

Approved by
Decision of the Supervisory Board of Eesti Pank
No. 2-1 of 13 March 2007
(in the wording of the
Decision of the Supervisory Board of Eesti Pank
No. 2-1 of 9 March 2010;
entered into force on 1 January 2011]

STATUTE OF EESTI PANK

Chapter 1 GENERAL PROVISIONS

§ 1. Eesti Pank

- (1) Eesti Pank is the central bank of the Republic of Estonia and a member of the European System of Central Banks.
- (2) The English translation of the name Eesti Pank is the *Bank of Estonia*.

§ 2. Location of Eesti Pank

Eesti Pank is located at Estonia pst 13, 15095 Tallinn, Republic of Estonia.

§ 3. Legal Basis for the Activities of Eesti Pank

Eesti Pank operates pursuant to the Constitution of the Republic of Estonia, the Constitution of the Republic of Estonia Amendment Act, the Treaty on the Functioning of the European Union, the Statute of the European System of Central Banks and of the European Central Bank, legislation of the European Central Bank, the Eesti Pank Act, other acts, and this statute.

§ 4. Insignia of Eesti Pank

Eesti Pank has its own insignia, the design and usage of which shall be stipulated by the Executive Board of Eesti Pank.

§ 5. Supervisory and Directing Bodies of Eesti Pank

The supervisory body of Eesti Pank is the Supervisory Board of Eesti Pank (hereinafter referred to as the *Supervisory Board*). The governing body of Eesti Pank is the Executive Board (hereinafter referred to as the *Executive Board*). The Governor of Eesti Pank (hereinafter referred to as the *Governor*) is the Chairman of the Executive Board by virtue of office. The Executive Board is composed of the Governor and the Deputy Governors.

§ 6. Financial Supervision Authority

- (1) The Financial Supervision Authority, established pursuant to the Financial Supervision Authority Act, operates as an agency of Eesti Pank.
- (2) The Financial Supervision Authority has autonomous competence in the conduct of state financial supervision and has its own directing bodies, a separate budget, and its own reporting system.

Chapter 2 SUPERVISORY BOARD OF EESTI PANK

Division 1 Competence and Members of the Supervisory Board

§ 7. Supervisory Board

- (1) The Supervisory Board of Eesti Pank consists of a Chairman and seven other members.
- (2) The Supervisory Board's members and the Chairman shall participate in the work of the Supervisory Board in person.

§ 8. Competence of the Supervisory Board

- (1) The Supervisory Board shall exercise supervision over all the activities of Eesti Pank.
- (2) The Chairman and members of the Supervisory Board shall be entitled to obtain regular information from the Governor and Deputy Governors about Eesti Pank's activities and budget execution as well as about Estonia's economic and monetary policy, and the financial sector's situation.
- (3) The following issues shall fall within the competence of the Supervisory Board:
 - 1) making proposals to the President of the Republic for the appointment and removal of the Governor of Eesti Pank;
 - 2) appointment and removal of Deputy Governors on the proposal of the Governor;
 - 3) appointment and removal of the heads of the independent divisions and representative offices of Eesti Pank on the

proposal of the Governor;

