

LAW OF THE REPUBLIC OF TAJIKISTAN ON THE NATIONAL BANK OF TAJIKISTAN

CHAPTER 1. GENERAL PROVISIONS

CHAPTER 2. CAPITAL, PROFIT AND FUNDS OF THE NATIONAL BANK OF TAJIKISTAN

CHAPTER 3. MONETARY POLICY

CHAPTER 4. COOPERATION BETWEEN THE NATIONAL BANK OF TAJIKISTAN AND
GOVERNMENT AUTHORITIES

CHAPTER 5. PAYMENT SYSTEM

CHAPTER 6. FOREIGN ECONOMIC RELATIONS AND EXCHANGE TRANSACTIONS

CHAPTER 7. REGULATION AND SUPERVISION OF LENDING INSTITUTIONS

CHAPTER 8. MONETARY SYSTEM AND ORGANIZATION OF THE CIRCULATION OF
MONEY

CHAPTER 9. REPORTING AND ACCOUNTING OVERSIGHT

CHAPTER 10. GOVERNANCE OF THE NATIONAL BANK OF TAJIKISTAN

CHAPTER 11. PERSONNEL OF THE NATIONAL BANK OF TAJIKISTAN

CHAPTER 12. AUDITS OF THE NATIONAL BANK OF TAJIKISTAN

CHAPTER 13. STATISTICS AND INFORMATION

CHAPTER 14. FINAL PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

Article 1. Legal status of the National Bank of Tajikistan

1. The National Bank of Tajikistan is the central issuing, reserve bank of the Republic of Tajikistan, under the ownership of the Republic of Tajikistan and accountable to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan.
2. The National Bank of Tajikistan is a legal entity and has a seal with the image of National Emblem of the Republic of Tajikistan and its entitlement.
3. The domicile of the National Bank of Tajikistan is the city of Dushanbe.
4. The National Bank of Tajikistan at its discretion may open divisions and offices inside and abroad the country.
5. The Republic of Tajikistan shall not bear liability for the obligations of the National Bank of Tajikistan, with the exception of obligations assumed with the consent of the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan or President of the Republic of Tajikistan, and the National Bank of Tajikistan also shall not bear liability for the obligations of the Republic of Tajikistan assumed without consent of the National Bank of Tajikistan.

Article 2. Basic concepts

The following basic concepts are used in this law:

- lending institutions – legal entities (banks and nonbank lending institutions, including microfinance institutions), carrying out on the basis of a National Bank of Tajikistan license, all or individual banking transactions specified in law;
- bank – a lending institution the basic purpose of which is to make profit, which has the authorized capital established by the National Bank of Tajikistan and the right to conduct at least three of the following transactions: attracting deposits and savings, issuing loans, and opening and maintaining bank accounts;
- nonbank lending institutions – lending institutions having the right to conduct individual banking transactions. The list of banking transactions for nonbank lending institutions is established by the legislation of the Republic of Tajikistan and the National Bank of Tajikistan;

- official exchange rate – the exchange rate established by the National Bank of Tajikistan as the government-authorized authority;
- balance of payments – a statistical report summing up the composite data on transactions carried out by residents and nonresidents of the Republic of Tajikistan over a defined period;
- refinancing rate – the minimum interest rate at which the National Bank of Tajikistan grants loans to lending institutions;
- credit – cash provided to a borrower by a lending institution on terms of the payment of interest and repayment within a defined period;
- deposit – cash and other assets of individuals and legal entities transferred for safekeeping to a lending institution;
- savings – cash, the right for the temporary use of them is granted to lending institutions on terms of the payment of a defined interest;
- national currency – somoni, one unit of which equals 100 dirams;
- real profit of the National Bank of Tajikistan – profit earned through the recording of cash in National Bank of Tajikistan personal accounts;
- foreign exchange – the national currency of foreign states;
- refinancing – lending the lending institutions on the part of the National Bank of Tajikistan, and the discounting and rediscounting of the securities specified under the present Law;
- payment system – an interconnected system of technologies, procedures, rules, tender and a money transfer system, providing the circulation of money;
- monetary services – money transfer systems; acceptance of payments using payment acceptance outlets; settlement services; collection of cash, bills, notes and checks; issue and servicing of payment cards;
- clearing system – system of cashless and interbank settlements based on monetary netting of claims and obligations;
- banking system of the Republic of Tajikistan – the National Bank of Tajikistan and other lending institutions, operating in the Republic of Tajikistan;
- monetary system – law-based procedures for the formation and regulation of the circulation of money;
- prudential standards – economic standards, established by the National Bank of Tajikistan for the purpose of regulating lending institutions' activities, compliance with which is mandatory for lending institutions.

Article 3. Law of the Republic of Tajikistan on National Bank of Tajikistan

Law of the Republic of Tajikistan on National Bank of Tajikistan is based on the Constitution of the Republic of Tajikistan and shall consist of present Law, other legal regulatory acts of the Republic of Tajikistan, and also international legal acts, recognized by Tajikistan.

Article 4. Relations of the National Bank of Tajikistan with the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan

The National Bank of Tajikistan is accountable to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan, which shall be implemented as follows:

- approval of decrees of President of the Republic of Tajikistan on appointment and termination of the Chairman of the National Bank of Tajikistan and his deputies by the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan;
- designation of another auditing institutions for conducting external audit of the National Bank of Tajikistan in conformity to Article 82 of the present Law in the event of disagreement with the results of an external audit conducted in the National Bank of Tajikistan by the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan;
- submission of the annual report of the National Bank of Tajikistan and auditor's conclusion to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan by the National Bank of Tajikistan;

- submission of the forecast of monetary policy of the Republic of Tajikistan and report on its fulfillment to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan by the National Bank of Tajikistan.

Article 5. The goals of the National Bank of Tajikistan

1. The main goal of the National Bank of Tajikistan is maintenance of the long-term domestic price stability.
2. Supplemental goals of the National Bank of Tajikistan are:
 - maintenance of the stability of state banking system;
 - assistance to the efficient and uninterrupted operation of the payment system.
3. Profit-making is not the main goal of the National Bank of Tajikistan.

Article 6. The Objectives of the National Bank of Tajikistan

1. The objectives of the National Bank of Tajikistan are:
 - development and implementation of the monetary policy of the Republic of Tajikistan;
 - conducting of economic and monetary analysis and submission of proposals to the Government of the Republic of Tajikistan on its bases, as well as bringing the analysis results to the public notice;
 - issuing of licenses to lending institutions for carrying out their activities, regulation and supervision of their activities;
 - issuing of licenses to Bureaus of Lending Institutions for carrying out their activities, regulation and supervision of their activities;
 - implementation of payment, clearing and settlement systems and monetary services system, regulation and supervision of their activities;
 - monopoly application of issuing, organization of its circulation and their withdrawal from circulation;
 - storage and management of international reserves;
 - performance of banking transactions;
 - undertake obligations on behalf of the Republic of Tajikistan and the performance of transactions subsequent upon the participation of the Republic of Tajikistan in the activities of international financial institutions;
 - preparation of the balance of payments of the Republic of Tajikistan.
2. The National Bank of Tajikistan shall perform other objectives assigned in accordance with the laws of the Republic of Tajikistan.
3. In order to stand against the legalization of criminally obtained income and the funding of terrorism, the National Bank of Tajikistan in accordance with the laws, may take necessary actions and, in therefore carry out the regulation and supervision of the activities of lending institutions.

Article 7. Regulatory legal acts of the National Bank of Tajikistan

1. The National Bank of Tajikistan shall adopt regulatory legal acts within its competence and pursuant to the Law of the Republic of Tajikistan "On Legal Regulatory Acts".
2. Regulatory legal acts of the National Bank of Tajikistan might be appealed in accordance with the procedures established by the law of the Republic of Tajikistan.

Article 8. Organization of the Activities of and Property of the National Bank of Tajikistan

1. The National Bank of Tajikistan arranges and implements its activities independently. Interference of government authorities in the organization of its activities is prohibited.
2. The National Bank of Tajikistan possesses the cash, buildings, facilities, equipment and other tangible assets belonging to it and may deduct from the balance unused fixed assets and transfer gratuitously or sell them to other parties, and may establish, for the accomplishment of its objectives,

organizations having the rights of legal entities, buy buildings, facilities or other property if such property is necessary for supporting the National Bank of Tajikistan's activities.

3. The State guarantees protection of the legal property rights of the National Bank of Tajikistan and cannot confiscate its property, funds or cash or reduce its authorized capital.

4. In order to ensure the security of activities, as well as the safekeeping of property and assets, and the protection of personnel, the National Bank of Tajikistan possesses the right to establish special security and guard services, also acquire, possess and use weapons and special protective means according to the law.

