

# LAW OF THE REPUBLIC OF UZBEKISTAN

December 21, 1995 N 154-I

On the Central Bank of the Republic of Uzbekistan

At present, the law is amended in accordance with  
Law N 681-I dated 29.08.1998, the  
Chapter X of the Law N 772-I dated 04.15.1999, p.  
Item 12 of the Law of Uzbekistan N 175-II dated 15.12.2000,  
Section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002  
p.32 Section I of the Law of the Republic of Uzbekistan on 03.12.2004

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## I. General Provisions

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## Article 1. Legal status

Legal status, tasks, functions, powers, principles of organization and activities of the Central Bank shall be determined by the Constitution of the Republic of Uzbekistan, this Law and other legislative acts.

The Central Bank is a legal entity and is the exclusive property of the state.

Central Bank - economically independent institution providing its costs from its own revenues.

Central Bank and its agencies have a seal with the State Emblem of the Republic of Uzbekistan and its name.

## Article 2. Property

Property of the Central Bank are its cash and other tangible assets, whose value is reflected in the balance of the Central Bank.

Part 2 of Article 2 The wording of paragraph 1 of section VIII of 13.12.2002

The Central Bank has the right to possess, use and dispose of property as reflected in its balance sheet in accordance with legislation

## Article 3. The main purpose and main objectives

The main purpose of the Central Bank is to ensure the stability of the currency.

The main tasks are:

development, adoption and implementation of monetary policy and the policy of currency regulation;

organization and maintenance of an effective system of settlements in the Republic of Uzbekistan;

The wording of the paragraph point 2 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

licensing and regulation of banking activities of credit unions and pawnshops, supervision of banks, credit unions and pawnshops, licensing, production forms of securities.

store and manage the official foreign exchange reserves of the Republic of Uzbekistan, including the reserves of the Government under the agreement;

organized jointly with the Ministry of Finance cash execution of the state budget.

## Article 4. Prohibited activities of the Central Bank

Central Bank may not:

financial aid;

carry out commercial activities;

participate in the capital of banks and other entities, except for participation in the capital of the People's Bank of the Republic of Uzbekistan, as well as businesses and organizations that provide the central bank. (As amended by Clause 1 of Chapter X of the Law N 772-I dated 04.15.1999, the)

#### Article 5. Accountability

Part 1: The wording of subparagraph 1) of paragraph 32 of Section I of the Law of the Republic of Uzbekistan 03.12.2004

The Central Bank is accountable to the Senate of the Oliy Majlis. Senate of Oliy Majlis:

appoints and dismisses the proposal of the President of the Republic of Uzbekistan, chairman of the Central Bank;

considering the annual report, as well as the auditor.

The Central Bank publishes an annual report in the press about the current situation in the monetary area and the main directions of monetary policy.

#### Article 6. Central bank independence

The Central Bank is independent in making decisions within their authority.

The state is not liable for the obligations of the Central Bank and central banks - the obligations of the state if they do not have assumed such obligations or unless otherwise provided by legislative acts.

#### Article 7. Normative acts

The Central Bank, within its competence issue regulations binding upon all persons in the territory of the Republic of Uzbekistan.

Normative acts of the Central Bank shall take effect from the date of publication if in the act stipulates otherwise.

Part three is excluded according to the law N 681-I from 29.08.1998, the

(Regulations of the Central Bank issued within its jurisdiction, not subject to registration in other organs.)

#### Article 8. Organizational Structure

The Central Bank is a centralized management system.

To perform the assigned tasks the Central Bank creates the appropriate services and facilities.

In the capital of the Republic of Karakalpakstan, regional centers and the city of Tashkent, the Central Bank creates a major management who do not have legal status.

Services and facilities of the Central Bank act on the basis of regulations approved by the Board of the Central Bank (hereinafter the Board).

#### Article 9. Foreign economic activity

The Central Bank may:

represent the interests of the Republic of Uzbekistan in central banks of other countries, international banks and other financial institutions;

perform financial transactions, including banking services to foreign governments, foreign central banks and monetary authorities' control, as well as international organizations, members of which the Republic of Uzbekistan;

open representative offices in foreign countries;

to accredit the Republic of Uzbekistan of foreign banks.

