powers of the National Bank for Supervision and Application of Enforcement**

### **Measures**

1. Supervision shall be carried out through external supervision and inspections. The organization, powers and procedure for external supervision and inspections shall be determined by the National Bank.
2. The report on the inspection results shall be a confidential document of the National Bank and shall not be subject to transfer to third parties without the consent of the National Bank.
3. The National Bank shall have the right to involve auditors, experts, specialists, as well as authorized state bodies and organizations in the inspection. The persons involved in the inspection shall be obliged to observe the confidentiality of information and the requirement of non-disclosure of banking secrecy in accordance with the legislation of the Kyrgyz Republic.
4. The National Bank and foreign banking supervisory authorities shall have the right to carry out mutual inspections in respect of supervised persons in each other's territory on the basis of relevant agreements.
5. Authorized collegial supervisory bodies may be created in the National Bank.
6. The National Bank shall apply enforcement measures to banks, banking groups, non-banking financial and credit institutions, and other legal entities supervised by the National Bank, their shareholders (participants) and officials in accordance with special laws governing their activities, as well as the regulatory legal acts of the National Bank. Order of applying these measures shall be established by special laws and regulatory legal acts of the National Bank.
7. The National Bank shall establish signs of unhealthy and unsafe banking practices, determine the involvement of supervised persons and their officials, shareholders (participants), and also establish the legal consequences of involvement in unhealthy and unsafe banking practices.
8. The National Bank shall establish the insolvency of supervised persons in accordance with the special laws and regulatory legal acts of the National Bank. In case the insolvency is established, the license (permit) shall be subject to withdrawal.
9. The National Bank shall monitor liquidated banks, non-banking financial and credit institutions, determined by the National Bank, as well as shall have the right to request and receive information regarding the activities of the liquidator.

## **Article 44. Pre-Trial Appeal of Decisions of the National Bank**

1. Pre-trial appeal of decisions of the National Bank shall be mandatory. Any decisions of the National Bank, except for decisions of the National Bank Board, which are appealed to a court, shall be subject to pre-trial appeal.
2. Pre-trial appeal shall not suspend the effectiveness of decisions of the National Bank.
3. Pre-trial appeal of decisions of the National Bank shall be carried out not later than twenty business days from the date of receipt of the relevant decision of the National Bank.



4. The National Bank shall consider the complaint on the merits within a period not later than thirty calendar days from the date, on which the complaint was received. The National Bank shall have the right to extend the term for consideration of the complaint once for thirty calendar days.

5. The procedure for pre-trial appeal of decisions of the National Bank shall be established by the National Bank.

#### **Article 45. Judicial Appeal**

1. Decisions of the National Bank may be appealed to the court.

2. Interim relief shall apply to the decisions of the National Bank on the restructuring of the bank, the introduction of the regime of provisional administration and withdrawal of the license with the exceptions provided for by the Civil Procedure Code of the Kyrgyz Republic.

3. The decision of the National Bank can be recognized by the court as ineffective and canceled only in the absence of legal grounds for the adoption of the decision being appealed, without considering the validity of such a decision by the National Bank.

#### **Article 46. Interaction of the National Bank with Authorized State Bodies of the Financial**

##### **Sector**

1. If a member of the banking group shall be subject to supervision by other authorized state bodies, then the National Bank and other authorized state bodies shall cooperate for the purposes of comprehensive supervision over the banking group.

2. The authorized state bodies, at the request of the National Bank, shall provide it with any available information regarding the banking group or a participant of the banking group.

3. When interacting, the National Bank and other authorized state bodies shall enter into appropriate agreements providing for an agreed action plan and coordination of activities in relation to the banking group or its participants.

#### **Article 47. Cooperation between the National Bank and Foreign Supervisory Authorities**

1. For the purpose of comprehensive and effective supervision over the banking group on a consolidated basis, the National Bank shall enter into cooperation agreements with foreign supervisory authorities in accordance with the legislation of the Kyrgyz Republic.

2. Within the framework of cooperation with foreign supervisory authorities on consolidated supervision, the National Bank shall have the right to exchange necessary information, including banking secrecy, to conduct targeted checks on request (including joint checks) and mutual consultations, as well as to notify about the enforcement measures applied.