- 4) appointment and removal of the Head of the Internal Audit Department on the proposal of the Governor;
 - 5) appointment and removal of the members of the Supervisory Board of the Financial Supervision Authority on the proposal of the Governor pursuant to the procedure prescribed in the Financial Supervision Authority Act;
 - 6) approval of the Statute of Eesti Pank;
 - 7) deciding, on the proposal of the Governor, on the establishment, reorganisation and liquidation of independent divisions of Eesti Pank;
 - 8) approval of the statutes of the independent divisions and representations of Eesti Pank;
 - 9) approval of the Statute of the Internal Audit Department;
 - 10) appointment of the internal auditors of Eesti Pank and approval of the internal audit work schedule;
 - 11) appointment of the independent auditors of Eesti Pank pursuant to the procedure prescribed in the Eesti Pank Act;
 - 12) supervision over the execution of the Eesti Pank budget;
 - 13) approval of the Eesti Pank annual report on the proposal of the Governor, submission of the annual report to the Riigikogu;
 - 14) making decisions regarding the design of the national side of euro coins, and the denomination and design of collector coins pursuant to the procedure provided by the legislation of the European Union;
 - 15) review and approval of written proposals and other documents submitted to the Riigikogu in the name of Eesti Pank;
 - 16) approval of the bases for the payment of remuneration of the Executive Board;
 - 17) determination of the remuneration of the Head of the Internal Audit Department;
 - 18) distributing the profit of Eesti Pank pursuant to law and the profit distribution strategy approved by the Supervisory Board;
 - 19) approval of the design of Eesti Pank's insignia.
- (4) The Supervisory Board shall provide their opinion on the strategic development plan, mission, and core tasks of Eesti Pank.
- (5) The Supervisory Board may, within the limits of its competence, give orders and set tasks for the Internal Audit Department.
- (6) Pursuant to Clause 8 (3) 11) and Subsection 53 (1) of this Statute, the Supervisory Board may use external auditors to perform supplementary audits of Eesti Pank's accounting.

§ 9. Chairman of the Supervisory Board

- (1) The Chairman of the Supervisory Board is appointed for a term of five years by the Riigikogu on the proposal of the President of the Republic.
- (2) The Chairman of the Supervisory Board shall notify the President of the Republic of his or her resignation from office at least four months in advance.

§ 10. Substitution of the Chairman of the Supervisory Board

During the absence of the Chairman of the Supervisory Board, the Supervisory Board's meetings shall be summoned by the oldest member of the Supervisory Board and chaired by a member of the Supervisory Board elected from among the attending members.

§ 11. Competence of the Chairman of the Supervisory Board

- (1) The Chairman as the leader of the Supervisory Board of Eesti Pank shall:
 - 1) represent the Supervisory Board;
 - 2) organise the activities of the Supervisory Board;
 - 3) summon and chair Supervisory Board meetings;
 - 4) decide which persons will be invited to attend Supervisory Board meetings in addition to those listed in Subsection 9 (5) of the Eesti Pank Act;
 - 5) sign the decisions of the Supervisory Board and the minutes of the Supervisory Board's meetings;
 - 6) monitor the implementation of the decisions of the Supervisory Board;
 - 7) respond to the interpellations regarding the activities of Eesti Pank submitted to the Riigikogu;
- (2) The Chairman of the Supervisory Board shall immediately notify the Governor of any extraordinary situations.

§ 12. Members of the Supervisory Board

- (1) Members of the Supervisory Board shall be appointed by the Riigikogu on the proposal of the Chairman. The list of candidate Supervisory Board Members shall be submitted to the Riigikogu as a membership list. The Supervisory Board is appointed for a term of five years.
- (2) Members of the Government of the Republic and employees of Eesti Pank are not allowed to be members of the Supervisory Board.
- (3) A member of the Supervisory Board is not allowed to be an employee of any object of financial supervision or a member of the decision-making body of any such institution.
- (4) The authority of a member of the Supervisory Board shall terminate upon the expiry of his or her term of authority, upon his or her resignation or, pursuant to the procedure prescribed in the Eesti Pank Act, dismissal, or in the event of his or her

death.

(5) A member of the Supervisory Board shall notify the Chairman of the Supervisory Board of his or her resignation from office at least four months in advance.

(6) If a member of the Supervisory Board is appointed as a member of the Government of the Republic or commences work at Eesti Pank, the Riigikogu shall, on the proposal of the Chairman of the Supervisory Board, appoint an alternate member of the Supervisory Board. The authority of such an alternate member terminates when the member of the Supervisory Board of Eesti Pank leaves the office which precludes his or her membership of the Supervisory Board or when he or she ceases to be employed at Eesti Pank.

