

Act No. 6/1993 Coll.
of 17 December 1992,
on the Czech National Bank,

as amended by
Act No. 60/1993 Coll.,
Act No. 15/1998 Coll.,
Act No. 442/2000 Coll.,
the Constitutional Court ruling promulgated under No. 278/2001 Coll.,
Act No. 482/2001 Coll.,
Act No. 127/2002 Coll.,
Act No. 257/2004 Coll.,
Act No. 377/2005 Coll.,
Act No. 57/2006 Coll.,
Act No. 62/2006 Coll.,
Act No. 230/2006 Coll.,
Act No. 160/2007 Coll.,
Act No. 36/2008 Coll.,
Act No. 124/2008 and
Act No. 254/2008 Coll.

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

The Czech National Council has passed this Act:

PART ONE
Basic provisions

Article 1

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

Article 2

(1) The primary objective of the Czech National Bank shall be to maintain price stability. Without prejudice to its primary objective, the Czech National Bank shall support the general economic policies of the Government leading to sustainable economic growth. The Czech National Bank shall act in accordance with the principle of an open market economy.

(2) In accordance with its primary objective, the Czech National Bank shall:

- a) set monetary policy;
- b) issue banknotes and coins;
- c) manage the circulation of currency, administer payments and clearing between banks, foreign bank branches and credit unions, promote smooth and efficient operation thereof, and contribute to the safety, soundness and efficiency of payment systems and to the development thereof;
- d) supervise the activities of entities operating on the financial market, analyse the evolution of the financial system, see to the sound operation and development of the financial market in the Czech Republic, and contribute to the stability of its financial system as a whole;
- e) carry on other activities pursuant to this Act and pursuant to special legal rules.^{1a)}

(3) When performing its tasks, the Czech National Bank shall co-operate with the central banks of other countries, with the authorities supervising the financial markets of other countries, and with international financial organisations and international organisations engaged in the supervision of banks, electronic money institutions and financial markets.

Article 3

(1) The Czech National Bank shall submit a report on monetary development to the Chamber of Deputies of Parliament at least twice a year for review. If the Chamber of Deputies so resolves, the Czech National Bank shall submit an extraordinary report on monetary development within thirty days. The resolution of the Chamber of Deputies must state what the extraordinary report should contain.

(2) The report on monetary development shall be submitted to the Chamber of Deputies by the Governor of the Czech National Bank, who in such an event shall be entitled to attend the session of the Chamber of Deputies and must be called upon to speak.^{1c)}

(3) The Chamber of Deputies shall acknowledge the report on monetary development or shall ask for a revised report.

(4) If the Chamber of Deputies asks for a revised report, the Czech National Bank shall within six weeks submit a revised report that complies with the requirements of the Chamber of Deputies.

(5) The Czech National Bank shall inform the public on monetary development at least once every three months.

Article 3a

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

PART TWO
Organisation of the Czech National Bank

Article 4

The Czech National Bank shall comprise:

- a) a headquarters having its registered address at Prague;
- b) branch offices;
- c) special-purpose organisational units.

Article 5

(1) The supreme governing body of the Czech National Bank shall be the Bank Board of the Czech National Bank (hereinafter referred to as the “Bank Board”). The Bank Board shall set monetary policy and the instruments for implementing this policy, and shall decide upon the fundamental monetary policy measures of the Czech National Bank and measures in the area of financial market supervision.

(2) Furthermore, the Bank Board shall, in particular:

- a) set forth the principles for the activities and transactions of the Czech National Bank;
- b) approve the budget of the Czech National Bank;
- c) set forth the organisational structure and fields of competence of the organisational units of the Czech National Bank;
- d) define the types, amounts and uses of the funds of the Czech National Bank;
- e) execute the rights and duties arising from labour-law relations in respect of the staff of the Czech National Bank. The Bank Board may delegate these activities to other members of staff;
- f) grant its consent to the entrepreneurial activities of the staff of the CNB;
- g) fix the salary and other emoluments of the Governor; the salaries and other emoluments of Vice-Governors and other members of the Bank Board shall be fixed by the Governor;
- h) decide on appeals against the decisions of the Czech National Bank in the first instance.

Article 6

(1) The Bank Board shall consist of seven members, comprising the Governor of the Czech National Bank, two Vice-Governors of the Czech National Bank and four other members of the Bank Board of the Czech National Bank.

(2) The Governor, Vice-Governors and other members shall be appointed and relieved from office by the President of the Republic.

(3) cancelled

(4) No person shall be allowed to hold the position of member of the Bank Board more than twice.

(5) The members of the Bank Board shall be appointed for a term of six years.

(6) Membership of the Bank Board shall be incompatible with the position of member of a legislative body, member of the Government and membership of the governing, supervisory or inspection bodies of other banks or commercial undertakings, and the performance of any independent gainful occupation, except for scientific, literary, journalistic, artistic and pedagogical activities and except for management of own assets. Membership of the Bank Board shall be incompatible with any activity which might cause any conflict of interest between the performance of this activity and membership of the Bank Board.