### **Chapter 10. Special Regulatory Regimes**

#### **Article 48. Temporary Regulation Within the Framework of Special Regulatory Regimes**

1. In order to appraise the legal regulation of public relations in the field of providing banking and payment services related to the introduction of innovative services/technologies, the National Bank shall have the right to establish pilot regulation within the framework of a special regulatory regime for a certain period on a separate territory or throughout the Kyrgyz Republic.

For the purposes of this Constitutional Law, a special regulatory regime shall be understood a set of rules that will allow the participants involved in the introduction of innovative services/technologies in the banking and payment services market to appraise them in a limited

controlled environment (by territory, in time, by the number and volume of transactions and users, etc.).

The procedure for pilot regulation on the introduction of innovative services/technologies within the framework of a special regulatory regime and monitoring its implementation shall be determined by the National Bank.

2. The National Bank shall establish requirements for the activities of banks, non-banking financial and credit institutions and other legal entities participating in the special regulatory regime.

3. Within the framework of the special regulatory regime, it shall not be allowed to provide exemptions to certain legal entities that grant them more favorable conditions for participation in special regulatory regimes and/or in connection with participation in special regulatory regimes.

4. Based on the results of appraising innovative services/technologies within the framework of the special regulatory regime, the National Bank may adopt an appropriate regulatory legal act or propose appropriate amendments and additions to the legislation of the Kyrgyz Republic.

5. The National Bank shall have the right to establish pilot regulation within the framework of a special regulatory regime in connection with the introduction of innovative services and products, including those related to virtual assets.

6. Conditions for the regulation, as well as the procedure for issuing, suspension, withdrawal and cancellation of licenses under a special regulatory regime for transactions with virtual assets shall be established by the regulatory legal acts of the National Bank.

#### **Article 49. License for Participation in a Special Regulatory Regime**

1. The National Bank shall issue to the participants of the special regulatory regime a license for the right to conduct a limited list of banking transactions specified in the Law of the Kyrgyz Republic On Banks and Banking), within the framework of the special regulatory regime in accordance with the objectives and activities, necessary for its implementation.

2. The license for the right to conduct a limited list of banking transactions under the special regulatory regime shall impose (depending on the conditions of the controlled environment) restrictions on the list of banking transactions, by the territory and other restrictions within the framework of the special regulatory regime, shall have limited period of validity, shall be registered (inalienable) and shall not be subject to transfer to third parties.

3. The procedure for issuing, suspending, withdrawing and terminating licenses under the special regulatory regime shall be established by the regulatory legal acts of the National Bank.

### **Chapter 11. Accounting and Reporting, Audit and Budget of the National Bank**

#### **Article 50. Report and Information of the National Bank**

1. The Chairman of the National Bank shall submit a report on the activities of the National Bank to the Jogorku Kenesh of the Kyrgyz Republic annually.

The report on the accuracy of the National Bank may be provided in electronic form in the manner determined by the National Bank.

2. The Jogorku Kenesh of the Kyrgyz Republic shall hear the annual report of the Chairman of the National Bank not later than July 1 of the year following the reporting one.
3. Hearing the report of the Chairman of the National Bank in the Jogorku Kenesh of the Kyrgyz Republic shall be carried out taking into account the autonomy, independence, and legal status of the National Bank.
4. The report of the Chairman of the National Bank on the activities of the National Bank shall include:
  - 1) Audited financial statements of the National Bank;
  - 2) Information on the activities of the National Bank for the reporting period;
  - 3) Other information determined by the National Bank Board.
5. The National Bank shall annually publish a report on the official website of the National Bank, including the main analytical pillars relating to the state of the banking and payment systems of the Kyrgyz Republic.
6. The National Bank shall publish on its official website the information on the monetary policy implemented by the National Bank, as well as on the development of the banking and payment systems of the Kyrgyz Republic, including various forms and principles of bank financing.

