

THE ACT ON THE NATIONAL BANK OF POLAND
of August 29, 1997

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THE ACT ON THE NATIONAL BANK OF POLAND

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TITLE 1

GENERAL PROVISIONS

Article 1

The National Bank of Poland, hereinafter referred to as "the NBP", shall be the central bank of the Polish Republic.

Article 2

1. The NBP shall be possessed of personality at law and shall have the right to use a seal bearing the national emblem.
2. The NBP shall not be subject to the requirement of entry in the register of state enterprises.
3. The activity of the NBP shall be conducted within the Polish Republic.
4. The registered office of the NBP shall be in Warsaw.

Article 3

1. The basic objective of NBP activity shall be to maintain price stability, and it shall at the same time act in support of Government economic policies, insofar as this does not constrain pursuit of the basic objective of the NBP.
2. The responsibilities of the NBP shall also include:
 - 1) organising monetary settlements,
 - 2) managing the official foreign exchange reserves,
 - 3) conducting foreign exchange operations within the bounds stipulated by statute,
 - 4) providing banking services to central government,
 - 5) regulating the liquidity of the banks and providing them with refinancing facilities,
 - 6) establishing the necessary conditions for the development of the banking system,
 - 7) drawing up an account of the national balance of payments for reporting purposes, together with balances of the foreign assets and liabilities of central government,
 - 8) performing other responsibilities as specified by statute.

Article 4

The NBP shall have exclusive right to issue the currency of the Polish Republic.

Article 5

- 1 The NBP may be a member of international financial and banking institutions.
2. The NBP shall not hold shares in other juridical persons, save those engaged in the provision of services solely to financial institutions and the Treasury.

TITLE 2

ORGANISATIONAL STRUCTURE OF THE NBP

Article 6

The directing bodies of the NBP shall be:

- 1) the President of the NBP,
- 2) the Monetary Policy Council,
- 3) the NBP Management Board.

Article 7

1. The NBP shall perform its responsibilities through its Head Office and other offices.
2. The NBP Management Board, shall, by resolution:
 - 1) establish, reorganise and wind up organisational units at NBP Head Office and other offices,
 - 2) specify the scope of responsibilities and organisational structure of NBP Head Office and the remaining NBP offices.

Article 8

The activities of NBP offices shall be subject to internal audit, performed by a unit of NBP Head Office reporting to the President of the NBP.

A. The President of the NBP

Article 9

1. The President of the NBP shall be appointed by the Sejm, at the request of the President of the Polish Republic, for a term of six years.
2. The same person shall not serve as President of the NBP for more than two consecutive terms of office.
3. The President of the NBP shall assume his/her duties after taking the following oath before the Sejm:

"In assuming the duties of President of the National Bank of Poland, I solemnly swear that I shall strictly observe the provisions of the Constitution and other legislation, and that in all my actions I shall pursue the economic development of our Homeland and the well-being of

its citizens". This oath may be taken with the addition of the words, "So help me God".

4. The term of office of the President of the NBP shall expire:

- 1) following a period of six years,
- 2) in the event of his/her death,
- 3) in the event of his/her resignation,
- 4) in the event of his/her recall.

5. The President of the NBP may be recalled where:

- 1) he/she has been unable to fulfil his/her duties due to prolonged illness,
- 2) he/she has been convicted of a criminal offence under a final and conclusive court verdict,
- 3) the Tribunal of State has prohibited him/her from occupying managerial positions or holding posts of particular responsibility in state institutions.

Article 10

1. In the absence of the President of the NBP, his/her duties shall be performed by the NBP Vice President who is First Deputy President.

2. The Vice Presidents and other members of the NBP Management Board shall be appointed and recalled by the President of the Polish Republic, at the request of the President of the NBP.

3. The Vice Presidents of the NBP shall direct particular areas of NBP activity, as assigned by the President of the NBP.

Article 11

1 The President of the NBP shall be the superior of all NBP staff. The rights and duties of NBP staff shall be as laid down in the Labour Code and in the civil service staff regulations set out in separate legislation.