(7) Any citizen of the Czech Republic who:

- a) is fully competent to perform legal acts,
 - b) has completed a university education,
 - c) is of integrity,
 - d) is a person of recognised standing and professional experience in monetary matters and in the area of the financial market,
- may be appointed a member of the Bank Board.

(8) For the purposes of this Act, “of integrity” shall refer to a natural person who has not been lawfully convicted of a criminal offence.

(9) The members of the Bank Board shall be staff of the Czech National Bank.

(10) The performance of duties of a Bank Board member shall terminate:

- a) with the expiration of his term of office,
- b) on the day immediately following the day on which written notice of relief from office or of written notice of resignation from office is delivered, or at some later date given in the notice of relief or resignation from office.

(11) The President of the Republic shall relieve a member of the Bank Board from office:

- a) in the event of a breach of paragraph 6 or of paragraph 7(c),
- b) on the day any judgement depriving the member of competence to perform legal acts or limiting his competence to perform legal acts enters into legal force.

(12) The President of the Republic may relieve a member of the Bank Board from office if the member fails to perform his duties for a period exceeding six months.

(13) The Governor shall be relieved from office by the President of the Republic if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. The President of the Republic may also relieve the Governor from office if he fails to perform his duties for a period exceeding six months. A decision to this effect may be referred to the European Court of Justice by the Governor concerned or the Governing Council of the European Central Bank on grounds of infringement of the Treaty establishing the European Community or of any rule of law relating to its application.

Article 7

(1) The Governor, or, in his absence, a Vice-Governor nominated by him, shall chair the meetings of the Bank Board. The Bank Board shall act by a simple majority of the votes cast. The Bank Board shall have a quorum if the Governor, or his nominee, and at least three other

members of the Bank Board are present. In the event of a tie, the chairperson shall have the casting vote.

(2) The Bank Board shall approve the Rules of Procedure of the Bank Board.

Article 8

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

PART THREE

Relationship to the Government and to other bodies

Article 9

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

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

Article 10

(1) The Czech National Bank shall take a position on proposals presented to the Government for consideration that concern the fields of competence of the Czech National Bank.

(2) The Czech National Bank shall act in an advisory capacity vis-à-vis the Government in matters of monetary policy and the financial market.

Article 11

(1) The Minister of Finance or another nominated member of the Government may attend the meetings of the Bank Board in an advisory capacity and may submit motions for discussion.

(2) The Governor of the Czech National Bank or a Vice-Governor nominated by him may attend the meetings of the Government in an advisory capacity.

PART FOUR

Issuance of banknotes and coins

Article 12

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

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

Article 17

(1) Upon request, the Czech National Bank shall exchange any damaged banknotes and coins it has issued for undamaged banknotes and coins.

(2) The Czech National Bank may refuse to exchange banknotes or coins the design or relief of which is illegible or perforated, and the remains of banknotes smaller than one quarter of the original area of the banknote. Such banknotes and coins shall be taken from the presenter without compensation and shall be destroyed. In justified cases, the Czech National Bank may exceptionally provide compensation.

(3) The Czech National Bank shall not provide any compensation for banknotes or coins that have been destroyed or lost. It may withdraw without compensation banknotes the appearance of

which has been altered, particularly those that have been written on, drawn on, overprinted, printed on or perforated, or which have been soiled by paint, glue or other such material.

Article 18

The Czech National Bank shall withdraw from circulation banknotes and coins suffering from wear and tear, destroy them and replace them with new banknotes and coins.

Article 19

(1) The Czech National Bank may declare invalid and withdraw from circulation any banknotes and coins it has issued. It shall refund their par value by exchanging them for other, newly issued banknotes and coins. The period over which such exchange may take place shall not be less than five years, save as otherwise provided in a special legislative act.

(2) At the end of the exchange period, the sum total of the banknotes and coins that have been declared invalid but have not been presented for exchange shall be deducted from the amount of money in circulation that appears in the accounts of the Czech National Bank. This sum shall be income to the Czech National Bank.

Article 20

Any kind of reproduction of banknotes, coins, cheques, securities or payment cards denominated in Czech korunas or in a foreign currency (hereinafter referred to as “money symbols”), or objects imitating them, may only be made under the terms and conditions set forth by the Czech National Bank in a legal regulation.

Article 21

(1) Legal entities shall withdraw counterfeit or altered banknotes and coins valued in Czech korunas or in a foreign currency, or banknotes and coins valued in Czech korunas or in a foreign currency for which reasonable suspicion arises that they are counterfeit or have been altered, (hereinafter referred to as “suspicious banknotes and coins”) without compensation and shall hand them over to the Czech National Bank. Such entities shall be entitled to demand of the person who presented the suspicious banknotes or coins that this person prove his or her identity in a credible manner. The entity that accepted the suspicious banknotes or coins shall notify the criminal law enforcement authorities of the withdrawal of the suspicious banknotes and coins.