Article 9. International Cooperation of the National Bank of Tajikistan

1. The National Bank of Tajikistan represents the Republic of Tajikistan at international conferences, on councils and organizations dealing with monetary policy, the licensing of banking, banking oversight and other issues within its authority.

2. The National Bank of Tajikistan may provide banking services to foreign, governmental, financial and banking institutions, as well as international organizations in which the National Bank of Tajikistan or Republic of Tajikistan participates.

3. The National Bank of Tajikistan may participate in international organizations having the purpose of achieving financial and economic stability through international cooperation.

4. Within its authority, the National Bank of Tajikistan as the representative of the Republic of Tajikistan, may assume obligations and perform operations related to the Republic of Tajikistan's participation in international organizations.

CHAPTER 2. CAPITAL, PROFIT AND FUNDS OF THE NATIONAL BANK OF TAJIKISTAN

Article 10. Authorized capital of the National Bank of Tajikistan

1. The authorized capital of the National Bank of Tajikistan makes 20.0 millions Somoni. It may be increased by the Decision of the National Bank of Tajikistan Board with the consent of the Republic of Tajikistan President and subsequent approval by the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan.

2. The authorized capital may not be alienated or pledged to anyone.

3. The National Bank of Tajikistan, in accordance with international financial reporting standards and for the purposes of equalizing profit and loss obtained from revaluation of precious metals and foreign exchange, shall open and maintain an unrealized revaluation account.

Article 11. Annual budget

1. All revenues and expenses of the National Bank of Tajikistan shall be specified in a budget of revenues and expenses confirmed by the Board.

2. The revenues and expenses budget shall be subject during the fiscal year to accounting oversight carried out through internal audit.

Article 12. Profit and loss of the National Bank of Tajikistan

1. Net profit and loss of the National Bank of Tajikistan shall be determined in accordance with international financial reporting standards.

2. Within 30 days from the date of publication of audited financial statements, the National Bank of Tajikistan will distribute its profit actually earned in the following order:

- to authorized capital – 10 percent up to its complete formation;
- to reserve fund – 60 percent up to the attainment of 10 percent of the National Bank of Tajikistan's liabilities;
- to the government budget – the balance of profit following the Board's confirmation of the annual report.

3. Losses of the National Bank of Tajikistan for the previous year shall be covered during the current year out of its reserve fund and, if that is insufficient, out of its authorized capital.
4. If the National Bank of Tajikistan's authorized capital drops below the established standard, the Chairman of the National Bank of Tajikistan shall send a request to the Government of the Republic of Tajikistan to cover the deficit that has occurred out of the government budget.
5. Within three months following the receipt of a request from the Chairman of the National Bank of Tajikistan, the Government of the Republic of Tajikistan shall adopt an appropriate resolution on payment of the shortfall or on an equivalent issue of term securities at an interest rate no lower than the refinancing rate.

Article 13. Tax immunity of the National Bank of Tajikistan

The National Bank of Tajikistan shall be exempt from the payment of the minimum income tax and profit tax on legal entities.

CHAPTER 3. MONETARY POLICY

Article 14. Monetary policy

1. The National Bank of Tajikistan shall be responsible for the development and implementation of the monetary policy of the Republic of Tajikistan.
2. In order to promote interagency cooperation, including the exchange of information and assessment of the economic condition of the Republic of Tajikistan, the National Bank of Tajikistan shall establish the Monetary Policy Committee. The Monetary Policy Committee is an interagency consulting authority and submits recommendations to the Board.
3. The composition, objectives and operating procedures of the Monetary Policy Committee will be defined by its Statute, confirmed by the Board.
4. In order to provide the effective use of the tools of monetary policy and the stable growth in monetary indicators, the National Bank of Tajikistan shall prepare a forecast of Republic of Tajikistan monetary policy for the forthcoming year and annually submits it for consideration to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan no later than November 1.
5. The National Bank of Tajikistan quarterly publish information on the macroeconomic situation and matters, pertaining to the implementation of monetary policy through the mass media.

Article 15. Tools of monetary policy

The National Bank of Tajikistan, for the accomplishment of its objectives in the area of monetary policy, shall utilize the following tools and methods:

- interest rates on transactions of the National Bank of Tajikistan;
- legal reserve requirement;
- open market operations;
- lending to lending institutions;
- exchange regulation and foreign exchange operations;
- establishment of guidelines for growth of the money supply;
- direct quantitative restrictions.

Article 16. Establishment of interest rates

1. In order to maintain stable prices over the long term, the National Bank of Tajikistan will use interest-rate policy to influence market interest rates.
2. The National Bank of Tajikistan, through its regulatory legal acts, sets an interest rate for each type of its transactions.

Article 17. Legal reserve requirements

1. The National Bank of Tajikistan possesses the right to establish required reserves for lending institutions for savings and other, similar obligations.

2. Legal reserve requirements shall be set by the Board and may be differentiated for various types of lending institutions.
3. In the event of lending institutions' noncompliance with legal reserve requirements, the National Bank of Tajikistan shall collect the shortfall from their settlement account.
4. The National Bank of Tajikistan have the right to fine lending institutions for noncompliance with required reserve standards pursuant to this Law.
5. Upon revocation of a lending institution's banking license, required reserve funds deposited in the National Bank of Tajikistan will be used to fulfill the given lending institution's obligations.

Article 18. Open market operations

1. The National Bank of Tajikistan may implement the purchase and sale of securities of the Republic of Tajikistan, its own debt securities, and other debt securities on the financial markets.
2. The limit on open market operations is established by the Board.
3. The procedures for the issue of securities of the National Bank of Tajikistan and for conducting transactions with them is established by the Board.

Article 19. Direct quantitative restrictions

1. The National Bank of Tajikistan, in exceptional cases, may impose direct quantitative restrictions for the purposes of conducting monetary policy.
2. Direct quantitative restrictions of the National Bank of Tajikistan mean setting refinancing rates, the overall amount of lending to the economy and prohibition of the conducting of certain banking transactions by the lending institutions.

Article 20. Establishing guidelines for growth of the money supply

The National Bank of Tajikistan adjusts the guidelines for the growth of one or several monetary supply indicators, based on the forecast of monetary policy.

Article 21. Refinancing operations

1. For the purpose of implementing monetary policy, on terms periodically adjusted by the Board, the National Bank of Tajikistan may:
 - 1) grant short-term loans to entities secured by:
 - securities issued by the Government of the Republic of Tajikistan;
 - securities issued by the National Bank of Tajikistan;
 - promissory notes or bills of exchange having two or more endorsements, of which at least one belongs to a lending institution, with a maturity of no more than 10 months from the date of their acquisition by the National Bank of Tajikistan;
 - savings, cash foreign exchange, precious metals and other assets in the National Bank of Tajikistan and lending institutions that the National Bank of Tajikistan regards as liquid assets;
 - 2) discount and rediscount for lending institutions the following securities:
 - securities issued by the Government of the Republic of Tajikistan in the framework of government issues;
 - securities issued by the National Bank of Tajikistan.
2. The National Bank of Tajikistan shall periodically inform the public of the refinancing rate and the terms on which lending institutions are admitted to competitive bidding for obtaining loans.
3. The National Bank of Tajikistan shall not discount or rediscount securities and not provide or allocate to individuals or legal entities direct or indirect loans, guarantees or sureties except for cases specified in this Law for lending institutions.
4. The statute of limitations shall not apply to the National Bank of Tajikistan's claims for the repayment of loans granted.

Article 22. Provision of loans in emergency cases

1. In emergency cases the Board may take a decision to grant loans to lending institutions for providing liquidity on terms established by it.
2. In cases of emergency loans will be provided for a term of up to three months, if the Board determines that the lending institution:
 - has no other possibilities of obtaining a loan;
 - is solvent;
 - has adequate property to secure the loan.
3. In the event of failure to repay a loan by the specified time, the Board may extend its repayment time for another three months, if the lending institution submits a request and a substantiated action plan approved by its executive authority, indicating the following conditions:
 - means of repaying the loan;
 - measures to rectify the situation to prevent a subsequent need to obtain a loan in cases of emergency.
4. The National Bank of Tajikistan, in accordance with the present Law and other laws shall take appropriate measures with regard to lending institutions that fail to carry out a defined action plan or to achieve the planned results.