2. The President of the NBP shall chair the Monetary Policy Council, the NBP Management Board and the Commission for Banking Supervision, and shall represent the NBP in its external contacts.

3. The President of the NBP shall represent the interests of the Polish Republic within international banking institutions, and also, insofar as the Council of Ministers does not decide otherwise, within international financial institutions.

4. In issuing regulations subject to publication and administrative rulings, the President of the NBP shall be entitled to use a seal bearing the national emblem.

5. The President of the NBP shall:

- 1) establish, in consultation with the Minister of Internal Affairs and Administration, the principles applicable to the safekeeping of currency at banks and at enterprises producing notes and coin, and to the transportation of currency by banks and by such enterprises,
- 2) discharge the responsibilities indicated by the regulations on the universal duty of defence of the Polish Republic.

B. The Monetary Policy Council

Article 12

1. The Monetary Policy Council, hereinafter referred to as "the Council", shall draw up annual monetary policy guidelines and submit these to the Sejm, for the information thereof, together with the submission by the Council of Ministers of the draft Budget. The Council shall present a report to the Sejm on the performance of monetary policy guidelines within five months of the end of the fiscal year.
2. In consideration of monetary policy guidelines, the Council shall, in particular:
 - 1) set NBP base interest rates,
 - 2) determine the procedures governing the reserve requirement and set the reserve ratio,
 - 3) set ceilings on the liabilities arising from loans and advances drawn by the NBP from foreign banking and financial institutions,
 - 4) approve the NBP budget and the report on the activity of the NBP,
 - 5) accept the annual accounts of the NBP,
 - 6) determine the principles applicable to open market operations.
3. The Council shall assess the activity of the NBP Management Board in its performance of monetary policy guidelines.
4. The Council shall adopt accounting principles for the NBP, these to be submitted by the President of the NBP.

Article 13

1. The Council shall be composed of:
 - 1) the Chairperson of the Council, this being the President of the NBP,
 - 2) nine members appointed in equal numbers by the President of the Polish Republic, the Sejm and the Senate, these being specialists in the field of finance.
2. Members of the Council shall be appointed for a term of six years.
3. The appointment of new Council members should take place no later than on the day the term of office of the previous members expires.
4. Prior to assuming their duties on the Council, Council members shall take the following oath before the body appointing them:

"In assuming the duties of member of the Monetary Policy Council, I solemnly swear that I shall act with full impartiality, pursuant to the knowledge and experience I possess with respect to monetary policy, and in accordance with the objectives of NBP activity." This oath may be taken with the addition of the words, "So help me God".
5. The bodies authorised to appoint members of the Council shall recall them solely in the event of:
 - 1) their resignation from their posts,
 - 2) illness which permanently prevents them from performing their responsibilities,
 - 3) a conviction for a criminal offence under a final and conclusive court verdict,
 - 4) the circumstances referred to in Art. 14, para. 2.
6. In the event of the death of a Council member, the body which appointed that member shall

declare the expiry of his/her mandate.

7. Where a seat on the Council is vacated in the circumstances specified in paras. 5 and 6 above, the body authorised to appoint a member to that seat shall do so no later than within three months of the recall of the Council member concerned or the declaration that the member's mandate has expired. A Council member appointed under this procedure shall serve until the end of the term for which his/her predecessor had been appointed.

8. The reappointment of a member of the Council shall be inadmissible, unless the previous appointment took place in the course of a term of office and for a period of not more than three years.

Article 14

1. During his/her term of office, a Council member shall not hold other positions nor engage in gainful or public activity other than academic work, teaching or writing, although the Council may adopt a resolution (without the participation of the person concerned) expressing its consent to a member carrying out activity in international organisations.

2. A Council member who is a member of a political party or trade union shall be required to suspend activity in that party or union for his/her term of office, on pain of recall from the Council.

3. Members of the Council shall be entitled to remuneration equivalent to that of Vice Presidents of the NBP. This remuneration shall also be payable for a period of three months following the expiry of their term of office, except where this is the result of a member being recalled due to a conviction for a criminal offence under a final and conclusive court verdict.