(2) Natural persons carrying on bureau-de-change activities or providing money services under the Foreign Exchange Act shall also have the duties and powers referred to in paragraph 1.

Article 22

The Czech National Bank shall set forth by decree:

- a) the par values, dimensions, weight, material, appearance and other attributes of banknotes and coins and the manner of their issuance into circulation;
- b) the steps to be taken by natural and legal entities when accepting and handling legal tender, including the steps to be taken upon withdrawal of suspicious banknotes and coins;
- c) the manner of providing compensation for incomplete and damaged banknotes and coins;
- d) the manner of terminating the validity of banknotes and coins and the manner and period of their exchange for other banknotes and coins;
- e) the terms and conditions under which money symbols may be reproduced or objects imitating them may be produced.

PART FIVE

Instruments of monetary control of the Czech National Bank

Article 23

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

Article 24

The Czech National Bank shall set forth:

- a) in a provision promulgated in the Bulletin of the Czech National Bank the prudential rules for banks, foreign bank branches, credit unions, electronic money institutions^{1a)} and branches of foreign electronic money institutions operating in the Czech Republic under the single licence,
- b) in a decree the prudential rules for other money market participants and the terms and conditions under which transactions may be performed on the money market.

Article 25

(1) The Czech National Bank may require banks, foreign bank branches and credit unions to hold a prescribed part of their funds on accounts with the Czech National Bank (hereinafter referred to as “required minimum reserves”).

(2) The required minimum reserves may not exceed 30 per cent of the total liabilities of an institution required to hold reserves pursuant to paragraph 1, net of its liabilities owed to other such institutions.

Article 26

(1) Where a bank, a foreign bank branch or a credit union fails to maintain the required minimum reserves, the Czech National Bank may charge it interest at double the effective Lombard rate on the amount of the required minimum reserves which the bank fails to provide.

(2) When increasing the reserve requirement, the Czech National Bank shall set a deadline by which institutions subject to the requirement under Article 25 have to achieve the new level.

Article 26a

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

PART SIX

Transactions of the Czech National Bank

Transactions with Banks

Article 27

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

Article 28

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

- a) bills of exchange maturing within six months of the date of their purchase by the Czech National Bank and bearing at least two signatures, of which at least one shall be on behalf of the bank;
- b) government bonds or other securities underwritten by the Government; these, however, the Czech National Bank may buy and hold for a period of not more than one year.

Article 29

(1) The Czech National Bank may grant to banks for a maximum of three months credits guaranteed by the securities referred to in Article 28 or by government bonds or other securities underwritten by the Government, or by stock lists of bulk goods fully insured against loss and damage, or by other assets.

(2) In the interests of maintaining a bank's liquidity, the Czech National Bank may exceptionally provide short-term credit for a period of up to three months. When providing such credit, the Czech National Bank shall require adequate collateral.

Article 29a

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

Transactions with the Czech Republic

Article 30

(1) The Czech National Bank shall keep accounts pursuant to the Act on Budgetary Rules and on the Amendment of Some Related Acts.

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

Article 31

(1) The Czech National Bank shall offer government bonds for sale pursuant to a special legislative act³⁾ and by agreement with the Ministry of Finance may perform on its behalf and for an agreed remuneration activities relating to the management, redemption and transfer of government bonds, the payment of interest on such bonds and other activities as required.

(2) The Czech National Bank shall be authorised to keep a record of the securities issued by the Czech Republic and maturing within one year, a record of the securities issued by the Czech National Bank (Article 33) and a record of bonds maturing within one year, and shall be authorised to operate a settlement system for these investment instruments.

Article 31a

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

Other transactions of the Czech National Bank

Article 32

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

Article 33

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

Article 34

(1) The Czech National Bank may, under terms and conditions customary in the banking sector, keep the accounts of its staff and provide other banking services to them. It may also keep accounts and provide banking services for legal entities. The Czech National Bank shall publish a list of these legal entities in its annual financial report.

(2) A special legislative act⁴⁾ shall apply *mutatis mutandis* to the carrying-on of the activities referred to in paragraph 1.

PART SEVEN

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

Article 35

The Czech National Bank shall:

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

Article 36

The Czech National Bank shall:

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

PART EIGHT

Other activities and powers of the Czech National Bank

Article 37

(1) The Czech National Bank shall submit to the Government draft legislation on the currency, the circulation of money, the money market and the payment system, and legislative amendments concerning the fields of competence and position of the central bank.

(2) The Czech National Bank, together with the Ministry of Finance, shall submit to the Government draft legislation on foreign exchange management and regulation of electronic money issuance.