CHAPTER 4. COOPERATION BETWEEN THE NATIONAL BANK OF TAJIKISTAN AND GOVERNMENTAL AUTHORITIES

Article 23. Basic principles of cooperation

1. The National Bank of Tajikistan, within the limits of the powers granted by law, is independent. Members of the Board and personnel of the National Bank of Tajikistan having decision-making powers shall not take orders from any individual or legal entity, including government authorities.
2. Any interference in its activities will be investigated by the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan based on a representation by the National Bank of Tajikistan.
3. In order to perform its assigned functions, the National Bank of Tajikistan shall participate in developing the economic policy of the Government of the Republic of Tajikistan. The Chairman of the National Bank of Tajikistan or, on his request, one of his deputies will participate in meetings of the Government of the Republic of Tajikistan.
4. The National Bank of Tajikistan and the Government of the Republic of Tajikistan keep informed the sides upon proposed actions of general national significance, coordinate their activity and hold consultations.
5. The National Bank of Tajikistan shall consult the Ministry of Finance of the Republic of Tajikistan on issues pertaining to the attraction of loans by the state and repayment of the public debt, taking into account its effect on the state of the banking system and the main goals of the state monetary policy.

Article 24. Credit relations with the Government of the Republic of Tajikistan

1. In emergency and unforeseen situations, and in the event of insufficiency of government budget resources, the Government of the Republic of Tajikistan, in order to cover the difference from losses, may obtain a loan from the National Bank of Tajikistan. The total amount of loans attracted by the Government of the Republic of Tajikistan from the National Bank of Tajikistan for such purposes may not exceed 10 percent of the total revenues of the government budget for the previous year. Obtained credits are repaid within 12 months.
2. The National Bank of Tajikistan is prohibited to purchase securities of the Government of the Republic of Tajikistan or any government authorities during the period of their primary placement directly.

Article 25. Servicing of the public debt

The National Bank of Tajikistan may service the Republic of Tajikistan's public debt through carrying out operations related to the placement of government bonds, their retirement and the payment of interest on them.

Article 26. Deposits and cash operations

1. As a government depositary, the National Bank of Tajikistan shall provide banking services to the government treasury and other government authorities. The National Bank of Tajikistan carries out payments within the limit of funds in the pertinent accounts.
2. If necessary, the National Bank of Tajikistan, in accordance to Government decision, on the basis of agreement with the Ministry of Finance of the Republic of Tajikistan may accept part of the government budget's cash as savings for a fixed time period and pay interest on it.

Article 27. Tasks of financial agent

1. The National Bank of Tajikistan, by agreement with the Government of the Republic of Tajikistan, shall organize the servicing of government securities in the following order:
 - the marketing of government securities;
 - the payment of securities' principal, interest and other commission payments;
 - the carrying out of other actions in accordance with the National Bank of Tajikistan's purposes and objectives.
2. The National Bank of Tajikistan as financial agent may provide services to the Government of the Republic of Tajikistan, lending institutions and extrabudgetary funds for the safekeeping of their cash in the national currency and foreign exchange and securities. The procedures for services is defined by the National Bank of Tajikistan and implemented on the basis of bilateral agreements.

Article 28. Organization of cash services to budgets

1. The National Bank of Tajikistan, together with the Ministry of Finance of the Republic of Tajikistan establish procedures for the execution of the republic and local budgets.
2. The National Bank of Tajikistan carry out the cash execution of republic and local budgets through banks and may perform operations necessary for the execution of budgets through its divisions.

Article 29. National Bank of Tajikistan - banker, financial adviser and agent

The National Bank of Tajikistan acts as the banker, financial adviser and agent of the Government of the Republic of Tajikistan and other government authorities on matters pertaining to the reserve system and other banking-related matters.

CHAPTER 5. PAYMENT SYSTEM

Article 30. Payment system

The National Bank of Tajikistan shall bear responsibility for organization of the payment system and obliged to provide supervision in organization and ensuring stable and effective payment, clearing and settlement systems in the Republic of Tajikistan. Therefore, the National Bank of Tajikistan shall:

- foster the cooperation of the settlement and clearing systems with other corresponding systems that are related to broker's boards, securities markets;
- introduce the development of new methods and technologies for settlements and the transfer of securities;
- create conditions for cooperation among participants in the development of payment systems and monetary services.

Article 31. Organization of settlements between banks

1. The National Bank of Tajikistan may provide services to lending institutions in the execution of interbank payments, and promote the organization of an interbank clearing system and other forms of settlement pursuant to the legal regulatory acts adopted by it.
2. The National Bank of Tajikistan bears responsibility for compliance with payment deadlines pursuant to the legislation of the Republic of Tajikistan.

Article 32. Regulation and supervision of the payment system

1. The National Bank of Tajikistan, for the purpose of ensuring the reliability of the payment system, may:

- 1) carry out regulation and supervision of the services provided by lending institutions or the providers of monetary services involved in the sending, processing and receipt of payment orders and checks and the transfer of cash and securities to their accounts or the accounts of their clients.

- 2) establish the following systems, ensuring their functioning, and for the establishment and regulation of their activities, issue licenses, organize their registration, and provide for their supervision:

- a) clearing, settlements and other transactions in the national and foreign currencies;
 - b) clearing, settlements and other transactions with securities;
 - c) clearing, settlements and other transactions related to payments (or securities exchanges) in various currencies compared with other payments (or securities exchanges) in another currency.

- 3) determine the types of cashless settlements and approve models of payment documents that are used for cashless settlements on Republic of Tajikistan territory;

- 4) establish minimum requirements for the dependability and security of electronic settlements, money transfers, the clearing system and Internet banking, and also for ensuring the security of banking information.

2. Procedures for settlements in the national currency and foreign exchange shall be determined by the National Bank of Tajikistan.

3. The National Bank of Tajikistan shall determine the payment system policies of the Republic of Tajikistan and perform its monitoring.

Article 33. International standards

The National Bank of Tajikistan shall use international standards in exercising its powers with regard to the establishment and regulation of the payment system and, in order to ensure the security and efficiency of the payment system, shall cooperate with Republic of Tajikistan government entities, the central (national) banks of other states, and international financial institutions.

Article 34. Provision of services to lending institutions

The National Bank of Tajikistan may open accounts for lending institutions operating on Republic of Tajikistan territory, paying interest on their balances or collecting a certain fee for the provision of services.

CHAPTER 6. FOREIGN ECONOMIC RELATIONS AND EXCHANGE TRANSACTIONS

Article 35. Powers of the National Bank of Tajikistan in the area of foreign economic activity

The National Bank of Tajikistan, in cases specified in law and the Republic of Tajikistan's international agreements, in relations with central (national) banks of foreign states, the International Monetary Fund, the World Bank and other international financial institutions, shall represent the interests of the Republic of Tajikistan and carry out operations and transactions on its behalf.

Article 36. The National Bank of Tajikistan shall be the exchange regulation and exchange control authority

1. The National Bank of Tajikistan shall be the exchange regulation and exchange control authority and exercise its functions pursuant to the Law of the Republic of Tajikistan “On Exchange Regulation and Exchange Control” and other laws.
2. The jurisdiction of the National Bank of Tajikistan in the area of exchange regulation shall include:
 - the promulgation of legal regulatory acts with regard to the regulation of exchange transactions carried out by individuals and legal entities, including banks and other lending institutions and government authorities;
 - the issue of licenses, exercise of supervision, and regulation of the activities of individuals and legal entities engaged in currency exchange, including lending institutions;
 - determination of the procedures and rules for carrying out exchange transactions for individuals and legal entities;
 - determination of the means for establishing the exchange rate of the national currency vis-à-vis other currencies.
3. The National Bank of Tajikistan, in exercising the functions of exchange control, shall act as an agent of the state. Reports and information on accounts and other information specified in law shall pass through the National Bank of Tajikistan.

Article 37. Submission of reports on exchange transactions

Individuals and legal entities, having permission to carry out exchange transactions, shall be required to submit to the National Bank of Tajikistan a report on their exchange transactions, including compliance with the open exchange position, in accordance with procedures established by the National Bank of Tajikistan.

Article 38. The state's international exchange reserves

1. The National Bank of Tajikistan shall keep on its balance sheet all of the state's international exchange reserves.
2. In the event of a reduction in the state's international exchange reserves or a tendency noted by the National Bank of Tajikistan toward their reduction to a level capable of harming the conducting of monetary policy or the timely execution of international operations, the National Bank of Tajikistan shall submit to the Republic of Tajikistan President a report on the state of those reserves and causes resulting in or capable of resulting in their reduction, as well as recommendations for rectifying the situation.