#### **Article 51. Financial Statements of the National Bank**

1. The National Bank shall maintain permanent accounting and reporting, reflecting its transactions and financial condition in accordance with the International Financial Reporting Standards (IFRS) and subject to the provisions of this Constitutional Law.
2. The financial year of the National Bank shall be established from January 1 to December 31, inclusive.
3. The National Bank shall annually prepare financial statements consisting of the Statement of Financial Position of the National Bank and other related reports.
4. The structure of the financial statements of the National Bank shall be established by the National Bank Board. The National Bank shall publish annual financial statements after verification by an independent audit and approval by the National Bank Board.

#### **Article 52. External Audit of the National Bank**

1. An external audit of the National Bank shall be carried out on an annual basis in accordance with the International Auditing Standards.
2. The Jogorku Kenesh of the Kyrgyz Republic, based on the results of a competition held in the manner developed by the National Bank and approved by the relevant Committee of the Jogorku Kenesh of the Kyrgyz Republic, shall consider and approve the audit organization for a period of three years not later than six months before the end of the financial year. The audit organization shall have a good international reputation and experience in auditing central (national) banks for at least five years. The same audit organization cannot be considered and approved twice in a row.
3. An external audit of the National Bank may be carried out both by an audit organization registered in the Unified State Register of Auditors, Audit Organizations and Professional Auditing Associations (Unified State Register) in the Kyrgyz Republic, and by a foreign audit organization not registered in the Unified State Register, but meeting the requirements specified in Part 2 of this article. The licenses of such foreign organizations shall be recognized in the territory of the Kyrgyz Republic if there is confirmation of the legitimacy of such a license.
4. The National bank, in accordance with the agreement concluded with the audit organization, shall provide it with the reporting and information necessary for the audit in accordance with the international audit practice.
5. Payment for the services of an audit organization for the external audit of the National Bank shall be carried out at the expense of the National Bank's own funds.

### **Article 53. Internal Control system**

1. The National Bank shall have an adequate internal control system.
2. The National Bank Board shall ensure proper organization and functioning of the bank's internal control system.

### **Article 54. Audit Committee of the National Bank**

1. The National Bank shall have a functioning Audit Committee. The main purpose of the Audit Committee shall be assistance to the National Bank Board in ensuring an appropriate internal control system, as well as control over the accounting procedures and preparation of financial statements of the National Bank.
2. The main functions of the Audit Committee shall be:
  - 1) Assisting to improve the efficiency of the internal control system, risk management and corporate governance;
  - 2) Supervising the internal audit division;
  - 3) Ensuring adequate application of accounting standards, monitoring the quality of financial statements;
  - 4) Providing recommendations to the National Bank Board regarding the regulation of relationships with the external auditor and assessing the compliance of the external auditor's work to the standards established by the legislation of the Kyrgyz Republic.
3. Requirements for the members of the Audit Committee, their number, status, competence and regulations of activity shall be determined by the National Bank Board. Members of the Committee shall be appointed by the National Bank Board. The Audit Committee may include members of the National Bank Board, as well as other independent experts.
4. The members of the Audit Committee shall be subject to the restrictions established by this Constitutional Law for members of the National Bank Board.

### **Article 55. Internal Audit of the National Bank**

1. Internal audit shall be carried out in the National Bank on a mandatory and permanent basis.
2. Internal audit shall be carried out by the internal audit division accountable to the National Bank Board. The regulation on the internal audit division shall be approved by the National Bank Board.
3. Manager of the internal audit division shall be appointed and dismissed from office by the National Bank Board on the proposal of the Audit Committee of the National Bank.

### **Article 56. Budget of the National Bank**

The income and expenditure budget and the development budget of the National Bank for the next year shall be approved the National Bank Board not later than December 31 of the previous year in accordance with the main parameters of the monetary policy under the procedure established by the President of the Kyrgyz Republic.

## **Article 57. Governing Bodies**

1. The governing bodies of the National Bank shall be:

- 1) The Board of the National Bank - the supreme governing body;
- 2) The Chairman of the National Bank - the highest executive official.

2. The National Bank Board shall be a collegial body that determines the main directions of the activities of the National Bank and implements the general governance of the activities of the National Bank.