(3) Without prejudice to the provisions of paragraphs 1 and 2, the Czech National Bank shall assist the Ministry of Finance in preparing draft legislation in the area of the financial market.

Article 38

(1) The Czech National Bank shall be authorised to operate interbank payment systems. In addition to banks, credit unions^{4a)} and foreign bank branches, participants in these systems may include entities which perform the role of a central counterparty, a settlement agent or a clearing institution within a settlement system pursuant to a special legal rule governing capital market undertakings^{3b)}, or in a settlement system stated in the list of the Commission of the European Communities, and which by their participation in the Czech National Bank's system shall be responsible for discharging the financial obligations arising from orders accepted by this system. Pursuant to a special legal rule, an account analogous to an interbank payment account shall be maintained for the aforementioned entities in the Czech National Bank's system, provided that the Czech National Bank concludes with these entities a contract on maintenance of a payment system account and submission of interbank payment data.

(2) Each contract referred to in paragraph 1 shall contain:

- a) the place, manner and time of submitting the payment system data,
- b) the essential elements, form and structure of the payment system data and the manner of safeguarding them from misuse,
- c) the responsibilities of the contracting parties,
- d) the interest-rate terms and conditions for the payment system account,
- e) the prices charged for executing interbank payments.

(3) In order to ensure uniform payments and settlement, the Czech National Bank shall set forth by decree:

- a) the manner of execution of payments between banks, credit unions and foreign bank branches, and account settlement at banks and credit unions,
- b) the manner of use of payment instruments by banks, credit unions and foreign bank branches within the payment system.

Article 39

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

Article 40

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

Article 41

(1) The Czech National Bank shall co-ordinate the development of the banking information system in the Czech Republic. For this purpose, it shall set forth the principles of the banking information system in a legal regulation.

(2) In order to undertake its tasks, the Czech National Bank shall demand the necessary information and documents from:

- a) banks, foreign bank branches, credit unions, electronic money institutions^{1a)} and branches of foreign electronic money institutions operating in the Czech Republic under the single licence,
- b) other entities subject to its supervision (Article 44),
- c) other entities belonging to the financial institutions sector pursuant to European Communities Law⁸⁾ or entities which have at their disposal information necessary for the compilation of the balance of payments of the Czech Republic.

This shall be without prejudice to the right of the Czech National Bank to request information pursuant to special legal rules and fulfilment of the information duty pursuant to special legal rules.^{8a)}

(3) The Czech National Bank shall set forth in a provision promulgated in the Bulletin of the Czech National Bank the content, form, dates and manner of submission of the information and documents required from the persons specified in paragraph 2(a), and the organisational and communicational terms and conditions for submitting them to the Czech National Bank.

(4) The Czech National Bank shall set forth in a decree the group of entities referred to in paragraph 2(b) and (c), and the content, form, dates and manner of compilation and submission of the information and documents required from these entities.

(5) If the submitted information and documents do not comply with the requirements set pursuant to paragraph 3, or if reasonable doubts arise about the correctness or completeness of the information and documents submitted, the Czech National Bank shall be entitled to request relevant details or an explanation.

(6) The Czech National Bank may provide to the Czech Statistical Office for statistical purposes individual data which it has acquired for the performance of its tasks where such provision is necessary for the fulfilment of the obligations arising from an international treaty which is binding on the Czech Republic.

Article 42

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

Article 43

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

PART NINE

Supervision

Article 44

(1) The Czech National Bank shall perform supervision of:

- a) banks, foreign bank branches, credit unions, electronic money institutions, branches of foreign electronic money institutions and other entities issuing electronic money pursuant to special legal rules^{9a)}, and of the sound operation of the banking system;
- b) investment firms, securities issuers, the central depository, other entities keeping a register of investment instruments, investment companies, investment funds, settlement system operators, organisers of investment instrument markets and other persons specified in special legal rules governing capital market undertakings^{9b)};
- c) insurance corporations, reinsurance corporations, pension funds and other entities active in insurance and private pension schemes pursuant to special legal rules^{9c)};
- d) the safe, sound and efficient operation of payment systems pursuant to a special legal rule^{9d)};
- e) the activities of other entities that have a licence pursuant to special legal rules^{9e)}.

(2) Supervision shall include:

- a) decisions on licence and permit applications and prior approvals pursuant to special legal rules;
- b) inspection of adherence to the conditions stipulated in licences and permits;
- c) inspection of adherence to laws, insofar as the Czech National Bank has the power to conduct such inspections under this Act or special legal rules, and inspection of adherence to the decrees and provisions issued by the Czech National Bank;
- d) collection of the information needed to perform supervision pursuant to special legal rules and its enforcement, and verification of whether it is true, complete and up-to-date;
- e) the imposition of remedial measures and penalties pursuant to this Act or a special legal rule;
- f) proceedings regarding administrative offences.