Article 39. The international reserves of the National Bank of Tajikistan

1. For the purpose of performing its functions and foreign obligations, and protecting its authorized capital from exchange rate fluctuations, the National Bank of Tajikistan shall keep part of its funds in foreign exchange and other exchange assets, the value of which is stable on the international markets.
2. The National Bank of Tajikistan shall establish international reserves in accordance with the terms and for the time periods established by its Board.
3. International reserves shall consist of the following components:
 - gold and other precious metals stored by the National Bank of Tajikistan or on its behalf in other lending institutions, including a credit balance representing gold and other precious metals;
 - freely convertible currencies kept in the National Bank of Tajikistan or on its behalf in other lending institutions;
 - a credit balance and interbank deposits subject to payment on demand or in a short time period expressed in freely convertible currencies and kept in National Bank of Tajikistan accounts or on the balance sheets of foreign central (national) banks or international financial institutions;
 - readily marketable debt securities expressed in freely convertible currencies issued by foreign governments, foreign central (national) banks or international financial institutions, or fully secured by the issuer's revenue and borrowings;

- claims on international financial institutions based on sale and repurchase transactions, as well as agreements on lending the securities, specified in the fourth paragraph of part 3 of the present article;
 - special drawing rights in the National Bank of Tajikistan's account in the International Monetary Fund;
 - National Bank of Tajikistan exchange funds in the International Monetary Fund.
4. The National Bank of Tajikistan shall manage its international exchange reserves with a view to protecting and ensuring the liquidity of and return on the reserves, in that order of priority.

Article 40. Transactions in foreign exchange

The National Bank of Tajikistan shall set and implement exchange-rate policy and have the right to:

- carry out any transactions in foreign exchange in the Republic of Tajikistan and beyond its borders that accord with Republic of Tajikistan law and international banking practice;
- buy and sell treasury notes and other securities issued or guaranteed by foreign governments or international financial institutions, and also to conclude other transactions not contrary to Republic of Tajikistan law and accepted in international banking practice;
- open accounts in the central (national) banks and financial institutions of foreign states;
- open accounts for foreign banks and central (national) banks and international financial institutions, and also represent their interests in the Republic of Tajikistan.

Article 41. Exchange profits and losses (actually uncollected)

1. Exchange profits and losses (actually uncollected) reflected in the National Bank of Tajikistan's annual balance sheet that are connected with a change in the valuation of assets and liabilities in the form of foreign exchange, precious metals and special drawing rights that is caused by a change in the prices or exchange rates of those assets and liabilities relative to the national currency, shall be recorded, in accordance with international standards, in a special account (revaluation of currency account).
2. If the balance in the special account (revaluation of currency account) becomes negative, it shall be covered out of the National Bank of Tajikistan's current year's profits, reserve fund, and authorized capital.

CHAPTER 7. REGULATION AND SUPERVISION OF LENDING INSTITUTIONS

Article 42. The National Bank of Tajikistan shall be the regulatory and supervisory authority for lending institutions

1. The National Bank of Tajikistan shall have the exclusive right to regulate and supervise lending institutions. To that end, the National Bank of Tajikistan shall:
 - issue licenses to lending institutions, register them in its registry, develop standards in the area of their supervision, establish the procedures for applying its legal regulatory acts and recommendations;
 - conduct examinations of lending institutions using its personnel or qualified specialists engaged for that purpose, including examinations of their transactions, registries, documents and accounts, and shall exercise ongoing supervision to ensure their compliance with the requirements of present Law, Laws of the Republic of Tajikistan "On Banking" and "On Microfinance Institutions," and other laws pertaining to banking.
 - demand submission of the information from lending institutions, necessary for the regulation and supervision of them, as well as for taking measures to rectify situations existing in them.
2. The main purpose of regulation and supervision of lending institutions shall be to maintain the stability of the banking system, the payment system, protection of the interests of depositors and creditors.
3. The National Bank of Tajikistan shall not interfere in the current activities of lending institutions, except for cases stipulated in law.

4. The National Bank of Tajikistan through its legal regulatory acts shall establish procedures for accounting and preparing and submitting financial statements and statistical information that are mandatory for all lending institutions.

5. The National Bank of Tajikistan may, through its regulatory acts, establish procedures for conducting banking transactions and organizing risk management and internal control systems.

Article 43. Information cooperation

1. The National Bank of Tajikistan, for the preparation of banking and financial statistics and analysis of the economic situation, shall cooperate with government authorities in the collection and publication of statistical and other data, and may request and obtain the necessary information from government authorities.

2. The National Bank of Tajikistan shall publish the following materials:

- general statistical and analytical data on the banking system of the Republic of Tajikistan;
- documents on collecting methods and submitting statistical data;
- respective statistical data and general concepts, permitting to conduct external inspections and studies of the statistics provided by the National Bank of Tajikistan.

Article 44. Submission of information

1. The National Bank of Tajikistan may, by written request, demand from lending institutions submission of any information and data on their activities, their explanations, or the following forecasts:

- on matters of corporate governance, financial, prudential and any other matters pertaining to the activities and governance of lending institutions;
- on assets and liabilities, revenues and expenses, including received and paid interest rates, fees received and paid for services, obligations and all risks the lending institutions are subjected to;
- towards any associated party of a lending institution or any other legal entity registered pursuant to law that has a significant influence in a lending institution's [illegible] company.

2. The National Bank of Tajikistan may publish the submitted information, which shall not belong to the list of information or confidential information in full or in part in accordance with the categories of lending institutions, classified by type of activities.

3. The National Bank of Tajikistan may establish and maintain an information network for the needs of the banking system.

4. Lending institutions shall be required to provide in time all information requested by the National Bank of Tajikistan.

Article 45. The National Bank of Tajikistan's cooperation with internal and external oversight authorities

The National Bank of Tajikistan may enter into agreements with foreign central (national) banks or internal and external supervision authorities and on that basis exchange the information. The exchange of such information may include confidential information, upon condition that signed agreement requires confidentiality and the National Bank of Tajikistan is confident that reasonable measures have been taken to ensure the confidentiality of such information.

Article 46. Prudential standards

The National Bank of Tajikistan shall establish prudential standards for lending institutions pursuant to the Law of the Republic of Tajikistan "On Banking."

Article 47. Examination of lending institutions

1. The National Bank of Tajikistan shall carry out consolidated supervision of lending institutions' activities in the following order:

- shall examine reports, documents, notes, explanations, evidence and information submitted by a lending institution in accordance with the present Law;

- shall demand from lending institutions and any subsidiary banks and their affiliated companies the submission and confirmation of any additional information, reports, documents, notes, explanations or evidence in written form;

- shall demand information regarding a lending institution's financial condition, sources of cash, and the reputation of direct and indirect shareholders and of any party that has sought to acquire 10 percent or more of the lending institution's shares;

- shall conduct the examination of a lending institution, its affiliated companies and subsidiary banks through its employee (employees) or persons appointed by the National Bank of Tajikistan for that purpose.

2. Inspection shall include examination of the lending institution's activities for the purpose of determining its financial condition, as well as the conformity of the lending institution's activities to the present Law, the Law of the Republic of Tajikistan "On Banking," the legal regulatory acts of the National Bank of Tajikistan, and the lending institution's acts and internal policies.

3. The National Bank of Tajikistan, at least once a year, shall conduct an examination of all lending institutions, except for their offices, which shall be examined at least once every two years.

4. Persons appointed for examination, in compliance with this article, shall be responsible for maintaining the confidentiality of information. The officers, employees and representatives of a lending institution or subsidiary bank and its affiliated companies shall be required to provide access to mentioned persons to all of their offices, including strong rooms and vaults, account books, accounts, documents and records, including electronic records.

5. Any information, including information containing banking secrets, requested by examiners must be promptly provided by a lending institution. The lending institution's officers shall be obligated to assist in the conducting of an examination thoroughly.

6. The National Bank of Tajikistan shall notify a lending institution's Supervisory Board about inspection result.

7. The procedures for conducting examinations, generalizing and submitting their results shall be defined by the legal regulatory acts of the National Bank of Tajikistan.

8. A Board member, employee or representative of the National Bank of Tajikistan, or any person, appointed to conduct an examination, in conformity to the requirements of present Law or engaged as a provisional manager shall not be liable for disbenefit caused in the course of the good-faith performance of his functional duties in the framework of the present Law.

9. The National Bank of Tajikistan shall guarantee these persons indemnification of any costs incurred in their defense against legal action in connection with the good-faith performance of their official functions, except cases in which they are found guilty of committing a crime.

Article 48. Operational corrective measures and enforcement actions

1. The National Bank of Tajikistan may impose any operational corrective measures or enforcement actions specified in part 2 of present article if it becomes known that a lending institution, its officers or other employees:

- have failed to comply with the requirements of present Law, other laws and legal regulatory acts, or the compliance orders of the National Bank of Tajikistan;

- have failed to submit the established information to the National Bank of Tajikistan in time or have submitted incomplete and inaccurate information;

- have carried out banking transactions with high of risk, or improper transactions.