Article 15

A representative of the Council of Ministers may participate in meetings of the Council without voting rights; this representative may submit motions for the consideration of the Council.

Article 16

1. Meetings of the Council shall be convened by the Chairperson at least once a month.

2. The procedure for the work of the Council shall be laid down in by-laws which the Council shall adopt by majority vote.

3. The Council shall rule in the form of resolutions adopted by majority vote, in the presence of at least five members, including the Chairperson. In the event of a tied vote, the Chairperson of the Council shall have a casting vote.

4. The positions taken by Council members during votes shall be published in Monitor Sądowy i Gospodarczy (the Court and Commercial Gazette - trans.) after a period of six weeks, yet no later than three months from the date the resolution is adopted.

C. The NBP Management Board

Article 17

1. The activity of the NBP shall be directed by its Management Board.
2. The NBP Management Board shall be composed of the President of the NBP in his/her capacity as Chairperson, and from six to eight other Board members, of which two shall be Vice Presidents of the NBP.
3. The NBP Management Board shall:
 - 1) implement resolutions of the Council,
 - 2) adopt resolutions on matters not reserved by the present Act for the exclusive authority of other bodies of the NBP.
4. The terms of reference of the NBP Management Board shall include, in particular:
 - 1) adopting resolutions on the licensing of banks to conduct foreign exchange operations,
 - 2) performing responsibilities with respect to exchange rate policies,
 - 3) performing periodic assessments of the circulation of currency and monetary settlements, and also of foreign exchange operations,
 - 4) supervising open market operations,
 - 5) assessing the operation of the banking system,
 - 6) adopting the NBP plan of activity and budget,
 - 7) determining the kinds of banking fee and commission to be charged by the NBP and specifying the rates applicable,
 - 8) specifying the principles applicable in NBP funds management,
 - 9) establishing the organisational structure and division of responsibilities within the NBP,
 - 10) establishing NBP personnel and staff compensation policies,
 - 11) adopting the annual report on the activity of the NBP,
 - 12) drawing up the balance sheet and profit and loss account of the NBP,
 - 13) drawing up accounts of the national balance of payments,
 - 14) preparing and examining draft resolutions and other materials to be submitted to the Council.

Article 18

Members of the NBP Management Board shall not hold other positions nor engage in gainful or public activity other than academic work, teaching or writing. The provisions of Art. 14, para. 2, shall be duly applicable.

Article 19

Resolutions of the NBP Management Board shall be adopted by majority vote, and in the event of a tied vote, the President of the NBP shall have a casting vote.

Article 20

The detailed procedure for the work of the NBP Management Board shall be laid down in by-laws which the Management Board shall adopt.

TITLE 3

THE NBP AND THE STATE AUTHORITIES

Article 21

In discharging its responsibilities, the NBP shall collaborate with the appropriate bodies of central government in developing and implementing national economic policy, in so doing striving to ensure the proper performance of monetary policy guidelines, and in particular shall:

- 1) submit monetary policy guidelines to bodies of central government, and also reports on the performance of monetary policy and on the situation within the banking system,
- 2) collaborate with the Minister of Finance in developing central government financial plans,
- 3) present its opinion on draft legislation relating to economic policy,
- 4) present its opinion on draft legislation concerning the operations of banks and on other legislation of significance to the banking system.

Article 22

The President of the NBP may attend meetings of the Sejm and the Council of Ministers.

Article 23

1. Acting on behalf of the Council, the President of the NBP shall:

- 1) submit to the Sejm and Council of Ministers:
 - a) quarterly reports on the balance of payments,
 - b) annual balances of the assets and liabilities of central government,
- 2) forward to the Council of Ministers and Minister of Finance draft monetary policy guidelines, opinions on the draft Budget, balance of payments projections and the rulings of the Council,
- 3) draw up periodic reports on transfers of (payments from) profit.