(3) The Czech National Bank shall also perform supervision of the entities specified in paragraph 1 on a consolidated or group basis as well as supplementary supervision of such entities in financial conglomerates to the extent set forth in special legal rules^{9h)}.

Article 44a

(1) The Czech National Bank shall perform supervision of compliance with the obligations set out in the Civil Code as regards the remote conclusion of financial services agreements and supervision of observance of the prohibition of unfair business practices^{9k)} by persons referred to in Article 44(1), save for persons that issue electronic money under a licence pursuant to a special legal rule^{9g)}.

(2) In the case of cross-border co-operation, the Czech National Bank shall perform supervision under paragraph 1, proceeding in accordance with the relevant legal rule of the European Communities^{9h)}.

(3) If the Czech National Bank detects an infringement of an obligation or reasonably suspects that the collective interests of consumers^{9j)} may be infringed by a person supervised under paragraph 1 which has committed unlawful conduct in a Member State of the European Communities or another state of the European Economic Area, it shall prohibit that person from carrying on the unlawful conduct.

Article 44b

In order to prove the integrity or credibility of a party to administrative proceedings conducted by the Czech National Bank, the Czech National Bank shall require an extract from the Criminal Register pursuant to a special legal rule^{9j)} or, in cases stipulated by a special legal rule^{9k)}, a copy from the Criminal Register. The application for an extract or copy from the Criminal Register and the extract or copy from the Criminal Register shall be submitted in an electronic form, in a manner allowing remote access.

Article 45

(1) In the performance of supervision and supplementary supervision of banks and other entities in financial conglomerates to the extent set forth in a special legal rule^{9j)} by way of on-site inspection, the relations between the Czech National Bank and the supervised entities shall follow the basic rules of inspection as set forth in a special legislative act¹⁰⁾ for state administrative bodies, with the exception of the provisions on co-operation in the area of inspection.¹¹⁾

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

Article 45a

Financial Market Committee

(1) A Financial Market Committee (hereinafter the “Committee”) shall be established as an advisory body to the Bank Board for the area of financial market supervision.

(2) The Committee shall consist of seven members:

- a) a Chairman, a Vice-Chairman and another member of the Committee, elected by the Budget Committee of the Chamber of Deputies at the proposal of professional organisations or interest groups of financial market participants and after the Czech National Bank and the Ministry of Finance have issued their opinions on the proposed persons; these members of the Committee must be credible and recognised financial market experts;
- b) a Bank Board member appointed and dismissed by the Bank Board;
- c) two senior officers of the Ministry of Finance appointed and dismissed by the Minister of Finance;
- d) the Financial Arbiter.

(3) The term of office of a member of the Committee who is elected by the Budget Committee of the Chamber of Deputies shall be three years. The member may be re-elected. The Budget Committee shall be obliged to elect a member no later than three months following the

expiration of the term of office, death, resignation or dismissal of a previous member of the Committee by the Budget Committee due to loss of credibility.

(4) The members of the Committee shall perform their duties impartially and without compensation.

Article 45b

(1) The Committee shall meet regularly at least twice a year.

(2) The meetings of the Committee shall be chaired by the Chairman (or the Vice-Chairman in the Chairman's absence).

(3) The Governor of the Czech National Bank and the Minister of Finance shall be entitled to attend the meetings of the Committee.

(4) The Committee shall adopt rules of procedure specifying detailed rules for its meetings.

(5) A Czech National Bank employee approved by the Bank Board shall be the Secretary of the Committee.

Article 45c

(1) The Committee shall monitor and discuss:

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

(2) The Committee shall be entitled to submit to the Bank Board opinions and recommendations in the areas specified in paragraph 1. In such cases, the Chairman (or Vice-Chairman in the Chairman's absence) shall be entitled to participate in the discussion of the Committee's opinion or recommendation in the Bank Board. The Committee shall also be entitled to submit similar opinions and recommendations to the Ministry of Finance.

(3) The Czech National Bank shall inform the Committee at least twice a year of its main financial market supervisory activities in the past period, including decisions made. It shall also do so at the request of the Committee. The Ministry of Finance and the Financial Arbiter shall be subject to the same information duty at the request of the Committee.

Article 45d

Report on the performance of financial market supervision

(1) The Czech National Bank shall each year compile and submit for information to the Chamber of Deputies, the Senate and the Government a report on the performance of financial market supervision. This report shall be submitted by 30 June of the following year.

(2) Before the report on the performance of financial market supervision is submitted, its content shall be discussed by the Committee, which shall be entitled to append its opinion to the report.

Article 46

Remedial measures

(1) Should the Czech National Bank detect any violation of this Act, another legal rule or a provision issued by the Czech National Bank by an entity specified in Article 24(b), it shall order the entity to abandon the incorrect procedure or terminate its operations.