Relationship of the Central Bank with banks and credit institutions from other countries is carried out in accordance with international treaties of the Republic of Uzbekistan, as well as interbank agreements.

### II. Financial position

#### Article 10. The authorized capital of the Central Bank

#### Article 11. Identification and distribution of profits

#### Article 12. The release of the Central Bank of taxes, levies and duties

#### Article 13. Statements

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#### Article 10. The authorized capital of the Central Bank

The authorized capital of the Central Bank is two billion soums. The increase in the authorized capital by decision of the Senate of the Oliy Majlis. (As amended by paragraph 2), paragraph 32 of Section I of the Law of Uzbekistan on 03.12.2004)

The authorized capital of the Central Bank shall not be transferred or used as security Mortgages.

#### Article 11. Identification and distribution of profits

Earnings of the Central Bank for each financial year shall be determined after:

formation of reserves to cover potential losses on bad, bad debts and other assets;

accounting for all revenues and expenditures, as well as the actual valuation of assets and liabilities in accordance with generally accepted accounting practices.

Part 2 is introduced in accordance with paragraph 3 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

Unrealized gains and losses of the Central Bank, formed from the revaluation of gold reserves as a result of changes in foreign currency exchange rate or the value of precious metals are in the revaluation reserve arising from foreign exchange reserves.

Central bank profits are distributed in the manner prescribed by the Board, simultaneously with the approval of the annual report.

According to the decision of the Board may form various reserves and funds earmarked.

The balance of profit after the completion in due course reserves and funds earmarked sent to the republican budget. (As amended by paragraph 3 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

Not allowed the transfer of profit to the national budget to the annual report.

Article 12. The release of the Central Bank of taxes, levies and duties

Central Bank and its agencies are exempt from taxes, levies, fees and other payments.

Article 13. Statements

Reporting period, the Central Bank is set from January 1 to December 31. Annual Report not later than May 15 submitted to the Senate. (As amended by paragraph 3) paragraph 32 of Section I of the Law of Uzbekistan on 03.12.2004)

Article 14. Audit of Central Bank

Audit of the Central Bank made annually by independent auditing organizations.

### III. Office of the Central Bank

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Article 15. Central bank board

The supreme organ of the Central Bank is its Board of Directors.

The Board determines the main policies and activities of the Central Bank manages the bank.

#### Article 16. Composition of the Board

The Board consists of eleven people. The Management Board consists of the chairman of the Central Bank, his deputies and heads of major divisions of the bank.

Chairman of the Board is the chairman of the Central Bank. Board members (except the first deputy and deputy chairman of the Central Bank) approved Kenghash Senate by the Chairman of the Central Bank. (As amended by subparagraph 1) of clause 12 of Section I of the Law of Uzbekistan N 175-II dated 15.12.2000, paragraph 4) paragraph 32 of Section I of the Law of Uzbekistan on 03.12.2004) See comment

#### Article 17. Powers of the Board

The Board has the following powers:

determines the main directions of monetary policy, including the scale of operations of the Central Bank's open market account and loan interest rates of the Central Bank and the required reserves ratio of banks by the Central Bank;

Paragraph is introduced according to paragraph 4 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

approve normative acts of the Central Bank;

decide on the participation of the Central Bank in international organizations;

determines the nominal value and samples of bank notes and coins, as well as conditions of withdrawal of banknotes;

claims amount and conditions of loans to the Government of the Republic of Uzbekistan;

Paragraph 7 shall be worded paragraph 4 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

approve prudential standards for banks and rules of conducting financial transactions for credit unions and pawnshops, and considers their implementation;

Paragraph 8 The wording of paragraph 4 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

shall decide the issue and revocation of licenses to engage in banking activities, carries out the licensing activities of credit unions and pawnshops, as well as the production of forms of securities;

determines the organizational structure of the Central Bank;

create, reorganize and liquidate institutions and enterprises of the Central Bank;

approve the estimated costs and revenues of the Central Bank;

considers the annual and financial reports of the Central Bank;

Approves the heads of departments, agencies and enterprises of the Central Bank;

hear reports and reports of the heads of departments of the Central Bank, its institutions and organizations;

establishes the conditions for hiring, firing, compensation of employees of the Central Bank in accordance with the law, as well as how to obtain their credit and purchase of shares;

Consider and decide other matters within the competence of the Central Bank.