2. Central state institutions, bodies of central and local government administration, banks and other juridical persons, organisations not possessed of personality at law and other businesses shall:

- 1) file, at the request of the NBP, such information as is necessary to develop monetary policy and conduct periodic assessments of the monetary situation within the country,
- 2) where these entities are involved in foreign trade - file with the NBP such information as is necessary to draw up the balance of payments and balances of the foreign assets and liabilities of central government.

3. Banks shall also file, at the request of the NBP, such information as is necessary to assess their financial condition and the risks present within the banking sector.

4. The procedure and detailed principles for the submission of the information referred to in paras. 2 and 3 above shall be specified by resolution of the NBP Management Board.

5. The information referred to in paras. 2 and 3 above may be utilised solely to compile studies and assessments and to draw up the aforementioned balances of foreign assets and liabilities, and shall not be made available to third parties.

Article 24

1. The NBP shall carry out the foreign exchange policy established by the Council of Ministers in consultation with the Council.

2. The procedure for setting the exchange rate of the zloty against foreign currencies shall be laid down by the Council of Ministers in consultation with the Council.

3. The NBP shall publish current exchange rates for foreign currencies and rates for other types of foreign exchange.

TITLE 4

BANKING SUPERVISION

Article 25

1. The activities of banks shall be supervised by the Commission for Banking Supervision, hereinafter referred to as "the Commission". The decisions of the Commission, together with the responsibilities it assigns, shall be carried out and coordinated by the General Inspectorate of Banking Supervision, a separate organisational unit within the structure of the NBP.

2. The responsibilities of the Commission shall include, in particular:

- 1) setting out principles for the conduct of banking activity that ensure the safety of the funds held by customers at banks,
- 2) supervising compliance by the banks with statute, their articles of association and other legal regulations, and also with mandatory financial standards,
- 3) performing periodic assessments of the financial condition of banks and presenting these to the Council, and evaluating the impact of monetary, tax and supervisory policies on the development of banks,
- 4) giving its opinion on the organisational structure of banking supervision and establishing procedures for the performance of such supervision.

3. The responsibilities of the Commission and the manner in which these are to be discharged shall be as specified in the Banking Act of August 29, 1997 (as published in Dziennik Ustaw [the Journal of Laws - trans.] no. 140, item 939).

Article 26

1. The Commission shall be composed of:

- 1) the Chairperson of the Commission, this being the President of the NBP,
- 2) the Deputy Chairperson of the Commission, this being the Minister of Finance or a delegated representative thereof, this being a Secretary or Undersecretary of State at the Ministry of Finance,
- 3) a representative of the President of the Polish Republic,
- 4) the President of the Management Board of the Bank Guarantee Fund,
- 5) the Chairperson of the Securities and Exchange Commission, or a deputy thereof,
- 6) a representative of the Minister of Finance,
- 7) the General Inspector of Banking Supervision.

2. A representative of the Polish Banking Association shall participate in meetings of the Commission concerning matters relating to supervisory regulations, with consultative vote.

3. A representative of the Polish Banking Association may also participate in meetings of the Commission concerning the matters referred to in Art. 25, para. 2, subpara. 1.

Article 27

1. The Commission shall rule on matters within its terms of reference by majority vote, in the presence of at least half of its members. In the event of a tied vote, the Chairperson of the Commission shall have a casting vote.

2. In the absence of the Chairperson, meetings of the Commission shall be chaired by the Deputy Chairperson.

3. The Commission may authorise the Chairperson of the Commission to take action on matters which it specifies and which require to be dealt with between meetings of the Commission, with the exception of:

- 1) granting authorisation for the establishment of a bank,
- 2) suspending the operations of a bank and petitioning for a declaration of bankruptcy,
- 3) imposing the sanctions provided for under the Act referred to in Art. 25, para. 3.

4. The President of the NBP shall advise the Commission, at its next meeting, of decisions taken pursuant to para. 3.

Article 28

1. The Commission shall make its rulings in the form of resolutions, which shall be signed by the Chairperson of the Commission.