(2) The entity referred to in paragraph 1 shall inform the Czech National Bank that the shortcomings have been eliminated without undue delay after the elimination of the shortcomings or immediately after the termination of its operations.

(3) The regulations on administrative proceedings shall not apply to the procedure referred to in paragraph 1.

Article 46a

Administrative offences in business and trading on the money market

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

(2) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1.

Article 46b

Administrative offences in the fulfilment of the information duty

(1) A legal entity or a natural person carrying on business activities as specified in Article 41(2), shall be deemed to have committed an administrative offence if it breaches the duty to submit the information or documents referred to in Article 41, or if it repeatedly submits incomplete or incorrect information or documents.

(2) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1.

Article 46c

Administrative offences in the reproduction of money symbols and imitations thereof

(1) A legal person or a natural person carrying on business activities shall be deemed to have committed an administrative offence in reproducing money symbols and imitations thereof if it produces a reproduction of a banknote, coin, means of payment or security denominated in Czech korunas or a foreign currency, or produces, sells, imports or disseminates for the purpose of selling or other business purposes an object whose form imitates them in contravention of Article 20 or a directly applicable legal rule of the European Communities^{11b)}.

(2) A fine of up to CZK 500,000 shall be imposed for an administrative offence under paragraph 1.

(3) A natural person shall be deemed to have committed an offence in reproducing money symbols and imitations thereof if it produces a reproduction of a banknote, coin, means of payment or security, denominated in Czech korunas or a foreign currency, or produces, sells, imports or disseminates for the purpose of selling or other business purposes an object whose form imitates them in contravention of Article 20 or a directly applicable legal rule of the European Communities^{11b)}.

(4) A fine of up to CZK 500,000 shall be imposed for an offence under paragraph 3.

Article 46d

Administrative offences against the circulation of currency

(1) A legal entity or natural person who is an entrepreneur carrying on bureau-de-change activities or providing money services under the Foreign Exchange Act shall be deemed to have committed an administrative offence if it does not withdraw a suspicious banknote or coin, even though it is obliged to do so under Article 21 or a directly applicable legal rule of the European Communities^{11c)}, and does not hand over the counterfeits to the Czech National Bank.

(2) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1.

Article 46e

Administrative offences in the payment system

(1) A legal entity or a natural person carrying on business activities shall be deemed to have committed an administrative offence if it breaches the duty stipulated in a directly applicable legal rule of the European Communities^{11d)}

a) to levy the same charges for a cross-border payment as for a corresponding payment in the Czech Republic;

b) to inform customers in accordance with a directly applicable legal rule of the European Communities^{11e)} about charges levied for payments, changes to these charges as well as charges for exchanging currencies related to payments;

c) to communicate to each customer upon request his International Bank Account Number (IBAN) and its Bank Identifier Code (BIC);

d) to indicate on a statement of account, or in an attachment thereto, the information referred to in letter c).

(2) A fine of up to CZK 5,000,000 shall be imposed for an administrative offence under paragraph 1(a).

(3) A fine of up to CZK 1,000,000 shall be imposed for an administrative offence under paragraph 1(b), (c) and (d).

Article 46f

Joint provisions on administrative offences

(1) A legal entity shall not be liable for an administrative offence if it proves that it made every effort that could possibly have been required to prevent the breach of its legal duty.

(2) The gravity of the administrative offence, particularly the manner in which it was committed and its consequences and circumstances, shall be taken into account in determining the amount of the fine to be imposed on a legal entity.

(3) A legal entity shall cease to be liable for an administrative offence if the Czech National Bank fails to open administrative proceedings on the offence within one year of the day the offence came to its knowledge, but no later than five years from the day the offence was committed.

(4) Administrative offences under Articles 46a to 46e shall be heard by the Czech National Bank.

(5) The Bank Board shall rule on appeals against decisions on administrative offences.

(6) The provisions of this Act regarding the liability of, and sanctions against, legal entities shall apply to liability for conduct arising from or directly related to the business activity of a natural person^{11f)}.

(7) The fines for administrative offences imposed by the Czech National Bank shall be collected and enforced by the revenue authority having territorial competence. Revenue from fines imposed shall constitute a state budget revenue.

PART TEN

Financial Management of the Czech National Bank

Article 47

(1) The Czech National Bank shall manage its finances in compliance with a budget broken down so as to show clearly the operating and investment expenditure of the Czech National Bank.

(2) The Czech National Bank shall defray the necessary costs of its operations from its income. The profit it generates shall be used to replenish its reserve fund and other funds created from profits and for other purposes in the budgeted amount. It shall transfer the remaining profit to the state budget.

(3) Within three months of the end of the calendar year, the Czech National Bank shall submit its annual financial report to the Chamber of Deputies for review. This report shall include information on the salaries of the members of the Bank Board of the Czech National Bank.