#### Article 18. Board meeting

Board meetings are held at least once a month.

Board meetings are convened by the chairman of the Central Bank.

They can also be called at the request of at least three members of the Board.

Preside at meetings of the Board Chairman of the Central Bank, and in his absence - one of his deputies.

Meeting of the Board is authorized, with the participation of at least two-thirds of its members. Board decisions are taken by simple majority vote of members present. In the event of an equality of votes, the chairman of the Central Bank is crucial.

Board meeting are usually closed.

#### Article 19. Board Decisions

Board's decision taken in the form of a resolution.

#### Article 20. Central Bank Chairman

Chairman of the Central Bank:

manages the activities of the Central Bank and its Board administers the funds of the bank and is responsible for fulfilling the tasks entrusted to the Central Bank;

decides on the activities of the Central Bank, except for in this Law referred to the competence of the Board;

sign resolutions of the Board, issue orders and instructions;

performs actions on the operational performance management and ongoing operations of the Central Bank;

The central bank is in the Oliy Majlis, the government, ministries and departments, courts, banks and institutions, international and foreign organizations on all matters of banking activities;

Directs the solution of some questions to their deputies, heads of structural subdivisions of the central apparatus, the heads of territorial offices.

The term of office of the Central Bank - for five years.

In the absence of the chairman of the Central Bank shall act as one of the deputies.

Article 21. Grounds for dismissal from his post of chairman of the Central Bank

Chairman of the Central Bank may be dismissed for the following reasons:

expiration;

a private letter of resignation stating the reasons;

recognition in the manner prescribed by law guilty of a crime;

unable to fulfill their duties for health reasons, on the advice of the state medical board;

committing acts that are incompatible with being in the position, including a flagrant violation of this Act and the significant damage the interests of the Central Bank.

Chairman of the Central Bank may be dismissed on other grounds provided for in the legislation.

Article 22. Vice-Chairman of the Central Bank

The text of Article 22 shall be worded paragraph 2), clause 12 of the Law of Uzbekistan N 175-II dated 12.5.2000, the previous edition

First Deputy and Deputy Chairman of the Central Bank shall be appointed and dismissed by the President of the Republic of Uzbekistan by the Chairman of the Central Bank.

#### IV. Monetary operations of the Central Bank

Article 23. The main directions of monetary policy

Article 24. Targets changes in money supply

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Article 26. Accounting operations of the Central Bank

Article 27. Interest rates accounts and credit operations

Article 28. Mandatory reserve requirements

Article 29. Sanctions for noncompliance norms of obligatory reserve requirements



Article 30. Refinancing of banks by the Central Bank

Article 31. Customer Service Central Bank

Article 23. The main directions of monetary policy

The Central Bank is developing guidelines of monetary policy in the Republic of Uzbekistan for the coming year, and annually no later than thirty days before the start of the next fiscal year shall inform the Senate of the Oliy Majlis. (As amended by paragraph 5) p.32 Section I of the Law of the Republic of Uzbekistan on 03.12.2004)

The main directions of monetary policy should contain:

analysis and forecast of economic conditions;

economically feasible boundaries in circulation of money;

target rate of annual growth in money supply, including changes in domestic assets of the Central Bank;

main directions of monetary and interest rate policy;

Main target parameters of action for monetary management.

Article 24 The wording of paragraph 5 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

Article 24. Targets change monetary indicators

Central Bank, based on the state of monetary, financial, monetary and price relationships in the Republic of Uzbekistan, may set targets changes of one or more monetary indicators.

Article 25. Open market operations

The Central Bank may buy and sell on the open market, government securities and debt issued by the Central Bank.

Central bank can not use open market operations to finance the budget at any level, as well as to buy government securities at their primary placement.

Limit of open market operations approved by the Board.

Article 26. Accounting operations of the Central Bank

The Central Bank may consider short-term treasury bills and commercial paper for which payment is guaranteed by banks.

Conditions of the accounting operations, including the size of the discount rate by the Central Bank.

Article 27 The wording of paragraph 6 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

## Article 27. Interest rates on central bank operations

The central bank will set interest rates on its operations.

