

Act of The National Council of the Slovak Republic

No. 566 dated 18 November 1992

The National Bank of Slovakia Act

as amended by Act No. 26/1993 Z.z., Act No. 159/1993 Z.z., Act No. 249/1994 Z.z., Act No. 374/1994 Z.z., Act No. 202/1995 Z.z., Act No. 118/1996 Z.z., and Act No. 386/1996 Z.z.

The National Council of the Slovak Republic has approved the enactment of the following Act:

Part One

Basic Provisions

Article 1

- (1) This Act establishes the National Bank of Slovakia as the bank of issue of the Slovak Republic.
- (2) The National Bank of Slovakia is a legal person* with its headquarters in Bratislava; it is not registered in the Corporate Register.
- (3) The National Bank of Slovakia, pursuant to Article 123 of the Constitution of the Slovak Republic, shall have the same authority to issue generally binding regulations, within the limits prescribed by this Act, as ministries and other authorities of the State administration. The National Bank of Slovakia shall issue decrees promulgated in the Collection of Laws and decisions within the scope established in separate regulations.¹⁾
- (4) The position of the National Bank of Slovakia in handling its own property shall be the same as that of a private business in relations concerning rights of ownership.

Article 2

The primary task of the National Bank of Slovakia shall be to ensure the stability of the Slovak currency. To this end, the National Bank of Slovakia shall:

- a) Determine monetary policy;
- b) issue banknotes and coins;

- c) Control the circulation of money, co-ordinate payments and settlement between banks and ensure the efficient and economic performance of these operations;

- d) Supervise the performance of banking activities within the scope established by this Act and ensure the secure functioning and expedient development of the banking system;

- e) Perform other activities pursuant to this Act.

Article 3

- (1) The National Bank of Slovakia shall be required to submit a half-yearly report on monetary developments to the National Council of the Slovak Republic.

- (2) The National Bank of Slovakia shall be required to publish information concerning monetary developments at least once every three months.

Article 4

- (1) The National Bank of Slovakia shall represent the Slovak Republic in international financial institutions and ensure implementation of the tasks arising from this representation.

- (2) The National Bank of Slovakia shall represent the Slovak Republic in activities on world finance markets.

Part Two

Bodies of the National Bank of Slovakia

Article 5

The bodies of the National Bank of Slovakia shall be:

- a) The Bank Board of the National Bank of Slovakia;
- b) The Directorate of the National Bank of Slovakia.

The Bank Board of the National Bank of Slovakia

Article 6

(1) The Bank Board of the National Bank of Slovakia (hereafter referred to as the "Bank Board") shall be the highest governing body of the National Bank of Slovakia. The Bank Board shall formulate monetary policy and instruments for its implementation and decide on specific monetary policy measures of the National Bank of Slovakia.

(2) The Bank Board shall furthermore especially:

- a) Set up guiding principles for the activities and transactions of the National Bank of Slovakia;
- b) approve the budget of the National Bank of Slovakia (Article 38);
- c) set up the organizational structure of the National Bank of Slovakia;
- d) set up the types of funds of the National Bank of Slovakia, their volume and use;
- e) set up the volume of credits pursuant to Article 25, paragraph 2, and the rules of issue;
- f) set the salary and other emoluments of the Governor and Vice-Governors;
- g) approve the participation of employees of the National Bank of Slovakia in the executive, supervisory and inspection bodies of commercial companies and banks;
- h) approve rules of procedure for deliberations of the Bank Board.

Article 7

(1) The Bank Board shall consist of the Governor, two Vice-Governors, two Chief Executive Directors and three other members.

(2) The Governor and the Vice-Governors shall be appointed and recalled by the President of the Slovak Republic upon the recommendation of the Government of the Slovak Republic (hereafter referred to as the "Government") after approval of the National Council of the Slovak Republic.