(4) The Chamber of Deputies may either:

- a) approve,
- b) acknowledge, or
- c) reject

the financial report of the Czech National Bank.

(5) If the Chamber of Deputies rejects the financial report of the Czech National Bank, the Czech National Bank shall within six weeks submit a revised report that complies with the requirements of the Chamber of Deputies.

Article 48

(1) The Czech National Bank shall keep accounts in accordance with a special legal rule.^{12a)}

(2) The annual accounts of the Czech National Bank shall be audited by one or more auditors appointed by agreement between the Bank Board and the Minister of Finance.

(3) As soon as the annual accounts are approved and audited, the Bank Board shall submit them to the Chamber of Deputies and publish them.

(4) The Czech National Bank shall publish an annual report containing basic information on monetary development.

(5) The Czech National Bank shall produce and publish every ten days a report on its financial position.

PART ELEVEN

General provisions

Article 49

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

Article 49a

Administrative fees for acts by the Czech National Bank pursuant to a special legal rule^{12b)} shall constitute income to the Czech National Bank.

Article 49b

(1) Within the limits of the law, the Czech National Bank shall issue provisions of the Czech National Bank (hereinafter referred to as “provisions”) where it is authorised to do so by law. These provisions shall be binding on banks, credit unions, foreign bank branches, electronic money institutions^{1a)} and branches of foreign electronic money institutions.

(2) Each provision shall be signed by the Governor of the Czech National Bank.

(3) Each provision shall enter into force on the date of its promulgation in the Bulletin of the Czech National Bank (hereinafter referred to as the “Bulletin”).

(4) Each provision shall take effect on the date stipulated therein. However, the earliest it can take effect is on the date of its promulgation in the Bulletin, namely the date of issue of the relevant Volume of the Bulletin.

(5) The provisions shall be marked in the Bulletin with serial numbers, with the series terminating at the end of each calendar year.

(6) The Czech National Bank shall issue official information documents of the Czech National Bank, in which it shall provide information, for example, on the Bank Board’s interest rate decisions, interpretative opinions of the Czech National Bank, the conditions for the transactions of the Czech National Bank and facts important to persons operating on the financial market. The official information documents shall be signed by a Bank Board member and issued in the Bulletin.

(7) The Bulletin shall be issued in sequentially numbered Volumes marked with serial numbers, with the series terminating at the end of each calendar year.

(8) The Czech National Bank shall publish a copy of the Bulletin in a manner enabling remote access. However, this copy shall not be deemed the Bulletin under paragraph 3 and it shall not be possible to refer to its wording in administrative or other proceedings.

Article 50

(1) The staff of the Czech National Bank shall maintain confidentiality in the performance of their duties. This obligation shall remain in effect even after the termination of their employment or any similar relation to the Czech National Bank. The obligation of confidentiality in matters encountered in the performance of their duties shall also apply to the members of advisory bodies and to auditors.

(2) The staff of the Czech National Bank and the members of advisory bodies may be exempted from this obligation by the Governor on the grounds of the public interest.

(3) The staff of the Czech National Bank may not engage in entrepreneurial activities, participate

in the entrepreneurial activities of other persons or hold offices in the statutory or other bodies of any corporation without the prior approval of the Bank Board. This provision shall not apply to the management of own assets and scientific, literary, journalistic, artistic and pedagogical activities. In all these activities, the staff of the Czech National Bank shall be obliged to prevent any conflict of interest or abuse of information acquired while performing their duties in the Czech National Bank.

(4) The staff of the Czech National Bank shall be obliged to follow the principles of professional ethics set forth in the Code of Ethics of the Czech National Bank, which shall be approved by the Bank Board.

PART TWELVE

Transitional and final provisions

Article 51

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

Article 52

A limit of seven per cent of the revenues of the state budget in the previous year shall be set exceptionally for 1993 for the total stock of credits granted to the Czech Republic pursuant to Article 30(2).

Article 53

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

Article 54

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

Article 55

(1) Where the State Bank of Czechoslovakia is named in legal regulations issued prior to the date this Act takes effect and accepted into the legal order of the Czech Republic and in provisions, this shall be taken to mean the Czech National Bank as from the date this Act takes effect.

(2) Provisions issued by the State Bank of Czechoslovakia in force as of the date this Act takes effect shall be deemed provisions issued by the Czech National Bank.

(3) Legal acts performed by the State Bank of Czechoslovakia vis-à-vis persons having their registered address or permanent residence within the territory of the Czech Republic shall be deemed, as from the date this Act takes effect, legal acts performed by the Czech National Bank.

Article 56

cancelled

Article 57

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

Article 58

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

(2) The Bank Board may allow a derogation from the provisions of Article 6(5) for 1993.

Article 59

The Budgetary Rules of the Republic¹⁶⁾ shall apply to the Czech National Bank, with the exception of the provisions governing the duties of the central bodies of the state administration and those governing the inspection of budgetary financial management.