2. The detailed procedure for the work of the Commission shall be laid down in by-laws which it shall adopt by simple majority vote in the presence of all members of the Commission.

Article 29

1. The General Inspectorate of Banking Supervision shall be the executive body of the Commission.

2. The detailed procedure for the work of the Inspectorate shall be laid down in by-laws which the Commission shall adopt by majority vote in the presence of all members of the Commission.

3. The General Inspector of Banking Supervision shall be appointed and recalled by the President of the NBP, acting in agreement with the Minister of Finance.

Article 30

1. Bank examiners should be persons of appropriate education and professional experience. In particular, those eligible for the post of bank examiner shall be persons who:

- 1) hold solely Polish citizenship and enjoy full civic and public rights,
- 2) give adequate guarantee of the proper performance of their duties,
- 3) have impeccable references and have not been convicted of a wilful criminal offence,
- 4) hold a degree in law or economics, or a degree in another subject useful in the performance of banking supervision,
- 5) have at least 3 years work experience in banking,
- 6) have taken a qualifying examination for the post of bank examiner, held by an examinations committee appointed by the Commission.

2. The Commission shall specify the procedure for holding examinations for candidates for the post

of bank examiner and for on-the-job training for such candidates.

TITLE 5

THE ISSUE OF CURRENCY

Article 31

The currency of the Polish Republic shall be notes and coin denominated in zloty and grosz.

Article 32

Currency issued by the NBP shall constitute legal tender within the Polish Republic.

Article 33

1. The design and denominational value of notes, the design and denominational value, alloy, fineness and weight of coin, and the volume of issues of notes and coin, together with the dates on which they are to be brought into circulation, shall be specified in regulations issued by the President of the NBP.

2. The President of the NBP may withdraw particular notes and coin from circulation. As of the date set by the President of the NBP, such notes and coin shall cease to be legal tender within the Polish Republic, and shall be subject to exchange at banks designated for this purpose by the President of the NBP.

Article 34

1. Notes and coin which do not fulfil the conditions set by the President of the NBP, being worn or damaged, shall cease to be legal tender within the Polish Republic and shall be subject to replacement.

2. The President of the NBP shall specify, by regulation, the detailed principles and procedure for the replacement of notes and coin referred to in para. 1 above.

Article 35

1. Counterfeit currency shall be subject to forfeiture without compensation.

2. The provision of para. 1 above shall be duly applicable to counterfeit notes and coin denominated in foreign currencies.

3. The President of the NBP shall specify, by regulation, the principles and procedure for impounding currency (the authenticity of which is suspect) and the procedure to be followed with respect to counterfeit currency. This regulation shall be agreed with the Minister of Justice and the Minister of Internal Affairs and Administration.

Article 36

The NBP may conduct the sale, at home and abroad, of coin, notes and numismatic items intended as collector's items and for other purposes, on such terms and under such principles as established by resolution of the NBP Management Board.

Article 37

The NBP shall organise the management of the currency of the Polish Republic.

TITLE 6

MONETARY POLICY INSTRUMENTS

Article 38

1. With a view to managing the money supply and lending activity, the NBP shall take required reserves from the banks.
2. Required reserves shall constitute a proportion, expressed in zloty, of the zloty and foreign currency funds held on bank accounts, of funds obtained from the sale of securities, and of other repayable funds taken by banks, with the exception of funds taken from another domestic bank, and also of funds taken from a foreign bank pursuant to agreements concluded prior to the present Act taking effect or funds obtained from abroad for a period of at least two years.
3. Cooperative banks shall hold their required reserves at the bank to which they are affiliated, while regional banks affiliated to Bank Gospodarki Żywnościowej SA shall hold their reserves on account at this bank, the balance on such an account corresponding to the reserves of the affiliated cooperative banks and the regional bank's own required reserves. The required reserves of regional banks shall be placed by Bank Gospodarki Żywnościowej SA on its account at the NBP. Banks which affiliate cooperative banks and operate outside the structures of Bank Gospodarki Żywnościowej SA shall hold their required reserves and those of affiliated cooperative banks on their own accounts at the NBP.