3. The National Bank Board shall consist of the Chairman of the National Bank, three Deputy Chairmen and three members of the National Bank Board. The National Bank Board shall work on a permanent basis.

## **Article 58. Requirements for the Positions of the Chairman, His Deputies and Members of the National Bank Board**

The citizens of the Kyrgyz Republic, who have an impeccable reputation, the necessary qualifications and professional experience in the financial, economic and/or legal sphere may be appointed to the positions of the Chairman, Deputy Chairman and members of the National Bank Board.

## **Article 59. Limitations for the Chairman, His Deputies and Members of the National Bank Board**

1. The chairman, deputy chairman and the members of the Board shall be subject to the limitations established by this Constitutional Law for the officials of the National Bank.

2. The Chairman, deputy chairmen and the members of the National Bank Board may not participate in political parties, religious and other socio-political organizations, be the holder of shares/stakes of banks and other persons supervised by the National Bank.

## **Article 60. Procedure for the Appointment and Terms of Office of the Chairman, Deputy Chairmen and Members of the National Bank Board**

1. The Chairman of the National Bank shall be elected by the Jogorku Kenesh of the Kyrgyz Republic on the proposal of the President of the Kyrgyz Republic for a term of seven years.

2. The President of the Kyrgyz Republic shall nominate a candidate for the position of the Chairman of the National Bank not later than three months before the expiration of the powers of the current Chairman of the National Bank.

3. In the event of early dismissal of the Chairman of the National Bank, the President of the Kyrgyz Republic shall nominate a candidate for this position not later than one month from the date of dismissal.

Until the elected Chairman of the National Bank shall come into office, his duties shall be performed by one of the deputy chairmen of the National Bank.

4. In case the Jogorku Kenesh of the Kyrgyz Republic shall reject the candidate nominated for the position of the Chairman of the National Bank, the President of the Kyrgyz Republic shall nominate a new candidate within two weeks. The same candidate cannot be nominated more than twice.

5. Deputy chairmen and members of the National Bank Board shall be appointed by the President of the Kyrgyz Republic on the proposal of the Chairman of the National Bank for a period of seven years.

6. Candidates for appointment to the position of deputy chairmen and members of the National Bank Board shall be proposed by the Chairman of the National Bank not later than two months before the expiration of the powers of the acting deputy chairmen and members of the National Bank Board.

7. In case of early dismissal of the deputy chairmen and members of the National Bank Board, new candidates for these positions shall be nominated by the Chairman of the National Bank not later than one month from the day of their dismissal.

8. No more than three members of the National Bank Board, including the chairman and deputy chairman, may have the same terms of office.

9. The Chairman of the National Bank, deputy chairmen and members of the National Bank Board may be re-appointed to the position not more than two times in a row.

## **Article 61. Grounds and Procedure for Dismissal of the Chairman, Deputy Chairmen and**

### **Members of the National Bank Board**

1. The Chairman, deputy chairmen and members of the National Bank shall be dismissed from office on the expiration of the term of office, and earlier only in the following cases:

- 1) Upon personal application;
- 2) Where it is not possible to perform official duties due to the state of health confirmed by medical conclusion;
- 3) In connection with death or the entry into force of a court decision declaring him missing or deceased;
- 4) In connection with the entry into force of a court judgment of conviction;
- 5) In connection with the loss of citizenship of the Kyrgyz Republic.

2. The Chairman of the National Bank shall be dismissed from his position by the decision of the Jogorku Kenesh of the Kyrgyz Republic.

3. Deputy chairmen and members of the National Bank Board shall be dismissed by the President of the Kyrgyz Republic on the proposal of the Chairman of the National Bank.

4. The President of the Kyrgyz Republic and the Jogorku Kenesh of the Kyrgyz Republic shall take a decision on the dismissal of the Chairman, deputy chairmen and members of the National Bank Board, respectively, not later than one month prior to the expiration of their terms of office.

5. In case of dismissal from office on the grounds provided for in Clause 4 of Part 1 of this article, these persons shall not be entitled to apply for a position in the National Bank.