(7) If a member of the Supervisory Board is employed by an object of financial supervision or appointed a member of the decision-making body of any such institution, his or her authority as a member of the Supervisory Board shall terminate.

(8) The authority of members appointed to the Supervisory Board of Eesti Pank at a later time shall terminate at the same time as the authority of the then current composition of the Supervisory Board.

(9) The basis for the calculation of and the procedure for the payment of compensation to the Chairman and members of the Supervisory Board shall be approved by the Supervisory Board upon the termination of their authority for the next composition of the Supervisory Board.

(10) Members of the Supervisory Board are subject to the obligation of professional secrecy. Members of the Supervisory Board are obliged to follow all the requirements arising from laws and other legislation, including the legislation of the European System of Central Banks prescribing the obligations concerning the maintenance of confidentiality.

Division 2

Meetings of the Supervisory Board

§ 13. Meetings of the Supervisory Board

(1) The meetings of the Supervisory Board shall be closed, unless otherwise decided by the Chairman of the Supervisory Board. The Governor of Eesti Pank and Deputy Governors shall participate in the Supervisory Board's meetings with the right to speak. The Minister of Finance of the Republic of Estonia may participate in the Supervisory Board's meetings, subject to the provisions of Article 130 of the Treaty on the Functioning of the European Union.

(2) The Supervisory Board shall operate pursuant to the rules of procedure and work schedule established by the Supervisory Board itself.

§ 14. Time and Place of the Meetings of the Supervisory Board

(1) The meetings of the Supervisory Board are held when necessary but not less frequently than eight times a year.

(2) The meetings of the Supervisory Board are held on the premises of Eesti Pank, unless otherwise decided by the person who convenes the meeting.

§ 15. Convention of Supervisory Board Meetings

(1) The meetings of the Supervisory Board are convened by the Chairman.

(2) Supervisory Board members and persons listed in Subsection 9 (5) of the Eesti Pank Act shall be notified of a meeting at least five banking days prior to the meeting in question. Such notification shall be forwarded by mail, telefax, or e-mail.

(3) The notification of a Supervisory Board meeting shall include the following information:

1) time and place of the meeting;

2) agenda of the meeting and presenters of the respective reports;

3) the data and list of documents necessary for adopting a decision. The documents necessary for adopting a decision shall be either attached to the notification or presented to the Supervisory Board members on the premises of Eesti Pank as of the date of issuance of the notification;

4) other circumstances related to the meeting.

(4) Issues that need to be resolved urgently and that are not referred to in the notification can be discussed and resolved at a Supervisory Board meeting provided that over a half of the Supervisory Board members present are in favour of such a discussion.

§ 16. Extraordinary Meetings

If there is a justifiable need, an extraordinary meeting of the Supervisory Board shall be convened by the Chairman either on his or her own initiative or on the proposal of a Supervisory Board member or the Governor. The notification of the convention of an extraordinary meeting shall include the data specified in Clauses 1 and 2 of Subsection 15 (3) of this Statute. The Chairman of the Supervisory Board shall decide whether any additional data and/or documents need to be added.

§ 17. Quorum of Supervisory Board Meetings

(1) A Supervisory Board meeting has a quorum if at least five Supervisory Board members are present.

(2) Upon the lack of the quorum necessary for holding a Supervisory Board meeting, a new meeting with the same agenda shall be held within seven days of the cancellation of the original meeting. The Chairman of the Supervisory Board shall immediately notify the members of the Supervisory Board of the time and place of the new meeting.

(3) If the requirements of the law or this Statute for convening a Supervisory Board meeting are violated, the Supervisory Board has no right to adopt decisions.

§ 18. Minutes of Supervisory Board Meetings

(1) The minutes of a Supervisory Board meeting shall be taken by the person appointed by the Chairman of the Supervisory Board.