Article 39

1. The reserve ratio may vary according to contractual deposit maturity and the type of currency concerned.
2. The total reserve requirement shall not exceed:
 - 1) 30% of the total funds referred to in Art. 38, para. 2, in the case of demand deposits,
 - 2) 20% of the total funds referred to in Art. 38, para. 2, in the case of time deposits.The reserve ratio shall be calculated with reference to averaged monthly balances.
3. The NBP Management Board may exempt a bank from the reserve requirement during implementation of a rehabilitation programme.
4. Required reserves shall not bear interest.

Article 40

The NBP Management Board shall determine the principles and procedure for calculating the reserve requirement and holding reserves at the NBP, including the types of bank account that are not subject to the reserve requirement, and may additionally establish the level of vault cash, held in zloty, that will be deemed to be the equivalent of reserves held at the NBP.

Article 41

1. Where a bank violates the requirement of holding reserves as specified in Art. 40, it shall pay interest to the NBP on the difference between the balance it is required to hold on account and the balance actually held on account.
2. The interest referred to in para. 1 above shall be calculated at a rate set by resolution of the NBP Management Board, this being no higher than twice the lombard rate.
3. The NBP Management Board may consent to a bank not paying the interest referred to in para. 1 above where that bank has had its operations suspended, is under liquidation or has been declared bankrupt.

Article 42

1. The NBP may extend refinancing loans to banks, in zloty, in order to replenish their funding.
2. In extending refinancing, the NBP shall consider the capacity of the bank to repay the loan, together with interest, on the contractual repayment dates, subject to the reservation indicated in para. 3 herein.
3. The NBP may also extend refinancing to banks for the implementation of a bank rehabilitation programme.
4. Refinancing facilities may be granted:
 - 1) up to a specified amount, as a line of credit,
 - 2) against pledges of securities, up to an amount corresponding to a specified proportion of the face value of such securities (lombard facilities),
 - 3) in other forms, as specified by the NBP Management Board.

Article 43

The NBP may extend loans to the Bank Guarantee Fund, on terms agreed with the Fund's Management Board.

Article 44

1. The NBP may accept bills from the banks for discounting and rediscounting.
2. The NBP Management Board shall specify the types of bill eligible for discounting and rediscounting at the NBP, and shall establish, by resolution, the principles and procedure applicable to the discounting and rediscounting of bills.

Article 45

The President of the NBP shall announce the following, as set by the Council: the discount and rediscount rate for bills, the refinance and lombard rates, and the regulatory reserve ratio.

Article 46

Should the implementation of monetary policy be jeopardised, the Council may, by resolution:

- 1) restrict the volume of funds disbursed to borrowers by banks,
- 2) require the holding of non-interest-bearing deposits at the NBP against foreign funds utilised by banks and domestic businesses.

Article 47

Loans and advances drawn by the NBP from foreign banking and financial institutions may be assigned to the extension of foreign currency loans to domestic banks.

Article 48

The NBP shall be entitled to:

- 1) issue and sell securities,
- 2) buy and sell Treasury securities under open market operations,
- 3) organise trading in the securities it issues and in Treasury securities.

Article 49

The NBP may be entrusted with the administration of central government borrowings conducted through the issue of securities.

Article 50

The NBP may accept securities for safekeeping and custody, and also pledges of securities.

TITLE 7

THE OPERATION OF BANK ACCOUNTS

Article 51

1. The NBP shall operate accounts for:

- 1) banks,
- 2) central government,
- 3) the Bank Guarantee Fund,
- 4) other juridical persons, with the consent of the President of the NBP.

2. The NBP Management Board shall specify, by resolution, the terms and conditions for opening and operating accounts for banks.

TITLE 8

FOREIGN EXCHANGE ACTIVITY

Article 52

1. The NBP shall perform its function of central foreign exchange authority by holding and managing the official foreign exchange reserves, and also by conducting banking operations and taking other measures to ensure the safety of foreign exchange operations and international payments liquidity.