(3) The Chief Executive Directors and other three members of the Bank Board of the National Bank of Slovakia shall be appointed and recalled by the Government upon the recommendation of the Governor of the National Bank of Slovakia.

(4) The Governor, the Vice-Governors and the Chief Executive Directors of the National Bank of Slovakia shall be appointed for a term of six years. The term of office of other members of the Bank Board shall be four years.

(5) Membership of the Bank Board shall be limited to a maximum of two consecutive terms.

(6) Membership of the Bank Board shall be incompatible with the following activities:

- service as a deputy of the National Council of the Slovak Republic;
- a position in the Government;
- A position in the executive, supervisory and inspection bodies of other banks, commercial companies or other business entities.

(7) Membership of the Bank Board shall cease after the voluntary resignation of the member has been submitted to the Bank Board.

(8) A member of the Bank Board may be recalled from his function in the following circumstances:

- a) the member has been legally sentenced for a criminal act;
- b) the member is no longer competent to perform his duties in the opinion of the Bank Board;
- c) the member has engaged in one of the incompatible activities mentioned in Article 7, paragraph 6.

Article 8

(1) Meetings of the Bank Board shall be chaired by the Governor, or, in the Governor's absence, by the Vice-Governor elected by the Governor as his representative. The Bank Board shall adopt decisions by a majority of votes of all members. The Bank Board shall have a quorum, if the Governor or the presiding Vice-Governor elected by the Governor, and at least three other members are present. The casting vote shall rest with the presiding chairman.

(2) The rules of procedure of the Bank Board may define circumstances when unanimous agreement of all members is required for approval of a decision, or cases when another voting majority is required.

(3) A member of the Bank Board may be represented by another member during meetings and voting of the Bank Board on the basis of a letter of proxy in writing.

(4) The rules of procedure of the Bank Board, approved pursuant to Article 6, paragraph 2, letter h) of this Act, shall be issued by the Governor.

Article 9

(1) The Governor shall represent the National Bank of Slovakia in meetings with third parties.

(2) Urgent questions which normally must be approved by the Bank Board may be decided by the Governor together with the unanimous agreement of the two Vice-Governors.

(2) Decisions approved pursuant to Article 9, paragraph 2 shall be discussed by the Bank Board at its next meeting. Such decisions may be ratified or overturned by the Bank Board.

The Directorate of the National Bank of Slovakia

Article 10

(1) The Directorate of the National Bank of Slovakia (hereafter referred to as the "Directorate") is the executive body of the National Bank of Slovakia. The Directorate shall be responsible for the implementation of the Bank Board's resolutions.

(2) The Directorate shall prepare meetings of the Bank Board, implement its resolutions and administer the National Bank of Slovakia.

(3) The Directorate shall be responsible primarily for:

- a) transactions with the Slovak Republic in accordance with this Act (Articles 25 and 26);
- b) implementation of the approved monetary policy;
- c) management of currency reserves in gold and foreign exchange, trading in foreign exchange assets, and the payment and settlement of cross border transactions;
- d) issuance of and trading in securities of the National Bank of Slovakia;
- e) conducting securities operations;
- f) methodical command and bank supervision, to the extent determined by the Bank Board;
- g) transactions with banks pursuant to this Act;
- h) supervising the duties of persons other than banks, in their conduct of transactions in the foreign exchange assets which the National Bank of Slovakia performs pursuant to separate regulations²⁾.

Article 11

(1) The members of the Directorate shall be a Vice-Governor elected by the Governor and Chief Executive Directors of the National Bank of Slovakia.

(2) The Directorate shall be headed by the Vice-Governor or, in his absence, by the Executive Director elected by the Vice-Governor as his representative.

Part Three

Relationship with the Government

Article 12

- (1) The National Bank of Slovakia, to the extent stipulated by this Act, shall support the economic policy of the Government.
- (2) The National Bank of Slovakia shall fulfil its tasks pursuant to Article 2 of this Act independently of Government directives.
- (3) Meetings of the Bank Board may be attended by a member of the Government who is elected by the Government and serves in an advisory role.
- (4) The Governor, or a member of the Bank Board who is elected by the Governor, shall inform the Government of the resolutions of the Bank Board and its conclusions.