(2) The following information shall be recorded in the minutes:

- 1) number of the Supervisory Board members meeting;
- 2) time and place of the meeting;
- 3) names of the Supervisory Board members and other persons present;
- 4) names of the person chairing and the person taking the minutes of the meeting;
- 5) agenda of the Supervisory Board meeting;
- 6) names of the persons who made presentations on items on the agenda and descriptions of the contents of the presentations;
- 7) descriptions of discussions;
- 8) decisions adopted at the meeting together with the voting results;
- 9) dissenting opinions regarding the decision submitted by a Supervisory Board member or persons listed in Subsection 9 (5) of the Eesti Pank Act;
- 10) other relevant circumstances of the meeting.

(3) The minutes of a Supervisory Board meeting shall be appended by the notification of convening the meeting and the documents forming the basis of the decisions adopted.

(4) If dissenting opinions have been submitted, a written dissenting opinion shall be appended to the minutes of the Supervisory Board meeting. An oral dissenting opinion that has been recorded in the minutes shall be signed by the person who submitted it within five days of the meeting. If the person who submitted an oral dissenting opinion does not sign it on time, the dissenting opinion shall be deemed not to have been submitted.

(5) The minutes of a Supervisory Board meeting shall be signed by the person who chaired the meeting, the person who took the minutes, and all Supervisory Board members participating in the meeting.

(Amendment entered into force on 10 March 2010)

(6) The minutes of a Supervisory Board meeting shall be available to the members of the Supervisory Board and the Executive Board on the premises of Eesti Pank as of the seventh working day after the meeting.

§ 19. Decisions of the Supervisory Board

(1) The decisions of the Supervisory Board are adopted at Supervisory Board meetings.

(2) A Supervisory Board member may not participate in voting in the cases provided by law where participation in the adoption of decisions is prohibited, or if the commencement or termination of a court action by Eesti Pank concerning the member is being decided.

(3) A Supervisory Board decision is adopted if over one half of the Supervisory Board members participating in the meeting vote in favour of it. If the votes are equally divided, the Chairman of the Supervisory Board shall have the deciding vote.

(4) Regarding the issues listed in Clauses 8 (3) 1), 6), 8), 9), 12) and 13) of this Statute, resolutions can be adopted only by a majority vote of the membership of the Supervisory Board.

(5) A decision of the Supervisory Board shall contain the name of the decision, the title and number of the decision, the date on which the decision is made, and the contents of the decision. A decision which amends or repeals a previous decision of the Supervisory Board shall also contain the title, date, and number of the decision which is amended or repealed.

(6) Pursuant to Clause 11 (1) 5) of this Statute, a decision of the Supervisory Board shall be signed by the Chairman.

(7) The Governor of Eesti Pank shall be responsible for the implementation of the decisions of the Supervisory Board.

§ 20. Notification of the Public

(1) The decisions of the Supervisory Board of Eesti Pank which are of a regulatory nature shall be published in the *Riigi Teataja* (the State Gazette). The publication of other decisions and of documents forming the basis of a decision shall be decided by the Supervisory Board and this is noted in the decision subject to publication.

(2) Supervisory Board members shall notify the public of the decisions and activities of the Supervisory Board unless otherwise decided at a Supervisory Board meeting.

Chapter 3 EXECUTIVE BOARD

§ 21. Executive Board

(1) The Executive Board manages the activities of Eesti Pank and reports to the Supervisory Board. The Chairman of the Executive Board is by virtue of office the Governor of Eesti Pank. The Executive Board is composed of the Governor and the Deputy Governors.

(2) The Executive Board shall organise the activities of Eesti Pank, secure co-operation between the structural units of Eesti

Pank, and make proposals to the Supervisory Board regarding decisions to be adopted under the competence of the latter.
(3) (3) The Executive Board shall operate and adopt decisions pursuant to the rules of procedure established by the Executive Board itself.