2. Upon presence of the instances, specified in part 1 of this article, the National Bank of Tajikistan may impose on a lending institution one or several of the following corrective measures or enforcement actions:

- send a compliance order to the lending institution;

- give instructions to the lending institution;

- demand from the lending institution the development and submission of action plan to eliminate shortcomings and rectify the existing situation, or information on measures taken;
- demand that the lending institution cease carrying out certain transactions;
- impose a ban on the distribution of any profits or dividends on shares;
- establish any restrictions on the issuing of loans;
- in addition to required reserves, deposited with the National Bank of Tajikistan, demand that the lending institution increase them within a specific time period and by a specific amount;
- demand that the chairman of the Board of Supervisors convene an extraordinary meeting of the Board of Supervisors with the participation of National Bank of Tajikistan representatives to consider violations of law and take the measures necessary to eliminate them;
- demand that the lending institution's chairman or board carry out the financial rehabilitation of the lending institution, in particular through applying methods for changing the structure of its assets;
- demand that the lending institution temporarily or permanently remove one or more of its officers;
- demand that the lending institution remove from office the chairman or other member of the Board of Supervisors;
- demand the reorganization of the lending institution (consolidation, integration, splitting up, spinning off, conversion);
- modify prudential standards for the lending institution for a period of up to six months;
- suspend the lending institution's carrying out of individual transactions specified in its license for a period of up to 12 months;
- impose a ban on the lending institution's opening of branches or other structural subdivisions;
- limit the receipt and transfer of assets on the part of the lending institution, as well as the payment of dividends;
- impose penal sanctions, under law, on the lending institution's officers;
- suspend the powers of the lending institution's governing authorities (General Shareholders (Participants) Meeting, Board of Supervisors, executive authority) and appoint, pursuant to this Law, a provisional administration for rehabilitation of the lending institution;
- impose a fine on the lending institution of up to one percent of minimum authorized capital;
- demand of the lending institution's shareholders its recapitalization;
- pursuant to the Law of the Republic of Tajikistan "On Banking" revoke the lending institution's license.

3. The National Bank of Tajikistan may also impose a fine on lending institutions of up to one percent of the minimum established authorized capital and demand the elimination of shortcomings and law infringement by specified deadlines in the following cases:

- if a lending institution has submitted any incomplete and inaccurate reports, statistical data or other information to the National Bank of Tajikistan;
- if a lending institution has failed to submit data on a client, on certain risks of its special clients, or any information demanded by the National Bank of Tajikistan, or has delayed in the submission of such information;
- for shortcomings and law infringements discovered as the result of the direct examination of a lending institution.

4. In the case of a lending institution's failure to meet the National Bank of Tajikistan's demands, the imposition of a fine shall continue until the elimination of shortcomings pursuant to part 3 of the present article.

5. The amount of a fine shall be collected from a lending institution's correspondent account opened in the National Bank of Tajikistan, without the lending institution's instruction. In the event of the absence of such an account in the National Bank of Tajikistan, the amount of the fine shall be collected from the lending institution in accordance with legislation.

6. The realization procedures of corrective measures and enforcement actions shall be defined by the Board.

7. The urgent corrective measures and enforcement actions stipulated in this article shall be imposed by the National Bank of Tajikistan within one year from the date of the lending institution's commission of law infringements, but no later than three months from the date of their discovery.

8. Application of the urgent corrective measures or enforcement actions, specified by the present article, shall not exclude the lending institution's liability as established in other laws.

Article 49. Provisional administration

1. The provisional administration shall be a special management authority of the lending institution that shall be appointed by the National Bank of Tajikistan for a term of up to six months for the purpose of preventing its bankruptcy, established by the present Law.

2. The term of a provisional administration may be extended by the National Bank of Tajikistan by up to six months.

3. The Order of the National Bank of Tajikistan Board on appointment of provisional administration (or extension of its assignment) shall be published by the National Bank of Tajikistan in two official newspapers of the Republic of Tajikistan no later than five days from the date of its adoption.

4. Direction of the provisional administration shall be exercised by its manager (provisional administrator), who shall act on behalf of the lending institution without power of attorney.

5. The provisional administrator shall be appointed from among the National Bank of Tajikistan's personnel or specialists (experts) who are not employees of the National Bank of Tajikistan, and:

- shall be the representative of the National Bank of Tajikistan and obey to its directives, and shall remain accountable to the National Bank of Tajikistan throughout the all time of performance of his duties;

- shall be subject to the provisions of the present Law and other legal regulatory acts and the instructions and orders of the National Bank of Tajikistan as the Head of the lending institution. Specialists (experts) who are not employees of the National Bank of Tajikistan must meet the qualification requirements applicable to the officers of a lending institution pursuant to the Law of the Republic of Tajikistan "On Banking". In necessary cases, the National Bank of Tajikistan may replace or remove the provisional administrator.

Article 50. The Grounds for the appointment of a provisional administration

The National Bank of Tajikistan may appoint a provisional administration in the following cases, if:

- the National Bank of Tajikistan discovers that a lending institution has violated any provision of law, legal regulatory act, or order or instruction of the National Bank of Tajikistan, or has engaged in any form of suspicious (unreliable) activities in such a way as to cause a weakening of the lending institution's condition, subject depositors' interests to serious danger or led into the squandering of the lending institution's assets;

- the National Bank of Tajikistan has substantiated cause to believe that a lending institution or its officers are engaging in criminal activity as the result of which depositors' interests are subjected to serious hazard;

- the National Bank of Tajikistan discovers that a lending institution is in hopeless condition for conducting banking transactions and cannot immediately improve that condition;

- a lending institution is incapable of fulfilling the National Bank of Tajikistan's requirements and is impeding the exercise of its supervisory functions, including by means of concealing or failing to submit accounting, record-keeping or other documents for examination;

- a lending institution by decision of its Supervisory Board or shareholders requests the appointment of a provisional administration;

- a lending institution's capital is below 50 percent of the capital adequacy limit established by the National Bank of Tajikistan pursuant to the Law of the Republic of Tajikistan "On Banking";

- the lending institution's activities constitute a risk to the Republic of Tajikistan banking system.

Article 51. Results of the appointment of a provisional administration

Following the appointment of a provisional administration:

- all of the lending institution's rights and powers, including rights and powers belonging to the lending institution's shareholders, depositors and officers, shall be suspended and transferred to the provisional administration. No one shall have the right to impede the transfer of rights to the provisional administration or its exercise of the specified rights;
- any actions or decisions taken by a lending institution be subordinated to provisional administration or on its behalf (or on the part of its shareholders or executives) shall be invalid unless they are taken by the provisional administration or under its direction, including transfers of money or securities carried out by a bank through the payment settlements system or securities settlements system that have become irrevocable before the time that the provisional administration takes office;
- the time period established by law, agreement or otherwise upon the expiration of which any of the lending institution's claims or rights are terminated or retired may be automatically extended for six months from its expiration date.

Article 52. Tasks of a provisional administration

A provisional administration with respect to a lending institution immediately shall take the following measures:

- shall make every effort in good faith to ensure the preservation of the lending institution's assets;
- shall begin a detailed inventory of the lending institution's assets, including its tangible assets and obligations;
- shall send to every structural subdivision of the lending institution a notice of the imposition of a provisional administration in the lending institution, indicating the date on which the provisional administration assumes its duties, which must not be earlier than the date on which the notice is sent;
- shall announce through the Republic of Tajikistan's official newspapers among the public and in places where the lending institution's structural subdivisions are located the beginning of the provisional administration's tenure in the lending institution;
- shall confiscate all of the lending institution's tangible property, records and other assets, including from its subsidiary banks;
- shall have the right to remove or dismiss the lending institution's officers and other personnel;
- shall carry out the changing of all locks, the restriction of access to their keys, changing of computer codes, issuing of new passes,
- the cancellation of the powers of persons acting on behalf of the lending institution as well as establishment of other restrictions on access to the lending institution's facilities and assets;
- shall notify lending institutions, registrars and agents working with securities, as well as outside managers of the lending institution's assets about the change in the powers of persons who had been issuing instructions on behalf of the lending institution;
- shall suspend any forms of payment to the lending institution's owners, shareholders and officers, except for wages;
- shall appoint its representatives in all of the lending institution's branches.

Article 53. Provisional administrator's reports

1. Within 30 days following his/her appointment, a provisional administrator shall submit to the National Bank of Tajikistan Board a preliminary report on the lending institution's financial condition and plans for its rehabilitation, which shall include:

- 1) a balance sheet of the lending institution prepared by the provisional administrator that reflects the lending institution's actual financial status;
- 2) recommendation of one of the following measures in regard to the lending institution:
 - a) rehabilitation of the lending institution's financial status not only by means of its restructuring but also through application of the powers, specified in Articles 55-58;
 - b) revocation of the lending institution's banking license and its liquidation.