## Article 28. Mandatory reserve requirements

The Central Bank requires banks to deposit reserves established by, the minimum level. Minimum level of required reserves with the Central Bank is determined by regulations of the Central Bank and depends on the size, type and term deposits and other liabilities. Legal reserve the same for all banks in each category of funds and deposits.

Mandatory reserves deposited with the Central Bank in the form of cash or deposits in the manner prescribed by the Central Bank.

In the regulations establishing or changing regulations or of the mandatory reserve requirements specified periods of not less than one month, to which banks must comply with new regulations on the composition or size of reserves.

Decision on payment of interest on required reserves was adopted by the Central Bank.

## Article 29. Sanctions for noncompliance norms of obligatory reserve requirements

In the case of non-bank rules of Article 28 of the maintenance of minimum mandatory reserve requirements the Central Bank shall recover without recourse to the bank the amount of underpayment of funds, as well as a fine not exceeding double the rate of refinancing.

## Article 30. Refinancing of banks by the Central Bank

The Central Bank has the right under conditions established by banks to provide loans for up to three months on bail the following assets: (As amended by paragraph 7 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

gold, foreign exchange, currency and other valuables belonging to the category of international reserves;

government bonds and other debt instruments guaranteed by the government;

deposited with the Central Bank and acceptable to him depositories of assets permitted for sales or other transactions of the Central Bank under this Act;

commercial bills for which payment is guaranteed by banks.

The Central Bank publishes the condition of private banks in its system of refinancing.

## Article 31. Customer Service Central Bank

The Central Bank on such terms and conditions provided by law, may carry out banking operations servicing major accounts of public authorities, their institutions and organizations of the Ministry of Defence, Ministry of Internal Affairs, National Security Service, Ministry of Emergency Situations, State Customs Committee , the Committee for Protection of State Border of the Republic

Uzbekistan, as well as subordinate to the Central Bank of enterprises, institutions and organizations. (As amended by paragraph 8 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

## V. Monetary system and organization of circulation of money

Article 32. Monetary system

Article 33. The powers of the Central Bank for the production of banknotes

Article 34. Manufacture and storage of banknotes

Article 35. Requirements for the use of banknotes in circulation

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Article 37. Damaged banknotes

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Article 39. Withdrawal of banknotes

Article 32. Monetary system

The monetary system of the Republic of Uzbekistan includes the currency of the Republic of Uzbekistan, the organization and regulation of the currency. (As amended by item 9 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

The monetary unit is the sum of the Republic of Uzbekistan. One consists of the sum of one hundred tiyinov. (As amended by item 9 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

Sum is the only unrestricted legal tender in the Republic of Uzbekistan.

Article 33. The powers of the Central Bank for the production of banknotes

The Central Bank has the exclusive right to issue banknotes in circulation in the form of banknotes and coins as legal tender in the Republic of Uzbekistan. They are fake and illegal manufacture punishable under the law.

Banknotes and coins in circulation are unconditional obligations of the Central Bank and secured by all of its assets.

The Central Bank will not reimburse the destroyed, lost, forged, falsified and become invalid notes and coins.

Samples of banknotes and coins, as well as their design approved by the Central Bank in consultation with the Kenghash Senate.

Design of banknotes and coins is the property of the Central Bank.

Messages on the issue of banknotes and coins of new models and their description is published by the Central Bank in the media. (As amended by paragraph 6) paragraph 32 of Section I of the Law of Uzbekistan on 03.12.2004)

The Central Bank and its authorized banks produce on demand without any fee or commission fee sharing some denominations of banknotes and coins on the other.

#### Article 34. Manufacture and storage of banknotes

The Central Bank provides printing banknotes and minting coins, storage is not released into circulation banknotes, as well as storage and destruction of printed forms and colors, sets rules for storage, transportation and collection of cash, as well as their destruction.

#### Article 35. Requirements for the use of banknotes in circulation

Banknotes and coins issued by central banks, must be accepted at their face value in all types of payments, as well as for crediting accounts, deposits and to transfer the entire territory of the Republic of Uzbekistan.

#### Article 36. Payments

Payments on the territory of the Republic of Uzbekistan carried out in the form of cash or cashless payment.