## **Article 62. Remuneration of the Chairman, Deputy Chairmen and Members of the National**

### **Bank Board**

Official salaries of the Chairman of the National Bank, deputy chairmen and members of the Board shall be established by the President of the Kyrgyz Republic, taking into account remuneration in competitive markets.

### **Article 63. Organizational Management of the National Bank Board**

1. The activities of the National Bank Board shall be carried out by holding regular meetings, but at least once a month.
2. Meetings of the National Bank Board shall be considered competent (quorum) if the majority of the nominal list of the National Bank Board shall present at them. Decisions of the National Bank Board shall be considered adopted, if they are voted for by the majority of the nominal list of members of the National Bank Board.
3. In the event of a conflict of interests on the issue under consideration, the Chairman, deputy chairman or member of the National Bank Board shall not be entitled to participate in the discussion and voting on this issue.
4. A dissenting opinion of the Chairman, deputy chairman or member of the National Bank Board, who voted "against", must be recorded in the minutes of the meeting of the National Bank Board. Abstention from voting shall not be allowed.
5. The Chairman, deputy chairman or members of the National Bank Board, who were absent from the meeting of the National Bank Board, shall be obliged to familiarize themselves with the minutes of the meeting and the decisions made against signature.
6. Meetings of the National Bank Board shall be chaired by the Chairman of the National Bank. In his absence, the meeting of the National Bank Board shall be chaired by one of the deputy chairmen of the National Bank.
7. Decisions of the National Bank Board shall be formalized as resolutions of the National Bank Board.
8. The organizational management of the National Bank Board, the procedure for holding meetings and making decisions of the National Bank Board shall be determined by the Regulations of the National Bank Board.

### **Article 64. Powers of the National Bank Board**

1. The National Bank Board shall have the right to consider any issue that falls within the competence of the National Bank.
2. The exclusive powers of the National Bank Board shall include decision-making on the following issues:
  - 1) Main directions of the activities and policies of the National Bank;
  - 2) Monetary policy in the Kyrgyz Republic;
  - 3) Budget of the National Bank (income and expenditure budget, development budget);
  - 4) Annual report and annual financial statements of the National Bank;
  - 5) Internal control system and external audit of the National Bank;
  - 6) Types, amount and procedure for the formation and use of reserves and accounts of the National Bank;
  - 7) Mandatory reserve requirements;
  - 8) Monetary instruments and bank lending instruments;
  - 9) Issue and withdrawal from circulation of the national banknotes;
  - 10) Production of refined gold weighted bullions of precious metals;
  - 11) Accounting policy, chart of accounts, rules for organizing and maintaining accounting and reporting of the National Bank;
  - 12) Participation of the National Bank in international organizations;

- 13) Creation, participation in capital and liquidation of legal entities, separate structural divisions of the National Bank in the territory of the Kyrgyz Republic and beyond;
  - 14) Organizational structure and maximum number of employees of the National Bank;
  - 15) Determination of the list of positions of the officials of the National Bank, which fall under the restrictions according to the legislation and this Constitutional Law;
  - 16) Real estate transactions to support the activities of the National Bank, its institutions, organizations and officials;
  - 17) Regulations of the National Bank and the National Bank Board;
  - 18) Adoption of regulatory legal acts of the National Bank;
  - 19) Introduction and termination of provisional administration in banks and microfinance companies that attract deposits;
  - 20) Issuance of licenses to persons determined by the National Bank Board, and their withdrawal (cancellation);
  - 21) Other issues referred to the exclusive competence of the National Bank Board by the banking legislation of the Kyrgyz Republic.
3. The National Bank Board shall have the right to create collegial bodies (committees, commissions and councils).

The powers and responsibilities of collegial bodies shall be determined by the National Bank Board.

4. The National Bank Board shall have the right to delegate part of its powers, except for those that shall be referred by the banking legislation of the Kyrgyz Republic to its exclusive competence.