2. The National Bank of Tajikistan, after reviewing the provisional administrator's report, shall take an appropriate decision within 15 days.
3. The provisional administrator shall be required to submit monthly reports to the National Bank of Tajikistan on the provisional administration's activities.

Article 54. Moratorium on satisfying depositors' claims and fulfilling other obligations of a lending institution

1. In order to protect the financial position of a lending institution under provisional administration, the National Bank of Tajikistan may suspend payments on any obligations of the lending institution for the period of up to one month and may extend said period by an additional month when necessary, but these time periods must not exceed three months.
2. During the time of moratorium on payments effect, it shall not be permitted to initiate court cases, continue court cases that have been resumed, or legally prosecute for compulsory enforcement or enforcement of a lien with regard to the lending institution's property. During this period it shall be prohibited to register a pledge against the lending institution's real property or acquire a creditor's rights to priority satisfaction with regard to the lending institution's real property, except cases of existence of judicial acts, adopted prior to the appointment of the provisional administration.

Article 55. Implementation of a plan for financial rehabilitation of a lending institution

1. Upon the National Bank of Tajikistan's taking of a decision on rehabilitation of financial situation of a lending institution, a provisional administrator, exercising special powers, may restructure the lending institution pursuant to Articles 56-59 by means of:
 - recapitalization of the lending institution;
 - merger or consolidation of the lending institution with another lending institution, or transfer of proprietary right of the lending institution to another lending institution;
 - transfer or sale of any of the lending institution's assets or liabilities to another lending institution.
2. The provisions of the law of the Republic of Tajikistan with regard to the oversight powers or privileges of shareholders (priority [illegible] rights with regard to the issuing of shares, claims with regard to transactions approved by shareholders that affect the lending institution's property or capital, etc.) shall not interfere with restructuring carried out pursuant to present Law.
3. A lending institution's obligations, that were not fulfilled duly under agreements and (or) were cancelled, shall not be taken into account in the implementation of restructuring measures.

Article 56. Recapitalization

In order to carry out the recapitalization of a lending institution in which a provisional administration has been appointed, the National Bank of Tajikistan may authorize the provisional administrator to take the following necessary and appropriate measures:

- writing off the value of devalued assets and reducing the lending institution's capital accordingly;
- issuing additional shares in an existing class, or new shares, or both;
- converting the lending institution's subordinated debt to common shares;
- reducing a lending institution's capital issued on subscription through the repurchase of shares or cancellation of shares without consideration;
- other powers granted by the National Bank of Tajikistan Board for recapitalizing the lending institution.

Article 57. Acquisition, merger or consolidation

The acquisition of a lending institution that is under a provisional administration's management by another lending institution (or its merger or consolidation with another lending institution) may be carried out through the transfer of the majority of the lending institution's shares to the other lending institution in exchange for its shares or cash, or in exchange for both.

Article 58. Transfer of assets and liabilities

The National Bank of Tajikistan may authorize a provisional administrator to transfer all of the assets and liabilities of a lending institution that is under a provisional administration's management or a part of them to another lending institution.

Article 59. Protection of creditors and procedures for payment of compensation

1. In restructuring, the transfer of assets shall not be permitted in cases of:
 - the transfer of property secured by a pledge (in the context of freezing or of an encumbrance with regard to any asset or property, a pledge of real estate, or any other form of lien), unless the lending institution's obligations and the attendant benefit under a lien are simultaneously transferred;
 - the transfer of only part of the rights and obligations specified in a netting contract.
2. If, in accordance with an independent appraisal, the creditor of a lending institution that is under a provisional administration's management, as the result of restructuring, will find itself in a worse situation than it would be in as a result of liquidation of the lending institution, then said creditor shall have the right to compensation in the amount that would put the creditor in the same situation in which it would be in the event of the lending institution's liquidation.

Article 60. Powers of a provisional administrator

1. A provisional administrator shall have the following powers:
 - 1) to continue or cease to carry out banking transactions on behalf of the lending institution;
 - 2) to attract loans in accordance with procedures established by the National Bank of Tajikistan;
 - 3) to perform or limit the lending institution's obligations;
 - 4) to change interest rates on the lending institution's obligations to the limit of current rates on the pertinent market;
 - 5) to hire the necessary officers, employees and consultants;
 - 6) to cancel employment contracts for the provision of services or lease agreements to which the lending institution is a party;
 - 7) to disclose information on lending institutions and their transactions, including information of a confidential nature, for the purpose of the lending institution's financial rehabilitation;
 - 8) to buy and sell goods, services or other property on behalf of the lending institution;
 - 9) to issue any payment instruments on behalf of the lending institution;
 - 10) to appear in court as a claimant and respondent on behalf of the lending institution;
 - 11) to take the following actions for the return of past-due amounts:
 - a) sell pledged property;
 - b) demand that borrowers, the repayment deadline for whose debts has passed, provide additional security and guarantees;
 - 12) to enter into a contract with borrowers on the early repayment of loans;
 - 13) to offer the acquisition of unretired loans to other parties;
 - 14) to take measures for the return of other accounts receivable of the lending institution;
 - 15) to take other necessary measures, not limited to reorganization of the lending institution by changing its legal and regulatory status and converting it to a nonbank lending institution.
2. A provisional administrator shall have the right to suspend or revoke any decision by a lending institution's governing authorities that are contrary to the interests of clients and depositors.

Article 61. Termination of a provisional administration's activities

1. A provisional administration's activities shall be terminated upon the expiration of its powers (or its extension), or prior to the expiration date (or its extension period) by the decision of the National Bank of Tajikistan, if the National Bank of Tajikistan determines that the grounds for its appointment have been removed, or pursuant to Article 53 of present Law, that it is impossible to rehabilitate the lending institution.

2. Upon termination of the provisional administration's activities in connection with the rehabilitation of the lending institution:

- all restrictions imposed with regard to the lending institution and its governing authorities and officers shall be lifted;

- all amendments and addenda to a lending institution's constitutional documents, governing authorities and staff made in accordance to law during the period of the provisional administration shall remain in effect.

Article 62. Liquidation of a lending institution

If the action of a provisional administration has not served as cause for improvement of the lending institution's financial condition, the National Bank of Tajikistan shall revoke its banking license and file an application with a court for liquidation of the lending institution in accordance to the law of the Republic of Tajikistan.

CHAPTER 8. MONETARY SYSTEM AND ORGANIZATION OF THE CIRCULATION OF MONEY

Article 63. Monetary system

The President of the Republic of Tajikistan shall determine the monetary system of the Republic of Tajikistan.

Article 64. Legal tender and the issuing of the national currency

1. The national currency issued by the National Bank of Tajikistan and in circulation shall be the sole and exclusive tender for any monetary obligations and settlements, and it must be accepted for all monetary payments at its face value on the Republic of Tajikistan territory.

2. The National Bank of Tajikistan shall have the exclusive right to issue paper currency and coins as legal tender on the Republic of Tajikistan territory.

Article 65. Characteristics of the national currency

The National Bank of Tajikistan, through its regulations, shall establish the face value, size, weight, design and other characteristics of paper currency and coins that are legal tender in the Republic of Tajikistan.

Article 66. Printing of the national currency and measures to provide for its security

1. The National Bank of Tajikistan shall organize the printing of paper currency and minting of coins and take measures to provide for the secure storage of currency not placed in circulation, as well as to withdraw and destroy paper currency and coins withdrawn from circulation.

2. The National Bank of Tajikistan shall establish the procedures for determining the fitness of currency and replacing worn-out paper currency and coins. The procedures for determining the fitness of currency and their exchange shall be published in the press.

3. Replacement of the national currency that is in circulation shall be carried out by the National Bank of Tajikistan.

4. The National Bank of Tajikistan shall withdraw from circulation and destroy worn-out paper currency and coins and put other paper currency and coins into circulation in exchange of them.

5. If the design of paper currency does not meet established standards, the National Bank of Tajikistan shall have the right not to replace it.

Article 67. Provision economy with currency

The National Bank of Tajikistan, if the need arises, must provide for the country's economy with currency within volumes established by it.

Article 68. Withdrawal of currency from circulation

1. The National Bank of Tajikistan, by the decision of its Board, may withdraw from circulation any paper currency and coins in circulation, issuing equivalent amounts of other paper currency and coins in exchange of them.
2. At the end of an exchange period, related to the withdrawal of paper currency and coins from circulation and replacement of them with others, the paper currency and coins thereby withdrawn may not continue to be legal tender.

CHAPTER 9. REPORTING AND ACCOUNTING OVERSIGHT

Article 69. Fiscal year

The National Bank of Tajikistan's fiscal year shall begin on January 1 and end on December 31.