Article 13

- (1) The National Bank of Slovakia shall give its opinion of proposals submitted for consideration to the Government which concern the scope of activities of the National Bank of Slovakia.
- (2) The National Bank of Slovakia shall serve the Government in an advisory capacity in matters concerning monetary policy and banking.
- (3) The Governor of the National Bank of Slovakia or, during his absence, a Vice-Governor who is elected by the Governor, shall participate in meetings of the Government.

Article 14

A Council of Advisors consisting of experts who are not employees of the National Bank of Slovakia may be convened at the National Bank of Slovakia. The Governor of the National Bank of Slovakia shall decide on its convention and shall have authority to appoint and recall its members. The Council of Advisors shall be chaired by the Governor or by a Vice-Governor elected by the Governor.

Part Four

Issue of Banknotes and Coins

Article 15

The monetary unit of the Slovak Republic is the Slovak koruna; the abbreviation of which is "Sk". The Slovak koruna consists of one hundred hellers.

Article 16

The National Bank of Slovakia shall have the sole right to issue banknotes and coins as well as commemorative coins (hereafter referred to as "banknotes and coins") which are legal tender.

Article 17

The National Bank of Slovakia shall issue generally binding regulations concerning the procedure for the issuance of banknotes and coins.

Part Five

Instruments of Monetary Regulation of the National Bank of Slovakia

Article 18

(1) The National Bank of Slovakia shall determine interest rates, volume, maturity and other conditions of the transactions which it performs pursuant to this Act.

(2) The National Bank of Slovakia may set minimum interest rates on deposits accepted by banks and branch offices of foreign banks (hereafter referred to as "banks") and maximum interest rates on credits provided by banks. These rates shall without delay be promulgated by decree³⁾, in the Collection of Laws and published in the daily press.

(3) The National Bank of Slovakia may set the maximum volume of credit which individual banks may provide.

Article 19

The National Bank of Slovakia shall set up and promulgate rules regarding the liquidity and capital base of banks, and other prudential regulations on the operation of banks, pursuant to separate regulation⁴⁾.

Article 20

The National Bank of Slovakia may require that banks have on account with the National Bank of Slovakia a predetermined part of their funds (hereafter referred to as "minimum reserve requirement") which normally bears no interest.

Article 21

- (1) If a bank fails to maintain the established obligatory minimum reserve, the National Bank of Slovakia shall be entitled to charge interest on the sum for which the minimum reserve requirement is in default at the rate of up to three times the effective discount rate.
- (3) When increasing the level of the minimum reserve requirement, the National Bank of Slovakia shall specify a deadline for compliance with the increase.

Part Six

Transactions of the National Bank of Slovakia Transactions with Banks

Article 22

The National Bank of Slovakia shall keep accounts for banks and accept their deposits.

Article 23

The National Bank of Slovakia may purchase from, or sell to banks:

- a) bills of exchange maturing within six months from the date of their purchase by the National Bank of Slovakia, which bear at least two signatures of which at least one signature is made on behalf of a bank;
- b) Government bonds, or other securities guaranteed by the Government, maturing within one year from the date of purchase by the National Bank of Slovakia.

Article 24

(1) The National Bank of Slovakia may offer to banks, for a maximum period of six months, credits guaranteed by securities specified in Article 23 above; or by Government bonds; or by other securities with a Government guarantee and which mature at a later date than declared in Article 23 letter b); or guaranteed by warehouse receipts for bulk goods fully insured against lost and damage; as well as other assets.

(2) In order to maintain bank liquidity, the National Bank of Slovakia may, in exceptional cases, provide a bank with short term credit for a maximum period of three months.

(3) The National Bank of Slovakia may offer to the Deposit Protection Fund^{4a)} a credit for a maximum period of three months.