2. The NBP shall perform exchange controls as prescribed by the provisions of foreign exchange legislation.

3. The NBP may act as financial agent to the Government in concluding and carrying out loan agreements and in servicing the country's foreign debt; the NBP shall not be liable for the obligations of the Treasury in this respect. The detailed procedure applicable shall in each case be specified in an agreement between the NBP and the Minister of Finance.

4. The NBP may hold foreign exchange and trade in foreign exchange, both on its own behalf and for its own account, and for the account of other parties, and may also conduct foreign exchange operations at home and abroad, this including the extension and taking of foreign loans and advances, and the extension and acceptance of bank guarantees and endorsements against international operations.

5. The NBP may license juridical persons other than banks, and also organisations not possessed of personality at law, to perform foreign currency and foreign exchange transactions on behalf of personal customers.

TITLE 9

PARTICULAR RIGHTS AND DUTIES OF THE NBP

Article 53

Resolutions of the Council and of the NBP Management Board, with the exception of those specified in Art. 54, subpara. 1, shall be promulgated in Monitor Polski (the Official Gazette - trans.).

Article 54

The President of the NBP shall publish Dziennik Urzędowy Narodowego Banku Polskiego [the Official Gazette of the National Bank of Poland - trans.], in which the following, in particular, shall be promulgated:

- 1) resolutions of the Council and of the NBP Management Board concerning the operations of banks,
- 2) annual accounts,
- 3) announcements regarding the establishment, liquidation or bankruptcy of banks,
- 4) announcements of the President of the NBP concerning the refinance and lombard rates, the discount and rediscount rate for bills, and the regulatory reserve ratio.

Article 55

Staff of the NBP and members of the Council, and also members of consultative and advisory bodies of the NBP Management Board, shall be bound by an obligation not to disclose to unauthorised persons information that constitutes an official, business or banking secret, where such information has become known to them through their employment at the NBP or membership in the above-mentioned bodies. This obligation shall continue after termination of their employment or of their membership in the above-mentioned bodies.

Article 56

1. The following persons shall be authorised to make declarations with respect to financial rights and obligations on behalf of the NBP:

- 1) the President of the NBP, or
- 2) two of the following persons, acting jointly:
 - a) Vice Presidents of the NBP or other members of the NBP Management Board, and
 - b) persons vested with power of attorney by the NBP Management Board, or by another person so empowered by the Board, within the bounds of the power of attorney granted.

2. The persons mentioned in para. 1 above may appoint an attorney to act independently on their behalf, within the bounds of the power of attorney granted, in performing specific actions or actions of a particular type.

Article 57

1. The NBP shall be treated on a par with government institutions in enjoying exemption from taxes and from court fees or fiscal charges.

2. The enforced collection of monetary debts from the NBP may be performed where the creditor has served the NBP with a judicial or administrative debt collection order, and where the payment due under that order is not made within one month of the order having been served. The provisions of Art. 1060 of the Code of Civil Procedure shall be duly applicable to such debt collection from the NBP.

Article 58

The NBP shall not be declared bankrupt.

Article 59

The NBP may initiate and organise academic research, and may also conduct publishing and promotional activity.

TITLE 10

NBP FINANCES

Article 60

- 1.The capital of the NBP shall consist of core capital and special funds.
- 2.The core capital of the NBP shall comprise registered equity and reserve capital.

Article 61

The registered equity of the NBP shall amount to 400 million zloty and shall be replenished by appropriations from the profit of the NBP over a period of no more than 3 years.

Article 62

1. Reserve capital shall be assigned to absorb the net losses of the NBP.
2. Appropriations to reserve capital shall represent 2% of annual net profit.

Article 63

The special funds of the NBP shall comprise:

- 1) the staff bonus fund,
- 2) the works discretionary bonus fund,
- 3) the works staff welfare fund.

Article 64

The NBP shall conduct its finances on the basis of a budget approved by the Council.