Article 70. Annual report

Following the end of the fiscal year, the National Bank of Tajikistan shall prepare a report, which shall include the following documents:

- its balance sheet, income statement, capital statement and other necessary reports;
- the accounting methodology used by the National Bank of Tajikistan in preparing its financial statements;
- a brief survey of the macroeconomic situation in the Republic of Tajikistan, the implementation of monetary policy, and assessment of the state of and further development of the Republic of Tajikistan's banking system.

Article 71. Accounting and financial reporting

1. The National Bank of Tajikistan's accounting and financial reporting shall be conducted and prepared in accordance with international financial reporting standards.
2. The National Bank of Tajikistan, after the end of each reporting month, may publish on its Website a condensed balance sheet that reflects the National Bank of Tajikistan's financial position as of the last working day of the month just ended.
3. The National Bank of Tajikistan shall quarterly publish information on the macroeconomic situation and the implementation of monetary policy.

Article 72. Contingent obligations

1. The National Bank of Tajikistan shall have certain obligations, part of which shall constitute contingent obligations (letters of guarantee, clients' cash in National Bank of Tajikistan accounts, and obligations resulting from court disputes).
2. At the end of each year the National Bank of Tajikistan shall inform the Government of the Republic of Tajikistan of its contingent obligations, if:
 - the amount of contingent obligations exceeds five percent of its net assets;
 - the amount of funds in National Bank of Tajikistan accounts has not been demanded by a client for the past three years.
3. At the request of the Government of the Republic of Tajikistan stemming from the need for a detailed examination of contingent obligations, the National Bank of Tajikistan shall submit additional information.

Article 73. Submission and publication of reports

Annually, no later than June 30, the National Bank of Tajikistan shall submit its annual report with an auditor's conclusion to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan and publish it in the media.

CHAPTER 10. GOVERNANCE OF THE NATIONAL BANK OF TAJIKISTAN

Article 74. Structure and governing authorities

1. The National Bank of Tajikistan shall consist of a Central Staff and territorial divisions
2. Governance of the National Bank of Tajikistan shall be carried out by the Board and Chairman the National Bank of Tajikistan. The Board shall be the supreme collegial authority, determine the basic guidelines for the activity, direction and governance of the National Bank of Tajikistan, and monitor their implementation.
3. The Board shall consist of the Chairman of the National Bank of Tajikistan, his three deputies, and three independent members confirmed by the President of the Republic of Tajikistan based on the recommendation of the Chairman of the National Bank of Tajikistan.
4. The Chairman of the National Bank of Tajikistan and his deputies shall be appointed and dismissed by Decree of the Republic of Tajikistan President, and the Decrees shall be submitted for approval by the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan. The Chairman of the National Bank of Tajikistan shall be an ex officio member of the Board.
5. The Chairman of the National Bank of Tajikistan, his deputies and members of the Board must be the citizens of the Republic of Tajikistan, have a higher economic education, possess skills in the banking field, have a clean record, and not be the executive officer of a bankrupt institution.
6. The salary of the chairman of the National Bank of Tajikistan and his deputies shall be established by the President of the Republic of Tajikistan.
7. The Board members shall be appointed for the following terms:
 - the Chairman of the National Bank of Tajikistan – for a seven-year term;
 - the Deputy Chairman of the National Bank of Tajikistan– for five-year terms;
 - independent members of the Board – for four-year terms.
8. The Chairman of the National Bank of Tajikistan, his deputies and other Board members may be reappointed to their offices.
9. The independent Board members shall be appointed from among instructors at institutions of higher professional education specializing in economics, economics research institutions, and veterans who have retired from the field of economics, finance and banking. For said persons the Chairman of the National Bank of Tajikistan shall establish compensation.
10. In the event of the removal of the Chairman of the National Bank of Tajikistan or his deputies from office, they shall continue to perform their duties pending confirmation of a Decree of the President of the Republic of Tajikistan on this matter on the part of the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan.

Article 75. Grounds for removal of Board members from office

1. The Chairman of the National Bank of Tajikistan, his deputies and other Board members shall be removed from office in the following cases:
 - in connection with the expiration of their terms in office;
 - the impossibility of performing their official duties in connection with a deterioration in health confirmed by the findings of a medical commission;
 - the submission of a personal resignation request;
 - the handing down of a conviction of them and its entry into legal force;
 - their failure to comply with the restrictions established in the present Law;
 - abuse of office;
 - their absence at Board meetings for an extended period (more than three months) without notification of the Board.
2. A Board vacancy must be filled within 60 calendar days by the appointment of a new member.
3. Board members shall have a right to submit a resignation request to the President of the Republic of Tajikistan at least three months in advance.

Article 76. Powers of the Chairman of the National Bank of Tajikistan

1. The Chairman of the National Bank of Tajikistan:

- shall act on behalf of the National Bank of Tajikistan without power of attorney and represent its interests in relations with government authorities and entities, other entities, lending institutions, the entities of foreign states and international organizations; enter into agreements; and take decisions on all matters pertaining to its activities except for matters assigned to the jurisdiction of the Board;
- take responsibility for ensuring implementation of Board decrees;
- exercise the powers assigned to him by the Board;
- monitor the National Bank of Tajikistan's daily operations;
- preside over Board meetings;
- sign National Bank of Tajikistan legal regulatory acts, the resolutions and minutes of Board meetings, and agreements and contracts entered into by the National Bank of Tajikistan;
- allocate duties among his deputies;
- hire and dismiss National Bank of Tajikistan employees;
- sign orders and issue directives, binding on all employees of the National Bank of Tajikistan and its divisions;
- bear full responsibility for the National Bank of Tajikistan's activities and ensure the performance of its functions.

2. During the absence of the Chairman of the National Bank of Tajikistan, his functions shall be performed by his first deputy, and in the first deputy's absence – by one of his deputies.

Article 77. Powers of the Board

1. The Board shall have the following powers:

- shall develop the state's monetary policy, including establishing limits on open market operations carried out by the National Bank of Tajikistan, the interest rate on deposits in the National Bank of Tajikistan, the terms for granting loans, and the types and level of reserves that banks and other nonbank lending institutions must keep in the National Bank of Tajikistan;
- shall implement the state's monetary policy, including setting the official currency exchange rate;
- shall adopt and confirm general-purpose legal regulatory acts of the National Bank of Tajikistan;
- shall consider information and reports submitted by the National Bank of Tajikistan to the Majlisi namoyandagon of Majlisi Oli of the Republic of Tajikistan and the President of the Republic of Tajikistan;
- shall take decisions on the National Bank of Tajikistan's participation in international organizations;
- shall determine the face value and design of paper currency and coins, the procedures for putting them into circulation, and the conditions for withdrawing them from circulation;
- shall determine the policy for managing the National Bank of Tajikistan's international reserves;
- shall take decisions on issuing licenses to lending institutions;
- shall take a decision to increase the National Bank of Tajikistan's authorized capital, with the Republic of Tajikistan President's consent;
- shall approve the National Bank of Tajikistan's annual financial reports;
- shall take decisions on the specifics of the issue of National Bank of Tajikistan bonds;
- shall determine the structure of the National Bank of Tajikistan and establish the salaries of National Bank of Tajikistan employees, the qualification requirements for them, and other supplemental payments for them;
- shall determine the procedures and conditions for the hiring of National Bank of Tajikistan employees pursuant to the law of the Republic of Tajikistan;
- shall establish and abolish divisions and offices of the National Bank of Tajikistan;
- shall confirm the National Bank of Tajikistan's revenues and expenses budget;

- shall consider any charges of abuse of office by Board members and of their inability to cope with their duties, and in the event that they are found to be substantiated, send a report with its conclusions and recommendations to the President of the Republic of Tajikistan;

- shall determine, according to the present law, the conditions and specific instances of the service of National bank of Tajikistan as the banker, the adviser and the financial agent of the Government of Republic Tajikistan;

- shall appoint an external auditor of the National Bank of Tajikistan based on the recommendation of the audit committee;

- shall approve an internal control system for the National Bank of Tajikistan;

- shall establish the arrangements for health insurance for National Bank of Tajikistan employees;

- shall consider other issues related to the National Bank of Tajikistan's activities that, pursuant to this Law, are not among the powers of the Chairman of the National Bank of Tajikistan.

2. In order to perform its functions, the Board, for the purpose of the effective implementation of monetary policy, provision for the development of the banking system and financial stability, as well as for the purpose of internal control, may establish committees and the procedures for their activities.

Article 78. Board meetings

1. Board meetings shall be convened by the Board Chairman or his deputies at least once a month. Meetings may also be convened by written request of three Board members.

2. If an issue submitted for consideration by the Board affects the personal, commercial, financial or other interests of Board members, including the chairman or his deputies, said persons must declare the existence of such interests to the Board and shall not have the right to participate in voting on said issue.