Non-cash payments in the territory of the Republic of Uzbekistan carried out through banks. Forms and rules of non-cash payments by the Central Bank.

The procedure of cash transactions by legal persons is determined by the Central Bank.

#### Article 37. Damaged banknotes

The Central Bank establishes procedures for determining fitness for use of money and replacement of damaged banknotes and coins.

Procedures for determining the validity of banknotes and their exchange to be published.

Banks unlimited exchange damaged banknotes and coins in accordance with established rules.

#### Article 38. Release of cash in circulation

Release of cash in circulation and the removal of their treatment are carried out exclusively by the Central Bank.

#### Article 39. Withdrawal of banknotes

The Central Bank has the right to withdraw from circulation in the territory of the Republic of Uzbekistan, any notes and coins with a mandatory emissions for the replacement of banknotes and coins in equal volume. The reason for this should be the normative document of the Central Bank indicating the order of the exchange and sharing time. (As amended by paragraph 10 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

After the time limit set by the Central Bank to exchange banknotes and coins ceased to be legal tender.

## VI. Currency regulation and management of international reserves

Article 40. Exchange control

Article 41. International clearing and payment agreements

Article 42. International Reserves

Article 43. Transactions in foreign currencies

Article 40. Exchange control

The Central Bank is the body of the state of currency regulation and currency control.

Central Bank:

issue regulations on foreign exchange regulation, binding on all persons in the territory of the Republic of Uzbekistan;

issue and revoke licenses to conduct foreign currency transactions to banks, other businesses and individuals, supervise and regulate their activities;

sets limits on open foreign exchange position and other prudential standards for banks;

establishes a procedure for determining the rate of national currency against foreign currency;

owns and manages the international reserves of the Republic of Uzbekistan.

Article 41. International clearing and payment agreements

The Central Bank is entitled to conclude on its own behalf or on behalf of the Republic of Uzbekistan on behalf of the government clearing and payment agreements, as well as any agreements with the clearing institutions located abroad.

Article 42. International Reserves

The Central Bank of forms on their balance sheets international reserves of the Republic of Uzbekistan, including:

Gold and other precious metals;

foreign currency cash;

balances in foreign currency accounts and deposits in foreign banks, international financial organizations;

foreign currency securities issued or guaranteed by foreign governments, banks and international financial institutions.

The central bank to help maintain international reserves at a level sufficient for implementation of monetary and exchange rate policy of the Republic of Uzbekistan, as well as for settlement of international transactions.

#### Article 43. Transactions in foreign currencies

The Central Bank may carry out transactions in foreign currency on the territory of the Republic of Uzbekistan and abroad in accordance with the laws of the Republic of Uzbekistan and the international practice.

### VII. Relations of the Central Bank with the Government

#### Article 44. Functions of Central Bank

#### Article 45. Consultations on issues of public sector borrowing

#### Article 46. Functions of the depositary and the cashier

#### Article 47. Functions of the Fiscal Agent

#### Article 48. Lending to government

#### Article 49. Exchange of information between government and Central Bank

#### Article 44. Functions of Central Bank

The Central Bank acts as banker, advisor and fiscal agent of the Government of the Republic of Uzbekistan.

The Central Bank advises the government on all important matters relating to the tasks and competences of the Central Bank.

The Central Bank shall report annually to the Government report on economic and financial issues, including recommendations for preparing the state budget.

#### Article 45. Consultations on issues of public sector borrowing

Government consults with the Central Bank plans to borrow from domestic and external sources of credit in the coming fiscal year, including amounts to be paid under such borrowing, as well as the proposed terms and conditions for granting loans. Of all loans received by the Republic of Uzbekistan and its government authorities, the Ministry of Finance

According to the Central Bank.

#### Article 46. Functions of the depositary and the cashier

The Central Bank may accept for deposit the funds of the Government, as well as other government agencies if they have permission from the Ministry of Finance. As depositary of the Central Bank receives and gives out cash and currency values, keep records. The Central Bank may pay interest on these deposits. (As amended by paragraph 11 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

#### Article 47. Functions of the Fiscal Agent

The central bank, acting on terms agreed with the Ministry of Finance, may act as fiscal agent of the Government of the Republic of Uzbekistan and the government at:

placement issued by the Ministry of Finance and other government agencies debt register allocation and execution as an agent for their transmission;

payment of costs, interest and other payments on those securities;

the accounts of listed securities and the performance by him of payment transactions;

other operations on these securities.