Transactions with the Slovak Republic

Article 25

(1) The National Bank of Slovakia shall keep the revenue and expenditure accounts of the State budget, records of State financial assets and liabilities and of State purpose-designed funds. Payments from expenditure accounts shall be made up to the aggregate balance of revenue accounts. The aggregate balance may not be overdrawn.

(2) The National Bank of Slovakia may, on the basis of a decision of the Bank Board, provide the Slovak Republic with short-term credit through the purchase of Treasury bills maturing within three months from the date of purchase for the purpose of covering fluctuations in the State budget in a current year. The total amount of these credits at any time may not exceed 5% of the revenue of the State budget of the Slovak Republic of the previous year.

Article 26

The National Bank of Slovakia shall float Government bonds pursuant to separate regulation⁵⁾, and, in agreement with the Ministry of Finance of the Slovak Republic (hereafter referred to as the "Ministry"), may perform on the Ministry's behalf and for agreed remuneration, activities which are connected with the management, repayment and transfer of Government bonds, the payment of interest on these bonds and other required activities.

Other Transactions of the National Bank of Slovakia

Article 27

The National Bank of Slovakia may, for the purpose of regulating the money market, issue, purchase, and sell negotiable securities.

Part Seven

Jurisdiction of the National Bank of Slovakia in the Management of Foreign Exchange

Article 28

The National Bank of Slovakia shall:

- a) state the exchange rate of the Slovak crown in relation to foreign currencies;
- b) set the price of gold in the banking operations of the National Bank of Slovakia;
- c) hold and manage monetary reserves in gold and foreign exchange, and dispose of the same.

Article 29

The National Bank of Slovakia shall:

- a) trade in gold and other foreign exchange assets and perform all types of banking transactions with domestic and foreign banks;
- b) set up the conditions for regulating the balance of payments of the Slovak Republic and promulgate them by decree³⁾, in the Collection of Laws;
- c) set up the conditions for trade in gold and other foreign exchange assets performed by banks and other persons pursuant to separate regulation²⁾ and promulgate them by decree³⁾, in the Collection of Laws;
- d) issue securities denominated in foreign currencies.

Part Eight

Additional Activities and Remit of the National Bank of Slovakia

Article 30

(1) The National Bank of Slovakia shall submit draft legislation to the Government in the areas of currency and circulation of money.

(2) The National Bank of Slovakia together with the Ministry shall submit to the Government draft legislation in the areas of economy and banking.

Article 31

(1) The National Bank of Slovakia shall control circulation of cash and, after agreement with the Ministry, shall draw up regulations specifying the circumstances when cash payments are not allowed.

(2) The National Bank of Slovakia, for purposes of ensuring standardized payments and settlement in the Slovak Republic, shall establish by the implementary regulation:

a) principles of the payment system between banks and clearing accounts of the banks;

b) the manner in which banks may use payment instruments in the payment system.

(3) The National Bank of Slovakia shall keep a register of securities issued by the Slovak Republic.

Article 32

The National Bank of Slovakia shall keep a register of representative offices of foreign banks and financial institutions active on the territory of the Slovak Republic. Foreign banks or financial institutions shall be obliged to register their representative offices before commencing their activities.

Article 33

The National Bank of Slovakia shall negotiate and enter into, within the limits of its competence, payment and other agreements with foreign banks and other international financial institutions.

Article 34

The National Bank of Slovakia shall co-ordinate the development of a banking information system in the Slovak Republic. To this end, it shall establish by implementary regulation the principles of such a banking information system.

Article 35

The National Bank of Slovakia shall be entitled to make investments and commercial activities as may be required to provide for its own operations.

Part Nine

Banking Supervision and Government Inspection

Article 36

Banking Supervision

(1) The National Bank of Slovakia shall supervise:

- a) The activities of banks and secure functioning of the banking system;
- b) the activities of the Deposit Protection Fund.