§ 22. Competence of the Executive Board

The Executive Board of Eesti Pank shall:

- 1) prepare and submit to the Supervisory Board documents and draft decisions for adopting decisions under the competence of the Supervisory Board and for informing the Supervisory Board;
- 2) submit an overview of Eesti Pank's budget execution and the activities of Eesti Pank to the Supervisory Board at least three times a year;
- 3) notify the Supervisory Board of relevant circumstances related to the activities of Eesti Pank;
- 4) prepare the Annual Accounts and activity report of Eesti Pank and submit these pursuant to law and this Statute to the auditors for assessment and to the Supervisory Board for approval within four months of the end of the financial year;
- 5) approve the statutes of the structural units of Eesti Pank as prescribed in Section 38 of this Statute;
- 6) perform other functions necessary for fulfilling the objectives and tasks imposed on Eesti Pank by law.

§ 23. Meetings of the Executive Board

- (1) The meetings of the Executive Board shall be held as necessary and pursuant to the work schedule of the Executive Board, but not less frequently than once a month.
- (2) Executive Board meetings are convened by the Chairman of the Executive Board (the Governor). An Executive Board meeting shall be convened if so requested by a member of the Executive Board or by the Chairman of the Supervisory Board.
- (3) The meetings of the Executive Board are held on the premises of Eesti Pank, unless otherwise decided by the Chairman of the Executive Board (the Governor).

§ 24. Quorum of Executive Board Meetings

- (1) An Executive Board meeting has a quorum if at least one half of the Executive Board members are present, including the Chairman of the Executive Board (the Governor).
- (2) Executive Board members shall participate in Executive Board meetings in person.
- (3) If necessary, the Chairman of the Executive Board (the Governor) can invite employees of Eesti Pank, the Chairman of the Supervisory Board, and other persons who are non-members of the Executive Board to attend a meeting or a discussion of specific items on the agenda.

§ 25. Voting

- (1) Each Executive Board member shall have one vote. Executive Board members shall not have the right to abstain from voting or to remain undecided, except in the cases provided for in Subsection (3) of this Section.
- (2) The resolutions of the Executive Board shall be adopted by a majority vote. If the votes are equally divided, the Chairman of the Executive Board (the Governor) shall have the deciding vote.
- (3) An Executive Board member may not participate in voting in the cases provided by law where participation in the adoption of decisions is prohibited, or if the commencement or termination of a court action by Eesti Pank concerning the member is being decided.
- (4) An Executive Board member has the right to request his/her dissenting opinion be recorded in the minutes.

§ 26. Minutes of Executive Board Meetings

Executive Board meetings shall be recorded in the minutes pursuant to the provisions of the rules of procedure of the Executive Board. The minutes shall be signed by the Chairman of the Executive Board (the Governor) and by the person who took the minutes.

§ 27. Decisions of the Executive Board

- (1) A decision of the Executive Board shall contain the name of the decision, the title and number of the decision, the date on which the decision is made, and the contents of the decision. A decision which amends or repeals a previous decision of the Executive Board shall also contain the title, date and number of the decision which is amended or repealed.
- (2) Executive Board decisions shall be signed by the Chairman of the Executive Board (the Governor).

Chapter 4 GOVERNOR AND DEPUTY GOVERNORS

§ 28. Governor

- (1) The Governor of Eesti Pank shall be appointed by the President of the Republic for a term of seven years on the proposal of the Supervisory Board of Eesti Pank.
 - (2) The Governor of Eesti Pank shall be an Estonian citizen and have a university degree.
- (Amendment entered into force on 10 March 2010)*

- (3) The Governor shall be responsible for all the activities of Eesti Pank and report thereof regularly to the Supervisory Board and the Riigikogu.
- (4) The Governor shall represent Eesti Pank pursuant to the law without any additional authorisation.
- (5) The Governor shall participate in Supervisory Board meetings with the right to speak.
- (6) The Governor shall notify the Supervisory Board of his or her resignation from office at least four months in advance.
- (7) If the Governor of Eesti Pank ceases to comply with the requirements necessary for the performance of the Governor's duties or is convicted of serious misconduct, the Supervisory Board may make a proposal to the President of the Republic to remove the Governor of Eesti Pank before the expiry of the term of his or her authority.