The Central Bank advises the Treasury on the schedule of issuance of government securities and repayment of public debt with respect to their impact on the liquidity of the banking system and monetary policy priorities.

#### Article 48. Lending to government

Part 1 of Article 48 shall be worded paragraph 12 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

Government loans are granted at the rate approved by the Oliy Majlis, the security of assets listed in Article 30 of this Law, with a maturity of one year.

Act of the loan is issued a separate loan agreement between the Government and the Central Bank, which specifies the size, maturity, rate of interest paid and repayment loans.

The central bank may extend credit to the Government for a longer period for the subscription fees or other payments arising from membership of the Republic in one way or another international organization.

Central Bank may not provide financial assistance to the Government, except as otherwise provided in this article.

#### Article 49. Exchange of information between government and Central Bank

Government and Central Bank have a constant exchange of statistical information for monitoring the main macroeconomic parameters in the economy.

Government, ministries and agencies submit to the Central Bank financial, economic information and documentation necessary to perform its functions.

VIII. Regulation and supervision of banks, credit unions and pawnshops, as well as the production of security forms (name should read as

Clause 13 of Section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

Article 50. Options for regulation and supervision of banks, credit unions and pawnshops, as well as for the production of forms of securities

Article 51. The powers of the Central Bank for the implementation of oversight functions

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Article 53. Measures and sanctions applied by the Central Bank

Article 54. Cooperation with foreign banking supervisory authorities

Article 50 The wording of paragraph 14 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

Article 50. Options for regulation and supervision of banks, credit unions and pawnshops, as well as for the production of forms of securities

Central bank regulation and supervision of banks, credit unions and pawnshops in order to maintain the stability of the financial and banking system, protect the interests of depositors and creditors.

The Central Bank shall register banks and credit unions, as well as grants licenses to carry out banking transactions, licensing activities of credit unions, pawnshops and production forms of securities.

Register banks and credit unions, as well as licensing banks, credit unions and pawnshops made in the manner prescribed by the Central Bank. Issuing licenses to produce forms of securities is carried out in accordance with legislation.

Register banks and credit unions, as well as licensing banks, pawnshops, and the production of forms of securities are carried at cost.

The Central Bank maintains the State book registration of banks, registers the licenses issued by credit unions, pawnshops, and the production of forms of securities. For information about licenses issued shall be published.

Article 51. The powers of the Central Bank for the implementation of oversight functions

Part 1 of Article 51 shall be worded paragraph 15 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

The Central Bank states:

mandatory rules for banks to conduct banking operations, accounting and banking statistics reporting, compilation of annual reports;

mandatory rules for credit unions conduct financial transactions, accounting and reporting;

Mandatory rules of pawnshops and operations.

Part 2 of Article 51 shall be worded paragraph 15 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

The Central Bank has the right:



receive and verify reports and other documents of banks, credit unions and pawnshops, to seek and receive information about their activities, including transactions;

seek clarification on the information received;

check the activities of banks and credit unions, their subsidiaries and affiliates of persons, as well as the activities of pawnshops, to apply sanctions to violators;

establish requirements for the bank's internal audit;

establish requirements for the implementation of the quality classification of banks' assets and the establishment of adequate reserves to cover potential losses on assets;

determine the conditions and procedure for writing off bad assets;

send to banks, credit unions and pawnshops binding orders to eliminate revealed in their work;

seek and receive information on the financial status and reputation of the bank's shareholders in the event of acquisition of part of the share capital exceeding the amount prescribed by law;

the qualification requirements for managers, board members and chief accountants of banks and their branches, heads of executive bodies of the credit unions.

Checks are carried out by authorized representatives of the Central Bank and the auditors by the central bank.

Acquisition of shares in cases stipulated by law, requires the prior consent of the Central Bank. The Central Bank has the right to refuse consent for the transaction of sale of shares of the bank in establishing poor financial position of purchasers of the shares. No later than thirty days from receipt of the request the Central Bank

notify the applicant of its decision in writing. (As amended by paragraph 2

Chapter X of the Law N 772-I dated 04.15.1999, the)

Central Bank may require the auditor compliance regulations of the Central Bank, including the procedures and methodology, as well as to receive directly from them information related to the audit of the bank.