#### **Article 65. Powers of the Chairman of the National Bank**

1. The Chairman of the National Bank shall:
  - 1) Organize the work of the National Bank Board, hold its meetings, sign regulations adopted by the National Bank Board;
  - 2) Exercise administrative and managerial powers, make decisions on current activities, with the exception of issues related to the exclusive competence of the National Bank Board;
  - 3) Represent the National Bank and act on its behalf without the power of attorney;
  - 4) Issue powers of attorney;
  - 5) Issue orders and instructions;
  - 6) Approve staff schedule;
  - 7) Exercise other powers provided for by the legislation and delegated by the National Bank Board.
2. In the absence of the Chairman of the National Bank, his duties shall be assigned to one of his deputies.

### **Chapter 13. Officials of the National Bank**

#### **Article 66. Officials of the National Bank**

1. All officials of the National Bank, including the Chairman, deputy chairmen and members of the Board, shall be the officials of the National Bank.
2. The procedure for hiring officials of the National Bank shall be determined by the National Bank Board.



3. The system and procedure for remuneration of the officials of the National Bank shall be established by the National Bank Board, taking into account the competitiveness of wages in the financial market, unless otherwise provided by this Constitutional Law.
4. Officials of the National Bank must observe the principles of ethics and avoid any cases that may give rise to a conflict of interest.
5. For the purposes of monitoring the conflict of interest, the National Bank shall have the right to keep a database of its officials and their close relatives, which shall be confidential. The procedure for determining and preventing a conflict of interest will be established by the National Bank. The National Bank shall be obliged to ensure the safety and confidentiality of such information.
6. An official of the National Bank may be involved in civil, criminal, administrative and other forms of legal proceedings as a specialist on the basis of an investigator's decision or a judicial act containing a specific list of issues within a certain period of verification and/or legal proceedings.
7. The legal protection and liability of officials of the National Bank in connection with the performance of their official duties shall be determined by this Constitutional Law.

#### **Article 67. Social Protection of the Officials of the National Bank**

For the purposes of social protection of its officials, the National Bank shall have the right, at its own expense:

- 1) Organize life and medical insurance, and supplementary pension provision for the officials of the National Bank. Separate categories of the officials, according to the list approved by the National Bank Board, shall be subject to compulsory insurance;
- 2) In accordance with the established procedure, shall organize the provision of housing loans (mortgage loans), consumer loans and the acquisition of real estate for the officials of the National Bank;
- 3) Take other measures of social protection (social package) of the officials of the National Bank.

#### **Article 68. Restrictions for the Officials of the National Bank**

1. Officials of the National Bank, according to the list of positions, approved by the National Bank Board, shall be prohibited:
  - 1) To be deputies of the Jogorku Kenesh of the Kyrgyz Republic and local kenesh, members of the Cabinet of Ministers of the Kyrgyz Republic or be in another state or municipal service, and also have citizenship of another state;
  - 2) To hold positions in banks or other legal entities supervised by the National Bank;
  - 3) To work in other organizations, including part-time jobs, as well as render services under a civil law contract (with the exception of teaching, research and creative activities).

The prohibitions provided for in Paragraphs 2 and 3 of this part shall not apply to the official representation of the interests of the National Bank and the Kyrgyz Republic by the officials of the National Bank in organizations, the shareholder (participant) of which is the National Bank, to holding positions and offices in international financial and credit institutions, and other organizations, the Kyrgyz Republic is a party, as well as in the cases provided for by the legislation of the Kyrgyz Republic;

- 4) To receive loans in banks and microfinance organizations;
- 5) To purchase securities, if it may lead to a conflict of interests. The Official of the National Bank, during his/her work in the National Bank, shall be obliged to transfer securities held by him/her in trust management in the order established by the National Bank;
- 6) To be an attorney or representative for third parties in the National Bank, unless otherwise provided by this Constitutional Law.

2. Non-compliance with the restrictions for the officials of the National Bank, established by this article, shall be considered as a gross violation of labor duties.