§ 29. Competence of the Governor

- (1) The competence of the Governor is stipulated by the Eesti Pank Act.
- (2) The following shall fall within the competence of the Governor:
 - 1) designing of banking policies, general management of Eesti Pank's activities, including prescribing regulations for exceptional circumstances;
 - 2) organising the performance of the tasks of the European System of Central Banks;
 - 3) making proposals to the Supervisory Board for the appointment and removal of Deputy Governors, the head of the Internal Audit Department of Eesti Pank, the heads of the independent divisions of Eesti Pank, and for the appointment and removal of members of the Supervisory Board of the Financial Supervision Authority;
 - 4) approving the budget of Eesti Pank.
- (3) If the Governor does not agree with a decision of the Supervisory Board, he or she shall report his or her disagreement to the President of the Riigikogu no later than within three working days of the decision's adoption and make a proposal to submit an interpellation on the matter to the Chairman of the Supervisory Board of Eesti Pank.

§ 30. Legislation Issued by the Governor

- (1) The Governor shall issue decrees and regulations.
- (2) Decrees are legislation of general application based on the laws or decisions of the Supervisory Board. The decrees of the Governor are published in the *Riigi Teataja Lisa* (Appendix to the State Gazette).
- (3) The Governor uses regulations to manage the activities of Eesti Pank.

§ 31. Deputy Governors

- (1) The Deputy Governors of Eesti Pank shall be appointed by the Supervisory Board for a term of five years on the proposal of the Governor.
- (2) A Deputy Governor of Eesti Pank shall be an Estonian citizen and have a university degree.
- (3) Deputy Governors shall participate in Supervisory Board meetings with the right to speak.
- (4) If a Deputy Governor ceases to comply with the requirements necessary for the performance of his or her duties or is convicted of serious misconduct, the Supervisory Board may make a proposal to the Governor to remove the Deputy Governor before the expiry of the term of his or her authority.
- (5) The Deputy Governors shall manage the structural units of Eesti Pank and coordinate Eesti Pank's activities regarding the achievement of its strategic goals. The structural units managed and activities co-ordinated by a Deputy Governor constitute his or her area of governance.
- (6) The Deputy Governors' areas of governance shall be established and changed by the regulations of the Governor.
- (7) A Deputy Governor cannot be head of a structural unit (department) or division.

§ 32. Independence

- (1) The Governor and Deputy Governors of Eesti Pank are independent in the performance of their functions. They shall not hold any other office, be in service or be party to any activities which, by their nature, restrict or may restrict the autonomy of Eesti Pank or adversely affect or may adversely affect Eesti Pank in the achievement of its objectives or the performance of its functions.
- (2) The Supervisory Board assesses the implementation of the restrictions provided for in Subsection 1 of this Section proceeding from good practice.

§ 33. Substitution of the Governor

- (1) In the absence of the Governor, a Deputy Governor shall substitute for him or her and the Governor shall transfer his or her authority temporarily to the Deputy Governor by a regulation of the Governor.
- (2) If it is not possible to transfer the authority to a Deputy Governor, the Supervisory Board shall designate the person to substitute for the Governor from among the Deputy Governors. If the Supervisory Board has not designated a person to substitute for the Governor, the Deputy Governor who is senior in age shall substitute for the Governor.
- (3) The person substituting for the Governor shall, during his or her term of authority, have the full authority of the Governor of Eesti Pank.

§ 34. Reporting Obligations

- (1) The Governor shall report on the activities of Eesti Pank to the Riigikogu and respond to interpellations concerning Eesti Pank's activities submitted to him or her in the Riigikogu.
- (2) The Governor shall report on his or her activities regularly to the Supervisory Board.
- (3) The Governor shall organise an immediate notification to the Chairman of the Supervisory Board of any extraordinary situations.