3. Board members shall be informed of the convening of a meeting no later than three working days in advance, except for emergencies, when Board meetings may be convened on an urgent basis. Board members shall be informed of the day and place of a meeting and of the agenda.

4. A meeting shall be official if more than half of the Board members, including the Board chairman, are present.

5. By decision of the Chairman, Board meetings may be closed.

6. Every Board member present at a meeting and entitled to vote, including the Board Chairman and his deputies, shall have one vote, except for the case of an equal distribution of votes, in which case the meeting chairman shall cast the deciding vote.

7. In special cases when a decision must be taken, such decision may be taken by the Board by means of polling without convening a meeting.

8. In all cases a Board decision shall be taken by a majority vote of Board members having the right to vote on an issue.

9. A Board resolution shall be issued over the signature of the meeting's presiding officer.

10. A Board resolution may not be deemed invalid because of a vacancy in the Board's membership.

11. At a Board meeting minutes shall be prepared that shall be signed by the meeting's presiding officer and the Board secretary.

12. The procedures for the preparation of materials for consideration by a Board meeting and the documentation of its decisions shall be established by the Board's Rules, which shall be approved by the Board.

CHAPTER 11. PERSONNEL OF THE NATIONAL BANK OF TAJIKISTAN

Article 79. Personnel of the National Bank of Tajikistan

1. Personnel of the National Bank of Tajikistan shall be the executives (chairman and his deputies) and employees of the National Bank of Tajikistan.
2. The conditions for employees' appointment and dismissal, rights and official duties, and disciplinary penalties and additional payments for National Bank of Tajikistan employees shall be established by the Board.
3. Within one month following their appointment to office and at the beginning of every year, the Chairman of the National Bank of Tajikistan and his deputies shall submit to the Board in writing, in accordance with established procedures, information on the direct or indirect commercial interests (bank loans, deposits, shares and other securities of lending institutions) of which they themselves or their children and other persons sharing a common household with them are owners. The Board shall submit that information to the President of the Republic of Tajikistan.
4. Board members and employees of the National Bank of Tajikistan, holding official positions, the list of which shall be confirmed by the Board, may obtain loans for their personal needs only from the National Bank of Tajikistan. Said persons shall be required to notify the Board of any loan previously obtained from banks and nonbank lending institutions prior to their appointment to office.
5. Other employees of the National Bank of Tajikistan must submit information to the National Bank of Tajikistan Internal Audit Department on any loan obtained from lending institutions.
6. The Board shall establish the rules for the issue of loans to National Bank of Tajikistan employees for the purchase of housing and payment for medical care, education and other family needs.
7. The Board may establish the maximum amount of a loan obtained from lending institutions by personnel.
8. Certain National Bank of Tajikistan employees whose work entails a risk to their life according to a list approved by the Board shall be subject to mandatory insurance.

Article 80. Conflict of interest

1. Board members and other National Bank of Tajikistan employees may not represent any business interests of a commercial, credit or other nature or participate in decision making on such matters if they contradict to their official duties.
2. Board members and employees of the National Bank of Tajikistan must avoid any cases that serve as a cause for the occurrence of a conflict interests.
3. The officers and employees of the National Bank of Tajikistan shall not have a right to:
 - perform any other paid work, except for research, creative or instructional work;
 - be a member of the governing (supervisory) authorities of lending institutions;
 - be the owner or fiduciary manager of more than five percent of shares (participatory interest) in lending institutions.
4. A Board member or National Bank of Tajikistan employee shall be prohibited from receiving a gift or personal loan from anyone that might interfere with his disinterested performance of his functions in the National Bank of Tajikistan. Noncompliance with this provision on the part of Board members or employees of the National Bank of Tajikistan shall constitute a serious violation of labor discipline. Such a violation on the part of employees may constitute grounds for the imposition of disciplinary penalties, including dismissal from employment without compensation.
5. If the matter related to personal interests is submitted for discussion by the Board, a Board member whose financial interests are affected by that matter and discloses them at the beginning of the discussion shall not participate further in the discussion. The discussion of that matter and decision making on it shall take part without his participation. That Board member's participation shall not be counted for the purpose of constituting a quorum.

Article 81. Confidentiality

1. Board members, including former Board members, and employees of the National Bank of Tajikistan, including former employees, shall not have the right to disclose information that constitutes a National Bank of Tajikistan secret and that becomes known to them in the course of the performance of their duties at the National Bank of Tajikistan, or to use said information for their personal purposes.
2. The persons specified in part 1 of this article may disclose information that constitutes a National Bank of Tajikistan secret in the following cases:
 - with the obvious consent of the party to whom the said information pertains;
 - if the National Bank of Tajikistan's interests require the divulgence of that information in court proceedings;
 - in the case of an external audit of the National Bank of Tajikistan, at the auditors' request;
 - in cases specified in the Law of the Republic of Tajikistan "On Banking."

CHAPTER 12. AUDITS OF THE NATIONAL BANK OF TAJIKISTAN

Article 82. External audits of the National Bank of Tajikistan

1. The National Bank of Tajikistan's annual report shall be subject to an auditor's conclusion. An external audit of the National Bank of Tajikistan shall be conducted pursuant to international auditing standards.
2. The National Bank of Tajikistan shall conclude a contract with a recognized auditing firm that wins a competitive bidding and shall provide the reports and information necessary for conducting the audit.
3. The audit contract must stipulate the volume of information to be turned over to the auditing firm, as well as the firm's liability for transferring the information obtained to third parties.
4. The same auditing firm may not conduct the audit of the National Bank of Tajikistan continuously for more than five years.
5. The provisions of the Law of the Republic of Tajikistan "On Licensing Certain Types of Activity" and "On Auditing" shall not extend to foreign auditing firms that conduct an audit of the National Bank of Tajikistan.

Article 83. Internal audits

1. An internal audit of the National Bank of Tajikistan shall be conducted by the Internal Audit Department.
2. The Internal Audit Department shall be headed by the chief auditor of the National Bank of Tajikistan, who shall be appointed to and removed from office by the Chairman of the National Bank of Tajikistan with the Board's approval. The chief auditor shall be appointed for a five-year term and may be reappointed to that office. The chief auditor shall be a person who has sufficient professional experience in the field of accounting or bank auditing.
3. The chief auditor shall be removed from office on the grounds stipulated for removal of Board members from office.

Article 84. National Bank of Tajikistan audit committee

1. The Board, for the purpose of timely notification of the National Bank of Tajikistan's financial position, assessment of internal control and risk management systems, and provision of recommendations on matters under consideration, shall establish an audit committee and determine its operating procedures.
2. The audit committee shall consist of three Board members, the majority of whom, including its chairman, shall be chosen from among the independent members of the Board.

CHAPTER 13. STATISTICS AND INFORMATION

Article 85. Preparation of the balance of payments

1. For the purpose of preparing the balance of payments, the National Bank of Tajikistan shall request from individuals and entities involved in foreign economic activity the submission of information on their foreign economic transactions, including foreign government loans not secured by guarantees.
2. Individuals and entities involved in foreign economic activity must submit information to the National Bank of Tajikistan pursuant to the National Bank of Tajikistan's legal regulatory acts.

Article 86. Collection of statistical data and information

The National Bank of Tajikistan shall:

- collect, prepare, analyze and publish statistical data and information pertaining to the performance of its functions;
- determine the list and forms of statistical reports and other necessary statistical data to be submitted to the National Bank of Tajikistan, and the deadlines for their submission;
- determine the rules for confidentiality and for liability under law in cases of noncompliance with procedures for the submission of statistical data;
- cooperate with government authorities and nongovernmental entities in the collection, preparation and publication of statistical data and adoption of international standards for data dissemination.

Article 87. Dissemination of statistical data and information

The National Bank of Tajikistan shall publish:

- statistical data and information;
- the methodology used for collecting the pertinent statistical data and information.

CHAPTER 14. FINAL PROVISIONS

Article 88. Liability for violation of this Law

Individuals and legal entities shall be held liable for violation of the present Law pursuant to the law of the Republic of Tajikistan.

Article 89. On nullification of the Law of the Republic of Tajikistan “On the National Bank of Tajikistan”

The December 14, 1996, Republic of Tajikistan Law “On the National Bank of Tajikistan” (*Akhbori Majlisi Oli Respubliki Tajikistan*, 1996, No. 24, item 410; 2001, No. 4, item 173; 2002, No. 11, item 672; 2004, No. 12, item 690, pt. 1; 2007, No. 7, item 680; and 2009, No. 7-8, item 502) shall be deemed null and void.

Article 90. Procedures for implementation of the present Law

The present Law shall enter into force following its official publication.

President
Republic of Tajikistan

Emomali Rakhmon

Dushanbe
June 28, 2011
No. 722