## **Article 69. Protection of Confidential Information**

1. The National Bank shall be obliged to have a system for protecting official and other confidential information, as well as the information constituting banking secrecy.
2. Information and documents containing banking secrecy and confidential information may be seized only on the basis of a judicial act and only in the form of certified copies, except in cases where the seizure of original documents shall be necessary for examinations requiring the samples contained in the original documents, which is directly indicated in the resolution on the search and seizure. The original documents must be returned after the examination and/or the entry into force of the court judgment within five business days.
3. Officials of the National Bank shall be prohibited from disclosing official and other confidential information, as well as the information constituting banking secrecy. Disclosure of such information shall be carried out in accordance with the legislation of the Kyrgyz Republic.
4. Disclosure of information specified in this article shall entail liability in accordance with the legislation of the Kyrgyz Republic.

## **Article 70. Legal Protection of Officials and Authorized Representatives of the National bank**

1. Officials of the National Bank, the head of the provisional administration (provisional administrator) and his representatives, as well as other persons representing the rights and legitimate interests of the National Bank, shall not bear civil liability to any person for losses in the course of their official duties or legal assignments. Claims and suits in connection with their illegal activities can be brought exclusively to the National Bank. The National Bank shall have the right to bring claims in recourse.
2. The National Bank shall be obliged to provide legal protection of its officials on the issues related to the performance of their official duties in courts and other state bodies, paying the necessary expenses at their own expense or by compensating the expenses incurred by the officials.
3. The National Bank shall not be held liable for losses resulting from the application of enforcement measures to the bank and other legal entities supervised by the National Bank and the exercise of other powers provided for by this Constitutional Law and the legislation of the Kyrgyz Republic.

## **Chapter 14. Property Rights and Security of the National Bank**

### **Article 71. Property and Security of the Activities of the National Bank**

1. The National Bank shall independently own, use and dispose its funds, buildings, structures, equipment, vehicles and other property belonging to it. (Property of the National Bank, including real estate and land plots that shall be subject to registration in authorized state bodies, is registered as the property of the National Bank)
2. The state shall guarantee the protection of the lawful property rights of the National Bank and may not seize or reduce its property. The property of the National Bank, including capital, cash and fixed assets, and other material assets, shall be the property of the National Bank and cannot be encumbered with obligations except by the court decision in accordance with the legislation of the Kyrgyz Republic.
3. The National Bank shall have the right to own or lease, including gratuitous use, any property solely for the purposes of ensuring the activities of the National Bank, exercising its functions and powers, as well as social protection of its officials.
4. The National Bank shall have the right to be a shareholder or otherwise participate in the activities of legal entities for the purpose of implementing the main task of the National Bank, as well as the development of economy of the Kyrgyz Republic.
5. The procedure for the alienation of unmarketable or unused material assets shall be established by the National Bank.
6. The National Bank shall have the right to acquire any rights of the creditor in any form with subsequent alienation within a period not later than two years.

7. The National Bank, in accordance with international regulations, imposed on the activities of central banks, shall be obliged to take measures to ensure the security of its activities, including those aimed at the safety of property, funds and other assets, as well as the protection of officials and information.

8. The National Bank shall have operating structural subdivisions with the right to store, carry and use military firearms and impact munition.

## **Article 72. Transactions with Subsidiaries of the National Bank**

In order to implement the main tasks of the National Bank, as well as to develop the economy of the Kyrgyz Republic, the National Bank shall have the right to extend credits/loans, including subordinated unsecured credits/loans to subsidiaries and associates (organization, in which the National Bank shall have a significant participation) to the institutions of the National Bank, and to place deposits, including subordinated ones on the terms determined by the National Bank Board.

## **Article 73. Taxation, Customs Payments and State Duty**

1. Taxation of the National Bank shall be carried out in accordance with the tax legislation of the Kyrgyz Republic.
2. The National Bank shall make customs payments in accordance with the customs legislation of the Kyrgyz Republic.
3. The National Bank and its regional divisions shall be exempt from paying the state duty for all notarial acts, as well as in all judicial bodies in accordance with the legislation of the Kyrgyz Republic.