Chapter 5 COMMITTEES, COMMISSIONS, AND WORKING GROUPS

§ 35. Formation of Committees, Commissions, and Working Groups

- (1) For the purpose of performing the functions of Eesti Pank, the Executive Board may form standing committees, standing or temporary (ad hoc) commissions, and temporary working groups.
- (2) The status, objective of activities, members, rights, and obligations of committees, commissions, and working groups shall be specified in the resolution to establish the respective body.
- (3) The resolutions of committees, commissions, and working groups are advisory to the Executive Board.

§ 36-37. [Repealed]

Chapter 6 STRUCTURAL UNITS AND EMPLOYEES

§ 38. Structural Units of Eesti Pank

The structural units of Eesti Pank are departments. A department's competence, rights, functions, and responsibilities shall be provided for in the respective department's statute that has been approved by the Executive Board. The statute of the Internal Audit Department shall be approved by the Supervisory Board.

§ 39. Employees

- (1) All legal requirements restricting their participation in business or membership in corporate governance shall be mandatory for the employees of Eesti Pank.
- (2) The employees of Eesti Pank are subject to the obligation of professional secrecy. The employees of Eesti Pank shall be obliged to follow all the requirements arising from the law and other legislation, including the legislation of the European System of Central Banks prescribing the obligations concerning the maintenance of confidentiality.

§ 40. Remuneration

- (1) The bases for the payment of remuneration to the Executive Board (salaries, voluntary severance pay, benefits, and the system of rewards) shall be prescribed by the Supervisory Board.
- (2) The remuneration of the Head of the Internal Audit Department shall be stipulated by the Supervisory Board.
- (3) The salaries of other employees shall be stipulated by the Governor within the parameters established under the Personnel Expenses category of the budget of Eesti Pank in accordance with the Eesti Pank staff remuneration policy.
- (4) Bonuses and other payments to employees shall be calculated and paid pursuant to instructions approved by the Governor.
- (5) Eesti Pank shall have the right to subsidise non-profit associations formed in the interests of its employees. The Supervisory Board shall establish the methods, scope and procedures of subsidisation on the proposal of the Governor within the limits prescribed in Eesti Pank's budget.
- (6) Supervisory Board members, Executive Board members, and employees of Eesti Pank shall be entitled to the following additional social guarantees:
 - 1) Eesti Pank's special merit pension as stipulated by a respective regulation of the Supervisory Board;
 - 2) other social benefits as decided by the Supervisory Board.

Chapter 7 FIXED CAPITAL AND RESERVE CAPITAL

§ 41. Fixed Capital

The fixed capital of Eesti Pank shall be 100,000,000 euros as specified by law.

§ 42. Decrease of Fixed Capital

In cases where the reserve capital and special reserve do not suffice, the losses of Eesti Pank may be offset against the fixed capital if so decided by the Riigikogu.

§ 43. Reserve Capital

The reserve capital of Eesti Pank shall be increased until it is at least equal to the fixed capital of Eesti Pank. The reserve capital may be increased beyond that level pursuant to a target amount determined by the Riigikogu.

§ 44. Increase in Reserve Capital and the Coverage of Losses

(1) The sources used to increase the reserve capital are:

1) the annual profit of Eesti Pank, of which no less than 25% shall be allocated for that purpose by a decision of the Supervisory Board;

2) amounts of specific financing and other means received by Eesti Pank, by a decision of the Supervisory Board.

(2) The reserve capital shall be used to cover Eesti Pank's losses.

(3) In cases where the reserve capital, which has been increased to the target level, decreases as a result of an incurred loss being offset against the reserve capital, the reserve capital shall be replenished to the stipulated amount from the sources specified in Clause 1 of this Section and pursuant to its procedures.

Chapter 8

FOUNDATION CAPITAL, FUNDS FOR SPECIFIC PURPOSES AND RESERVES

§ 45. Foundation Capital and Funds for Specific Purposes

Eesti Pank's foundation capital and funds for specific purposes shall be divided into special reserves and other reserves (funds).