Article 60

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

Article 60a

cancelled

Article 61

This Act shall take effect on 1 January 1993.

Section II of Act No. 442/2000 Coll.

amending Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 166/1993 Coll., on the Supreme Audit Office, as amended by Act No. 127/2002 Coll., amending Act No. 6/1993 Coll., on the Czech National Bank, as amended, Act No. 442/2000 Coll., amending Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 166/1993 Coll., on the Supreme Audit Office, as amended, and Act No. 166/1993 Coll., on the Supreme Audit Office, as amended.

1. From the date the Treaty of Accession of the Czech Republic to the European Union enters into force:

a) the Czech National Bank shall, without prejudice to its primary objective, support the general economic policies in the European Community with a view to contributing to the achievement of the objectives of the European Community;

(b) the Czech National Bank shall be a part of the European System of Central Banks in accordance with the Treaty establishing the European Community and in accordance with the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (hereinafter referred to as the “Statute”) and shall observe the provisions of the Statute to the extent of the requirements for Member States of the European Union that have not yet introduced the euro as their national currency. In performing the tasks ensuing from this position, the Czech National Bank shall act in accordance with the legal acts of the European Central Bank;

(c) when exercising the powers and carrying out the tasks and duties conferred upon them by this Act, the Treaty establishing the European Community and the Statute, neither the Czech National Bank, nor any member of its Bank Board shall seek or take instructions from European Community institutions or bodies, from any government of a Member State of the European Union or from any other body;

(d) the Czech National Bank may not provide returnable funds or any other financial support to the European Community or its institutions or bodies, or to Member States of the European Union, or to regional authorities, other bodies governed by public law or legal entities under the control of any of the Member States of the European Union, a regional authority thereof or a body governed by public law.

2. The prohibition referred to in paragraph 1(d) shall not apply to banks and other credit institutions owned by the entities referred to in paragraph 1(d), which, in the context of the provision of funds, shall be given the same treatment by the Czech National Bank as private credit institutions.

Section II of Act No. 127/2002 Coll.

amending Act No. 6/1993 Coll., on the Czech National Bank, as amended, Act No. 442/2000 Coll., amending Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 166/1993 Coll., on the Supreme Audit Office, as amended, and Act No. 166/1993 Coll., on the Supreme Audit Office, as amended.

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

Section III of Act No. 127/2002 Coll.

Authorisation

The Prime Minister shall be authorised to promulgate the complete wording of Act No. 6/1993, on the Czech National Bank, in the Collection of Laws as ensuing from later acts and the ruling of the Constitutional Court.

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

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

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

³⁾ Article 19(2) of Act No. 530/1990 Coll., on Bonds.

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

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

⁴⁾ Act No. 21/1992 Coll.

^{4a)} Act No. 21/1992 Coll.

Act No. 87/1995 Coll.

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

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

^{8a)} e.g. Act No. 21/1992 Coll. on Banks, as amended, Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, Act No. 189/2004 Coll., on Collective Investment, Act No. 87/1995 Coll., on Credit Unions, as amended, Act No. 363/1999, on Insurance, as amended.

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

^{9a)} Act No. 21/1992 Coll., on Banks, as amended, Act No. 87/1995 Coll., on Credit Unions, as amended, and Part Three of Act No. 124/2002 Coll., the Payment Systems Act, as amended.

^{9b)} Article 3(a) of Act No. 15/1998, on the Czech Securities Commission and on the Amendment of Other Acts, as amended.

^{9c)} Act No. 363/1999 Coll., on Insurance, as amended, Act No. 42/1994 Coll., on Private Pension Insurance, as amended, and Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters.

^{9d)} Part Four of Act No. 124/2002 Coll., as amended.

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

^{9f)} Act No. 377/2005, on Supplementary Supervision of Banks, Credit Unions, Electronic Money Institutions, Insurance Corporations and Securities Dealers in Financial Conglomerates and on the Amendment of Certain Other Acts (Act on Financial Conglomerates), Act No. 21/1992 Coll.,

as amended, Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, and Act No. 363/1999, on Insurance and on the Amendment of Certain Related Acts.

^{9g)} Article 19 of Act No. 124/2002 Coll., the Payment System Act.

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

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

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

^{9k)} Article 2a(13) of Act No. 87/1995 Coll., Article 4(7) of Act No. 21/1992 Coll.

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

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

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

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

^{11a)} Article 116 of the Civil Code.

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

^{11c)} Council Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting and Council Regulation (EC) No 1339/2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency.

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

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

^{11f)} Article 2(2) of the Commercial Code.

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

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

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

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

¹⁶⁾ Czech National Council Act No. 576/1990 Coll., on the Rules for Financial Management of the Budgetary Funds of the Czech Republic and of Municipalities in the Czech Republic (Budgetary Rules of the Republic), as amended.