Article 52. Economic norms

The Central Bank establishes mandatory for banks to prudential standards, including;

capital adequacy ratio;

maximum risk per borrower or group of related borrowers;

Maximum large credit risk and investment;

liquidity ratios;

requirements on the classification and valuation of assets, as well as the formation of reserves against doubtful and nonperforming loans, established on the basis of this classification, deductions that relate to operating expenses of the bank;

Requirements for the interest on loans and depositing them on the income of the bank;

open currency positions;

On the upcoming changes to prudential regulations the Central Bank announced no later than a month.

#### Article 53. Measures and sanctions applied by the Central Bank

In case of violation of the banks and their subsidiaries of the banking law, to establish prudential Central Bank has the right to levy a fine up to 0,1 percent of the minimum capital or restrict the conduct of certain operations for up to six months.

If the violations or committed bank operations have created a real threat to the interests of depositors and creditors, the Central Bank may:

recover from the banks fine not exceeding one percent of the minimum capital;

require the bank's activities on the bank's financial health, including changes in the structure of assets to reduce bank costs and the cessation of dividend payments to shareholders, the replacement of directors of the bank or branch, including executives and board members of the bank, the Bank's reorganization, liquidation of the branch, (As amended by Section 16 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002)

change for the bank prudential regulations for up to six months;

introduce a ban on the bank of certain banking operations for a period exceeding one year, as well as opening branches for the same period;

decide on the custody of the bank with the trustee vesting all the powers of officers and shareholders for the period required for financial recovery and meet the requirements of the Central Bank;

revoke a license for banking operations.

In case of late payment of bank branches and the poor state of their correspondent accounts with the Central Bank charges a indisputably income received as a result of these actions the bank branch, as well as impose a fine in the same amount.

Part 4 was introduced according to claim 16 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

The order of application of measures and sanctions to credit unions, pawnshops, as well as to manufacturers forms of securities is determined by legislation.

Article 54 The wording of paragraph 17 of section VIII of the Republic of Uzbekistan N 447-II on 13.12.2002

## Article 54. International cooperation

The Central Bank cooperates and exchanges information with international organizations, central banks and other banking supervisory authorities of foreign states.

## IX. Relationships with banks

### Article 55. Delineation of responsibilities

### Article 56. Bank accounts at the Central Bank

### Article 57. Organization of Clearing and Settlement

### Article 58. Information-bank network and collect statistics

### Article 59. Pre-emptive right of the Central Bank

### Article 60. Appeals against decisions of the Central Bank

### Article 55. Delineation of responsibilities

The central bank and banks are not liable for the obligations of each other, except when they themselves have undertaken such a duty.

### Article 56. Bank accounts at the Central Bank

The central bank allowed to maintain accounts and accept deposits from banks.

### Article 57. Organization of Clearing and Settlement

Central Bank may provide assistance to banks in the organization of settlement and clearing service of interbank payments, including payment through checks and other payment instruments, to determine at its discretion, order such operations and make appropriate provisions.

### Article 58. Information-bank network and collect statistics

The central bank creates and maintains an information network for the needs of the banking system.

The central bank receives statistical information from the relevant authorities or directly from economic agents in the manner provided by law.

The central bank within its competence, participates in coordination with relevant rules and practices for collecting, processing, storage and dissemination of statistical data.

### Article 59. Pre-emptive right of the Central Bank

For the Central Bank fixed the undisputed right of priority to meet all his demands at the expense of the debtor's account balances and other assets in its Central Bank, with the exception of banks' funds deposited with the Central Bank as required reserves.

The Central Bank may exercise its preemptive right, retaining balances or sell at a reasonable price other assets with retention of revenue in the amount of payment due to him after deducting the selling expenses.

Article 60. Appeals against decisions of the Central Bank

Decisions and actions of the Central Bank may be appealed in accordance with legislation.

**President of the Republic of Uzbekistan**  
**Islam Karimov**

Tashkent  
December 21, 1995