§ 46. Special Reserve

(1) The special reserve of Eesti Pank shall be used in the first order to cover Eesti Pank's losses.

(2) If the special reserve decreases as a result of an incurred loss being offset against the special reserve, the special reserve shall be replenished to the previous amount from the sources specified in Subsection 44 (1) of this Statute and pursuant to its procedures.

(3) Eesti Pank's special reserve shall be increased by:

1) allocations from the profit pursuant to Subsection 30 (4) of the Eesti Pank Act;

2) allocations pursuant to Subsection 29 (2) of the Eesti Pank Act;

3) other sources not prohibited by law and this Statute.

§ 47. Other Reserves

The procedures for establishing, supplementing and using other reserves shall be decided by the Supervisory Board on the proposal of the Governor without amending this Statute.

Chapter 9

ASSETS

§ 48. Transactions with Eesti Pank's Assets

(1) The Governor or persons authorised by him or her shall be entitled to conduct transactions on behalf of Eesti Pank.

(2) Conducting transactions on behalf of Eesti Pank shall be done pursuant to the procedure established by the Governor.

§ 49. [Repealed]

Chapter 10

BUDGET

§ 50. Budget of Eesti Pank

(1) The basis of the financial activity of Eesti Pank is the budget which shall be approved by the Governor.

(2) The preparation of the budget of Eesti Pank shall be the responsibility of the Executive Board.

(3) If the Governor has not approved the budget for the new financial year by 1 January, expenses amounting to one-twelfth of the previous year's total expenditure shall be allowed per month at the expense of revenues until the new budget is approved.

(4) Prior to the approval of the budget by the Governor, the Executive Board shall introduce the draft budget and the principles underlying the compilation of the budget to the Supervisory Board. The Supervisory Board shall provide their opinion regarding the draft budget.

§ 51. Reporting on Budget Execution

The Executive Board shall report on budget execution to the Supervisory Board at least three times a year.

Chapter 11

INTERNAL AUDIT AND AUDITING OF ACCOUNTS

§ 52. Internal Audit Department

- (1) In order to perform the internal audit function at Eesti Pank, the Internal Audit Department has been established as a structural unit of Eesti Pank.
- (2) The Head of the Internal Audit Department shall be appointed and dismissed by the Supervisory Board on the proposal of the Governor.
- (3) The employees of the Internal Audit Department (internal auditors) shall be appointed and removed by the Supervisory Board on the proposal of the Governor.
- (4) The Internal Audit Department shall operate according to the work schedule endorsed by the Governor and approved by the Supervisory Board. The Supervisory Board and the Governor shall have the right to entrust additional tasks to the Internal Audit Department.
- (5) The Head of the Internal Audit Department shall report on the activities of the department to the Governor and at least twice a year to the Supervisory Board, unless the latter requires more frequent reporting.

§ 53. Auditing of Accounts

- (1) Eesti Pank's accounting shall be audited each financial year by independent external auditors recommended by the Governing Council of the ECB, approved by the Council of the European Union, and nominated by the Supervisory Board.
- (2) The task of the auditors is to inspect the activities of Eesti Pank during the financial year and attest to the accuracy of Eesti Pank's annual report.

§ 54. Annual Report

- (1) Eesti Pank's annual report shall be prepared pursuant to the rules established on the basis of Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank.
- (2) The annual report shall be approved and, together with the auditor's report, submitted to the Riigikogu by the Supervisory Board. The Riigikogu shall hear a presentation concerning Eesti Pank's annual report by the Governor of Eesti Pank.
- (3) The annual report shall be published in the *Riigi Teataja* and in Eesti Pank's Yearbook.

Chapter 12

AMENDMENTS TO THE STATUTE

§ 55. Amendments to the Statute

This Statute shall be amended or a new Statute approved by a decision of the Supervisory Board pursuant to the Eesti Pank Act.