Article 65

- 1.The procedures for establishing the staff bonus fund, including the level of appropriations to this fund from annual profit and the manner in which the fund is to be utilised, shall be specified by resolution of the NBP Management Board. The staff bonus fund shall be assigned to the payment of bonuses to NBP staff.
- 2.The establishment and utilisation of the works discretionary bonus fund and works staff welfare fund shall be governed by separate regulations.
- 3.The NBP Management Board may, with the consent of the Minister of Finance, resolve to establish other special funds.
- 4.The level of annual appropriations to special funds shall be agreed with the Minister of Finance.
- 5.The NBP shall provision against the risk of movements in the exchange rate of the zloty against other currencies. The procedures for charging and releasing such provisions shall be specified by the Council.

Article 66

- 1.The funding to be assigned to staff compensation shall be set annually in the NBP budget, taking into consideration the level of salaries within the banking sector.

2.Principles for NBP staff compensation shall be laid down by the NBP Management Board.

3.The compensation of the President and Vice Presidents of the NBP shall be set pursuant to the regulations on remuneration for persons holding senior management posts within central government, with this compensation also being set in consideration of the average level of compensation within the banking sector.

Article 67

NBP accounting principles must conform to International Accounting Standards.

Article 68

1.The annual accounts of the NBP shall consist of:

- 1) a balance sheet,
- 2) a profit and loss account,
- 3) notes to the accounts.

2.The format for reporting assets and liabilities in the balance sheet and that of the profit and loss account shall be specified by resolution of the Council.

3.The notes to the accounts shall include, in particular:

- 1) an explanation of the valuation methods applied, together with reasons for any changes that may have been made relative to the previous year,
- 2) supplementary information on the assets and liabilities reported in the balance sheet and on items included in the profit and loss account,
- 3) any other material information necessary for an understanding of the items presented in the balance sheet and profit and loss account.

Article 69

1.The Council of the Ministers, at the request of the Minister of Finance, shall appoint a commission charged with auditing and assessing the annual accounts of the NBP.

2.The President of the NBP shall submit the annual accounts of the NBP to the Council of Ministers for approval within 15 days of the completion of the audit and assessment referred to in para. 1 above, doing so no later, however, than by April 30 of the year following the reporting period.

3.After a period of 30 days following approval of the annual accounts of the NBP by the Council of Ministers, a portion of the annual net profit of the NBP shall be remitted to central government.

Article 70.

Within five months of the fiscal year having ended, the President of the NBP shall submit the annual report on the activity of the NBP to the Sejm.

TITLE 11

INTERIM AND FINAL PROVISIONS

Article 71

On the day the present Act takes effect, the unutilised balances of the following shall be transferred to reserve capital: the capital expenditure fund, foreign exchange fund, risk fund, technical & economic progress fund and part of the fixed asset fund, as remaining following the augmentation of registered equity.

Article 72

In the Act on Amendments to the Budget Act of August 1, 1992 (as published in Dziennik Ustaw no. 64/1992, item 322), Art. 3 is hereby deleted.

Article 73

The NBP should dispose of its holdings in registered commercial companies by the end of the year 2002.

Article 74

1. Until the issue of the implementing regulations provided for in the present Act, the previous implementing regulations shall remain in force, insofar as these are not contrary to the provisions of the present Act.
2. Within six months of the present Act having taken effect, the President of the NBP shall publish in Dziennik Urzędowy Narodowego Banku Polskiego a list of the implementing regulations in force.
3. NBP staff authorised to conduct banking supervision under the regulations hitherto in force may perform the responsibilities of bank examiners until December 31, 2000.

Article 75

The Act on the National Bank of Poland of January 31, 1989 (as published and amended in Dziennik Ustaw nos. 72/1992, item 360; 6/1993, item 29; 1/1994, item 2; 80/1994, item 369; 121/1994, item 591; 136/1994, item 703; 106/1996, item 496; 79/1997, item 484; 114/1997, item 740; and 121/1997, item 770) is hereby declared null and void.

Article 76

The present Act shall take effect on January 1, 1998.

President of the Polish Republic:

A. Kwaśniewski