## **Article 74. Concluding Provisions**

1. This Constitutional Law shall come into force from the day of its official publication.
2. Increase in the authorized capital of the National Bank up to KGS 4 (four) billion, provided for by Article 11 of this Constitutional Law shall be carried out at the expense of the obligatory reserves of the National Bank.
3. The chairman, deputy chairmen and members of the National Bank Board, elected/appointed prior this Constitutional Law shall enter into force, retain their powers for the entire period of their election/appointment.
4. Paragraph 22 of Article 5 shall enter into force on March 1, 2025.
5. The following shall be recognized as having lost force:
  - 1) Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No. 206 dated December 16, 2016 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2016, No. 11, Art. 1183);
  - 2) Articles 1, 2, 6, 7, 8 and 9 of the Law of the Kyrgyz Republic "On Enactment of the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No.207 dated December 16, 2016 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2016, No. 11, Art. 1184);
  - 3) The Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No. 34 dated April 2, 2018 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2018, No. 4, Art. 200);
  - 4) Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No. 68 dated July 11, 2018 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2018, No.7-8, Art. 468);
  - 5) Article 19 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts on Countering the Financing of Terrorist Activities and the Legalization (Laundering) of Criminal Proceeds" No. 88 dated August 6, 2018 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2018, No 7-8, Art. 488);

- 6) Articles 1, 2 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts of the Kyrgyz Republic (to the Laws of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking", "On Enactment of the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking", Civil Code of the Kyrgyz Republic" No.100 dated December 10, 2018 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2018, No. 12, Art. 670);
- 7) Article 25 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts in the Field of Official Statistics" No. 83 dated July 8, 2019 (Bulletin of the Jogorku Kenesh of the Kyrgyz Republic, 2019, No. 7-8, Art. 471);
- 8) Article 22 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts in the Field of Collection of Non-Tax Revenues and Invalidation of the Law of the Kyrgyz Republic "On State Guarantees to Certain Categories of Party Leaders of the Kyrgyz SSR" No. 29 dated March 23, 2020 ("Erkin- Too" Newspaper No. 31 dated March 27, 2020);
- 9) Article 10 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts on the Stabilization of the Socio-Economic situation in connection with Circumstances of Insurmountable Force" No. 33 dated April 3, 2020 ("Erkin-Too" Newspaper No. 32 dated April 3, 2020);
- 10) Article 1 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts of the Kyrgyz Republic (to the Laws of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking", "On Innovative Activities", "On Licensing and Permitting System in the Kyrgyz Republic") No. 51 dated April 22, 2020 ("Erkin-Too" Newspaper No. 35 dated May 5, 2020);
- 11) Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No. 78 dated July 18, 2020 ("Erkin-Too" Newspaper No. 57 dated July 21, 2020);
- 12) Article 2 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts of the Kyrgyz Republic (to the Laws of the Kyrgyz Republic "On the Exchange of Credit Information", "On the National Bank of the Kyrgyz Republic, Banks and Banking")" No. 85 dated July 22, 2020 ("Erkin-Too" Newspaper No. 59 dated July 28, 2020);
- 13) Law of the Kyrgyz Republic "On Amendments to the Law of the Kyrgyz Republic "On the National Bank of the Kyrgyz Republic, Banks and Banking" No. 77 dated June 24, 2021 ("Erkin-Too" Newspaper No 75 dated June 29, 2021);
- 14) Article 7 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts in the Field of Accounting" No. 93 dated August 9, 2021 ("Erkin-Too" Newspaper No. 87 dated August 13, 2021);
- 15) Article 4 of the Law of the Kyrgyz Republic "On Amendments to Certain Legislative Acts in the Field of Auditing Activities" No.143 dated November 29, 2021 ("Erkin-Too" Newspaper No.145 dated November 30, 2021).

6. The Cabinet of Ministers of the Kyrgyz Republic within six months from the entry into force of this Constitutional Law shall:

- 1) Prepare and submit proposals for bringing legislative acts in line with this Constitutional Law to the Jogorku Kenesh of the Kyrgyz Republic in the prescribed manner;
- 2) Bring its decisions in line with this Constitutional Law.

7. The National Bank, within six months from the date of entry into force of this Constitutional Law, shall bring its regulatory legal acts in line with this Constitutional Law.

**The President  
of the Kyrgyz Republic**

**S.N.  
Zhaparov**

Bishkek

August 11, 2022

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