(2) Banking supervision includes:

- a) assessment of decisions on applications for granting a banking license pursuant to separate regulation⁴⁾;
- b) supervision of compliance with conditions established in the licenses granted pursuant to letter a) above, as well as licenses granted under separate regulations;
- c) control of compliance with regulations issued by the National Bank of Slovakia and obligations imposed by law;
- d) imposition of measures pursuant to this Act or separate regulation⁴⁾.

(3) In the performance of banking supervision through on-site inspection, relations between the National Bank of Slovakia and supervised persons shall be governed by the basic rules of inspection as established in separate regulation⁷⁾; of this regulation the following do not apply: stipulations governing the certification of the professional competence of employees authorized to perform the inspection, the publication of the results of the inspection, and co-operation in the area of inspection.

Government Inspection

Article 37

(1) Government inspection of the activities of banks and other persons licensed pursuant to separate regulations⁶⁾ shall be performed by the Ministry or by a body, which it authorises.

(2) Government inspection consists of:

- a) Control of compliance with law, if the Ministry has relevant jurisdiction under this Act or separate regulations⁴⁾;
- b) control of compliance with the generally binding regulations issued by the National Bank of Slovakia;
- c) control of fulfillment of measures imposed by the Ministry in the course of performance of Government inspection.

(3) The Ministry shall be entitled to be present at meetings of the governing bodies of the National Bank of Slovakia, banks and other persons licensed pursuant to separate regulations⁶⁾ during discussions of the annual financial statement and results of Government inspection.

(4) Should the Ministry detect deficiencies in the performance of banks or persons other than banks who have been licensed pursuant to separate regulations⁶⁾, it may impose measures to remedy such deficiencies and set a deadline for such remedy. Depending on the severity of the detected deficiencies, it may levy a fine of up to 1,000,000 Sk.

(5) Stipulations in Article 36, paragraph 3, and paragraphs 7-10, apply adequately to the performance of Government Inspection.

Part Ten

Financial Management of the National Bank of Slovakia

Article 38

(1) The National Bank of Slovakia shall manage its finances in accordance with a budget approved by the Bank Board.

(2) The National Bank of Slovakia shall finance its operating costs out of its revenues. The profit it generates shall be used to replenish the level of reserves and other funds created from profits, and for other purposes according to the budget. The remaining profits shall be transferred to the State budget of the Slovak Republic. The National Bank of Slovakia shall transfer, on a quarterly basis, an advance out of its remaining profit within 25 days after the end of each quarter.

(3) The National Bank of Slovakia shall submit an Annual Statement on the results of its activities, within three months after the end of each calendar year, for approval to the National Council of the Slovak Republic. If the statement is not approved by the National Council of the Slovak Republic, the National Bank of Slovakia shall be obliged to submit a more precise and complete statement within six weeks to comply with the requirements of the National Council of the Slovak Republic.

Article 39

(1) The accountancy procedures at the National Bank of Slovakia shall be governed by separate regulations⁹⁾.

(2) The Annual Statement of the National Bank of Slovakia shall be verified by two auditors appointed by the Chief Inspection Office of the Slovak Republic.

(3) The National Bank of Slovakia shall publish an Annual Report containing basic data on monetary developments in the Slovak Republic, after it is approved by the National Council of the Slovak Republic.

(4) The National Bank of Slovakia shall compile and release to the press a statement on its financial position every ten days.

Part Eleven

General Provisions

Article 40

(1) All banking operations of the National Bank of Slovakia, including the balances of accounts it keeps, shall be deemed confidential.

(2) Members of the Council of Advisors are bound by confidentiality concerning the information, which they acquire during the performance of their duties. In the public interest they may be exempted from this obligation by the Governor.

Article 41

Members of the Bank Board and other employees of the National Bank of Slovakia are obliged to observe confidentiality with regard to official matters. This obligation shall remain in effect even after termination of employment or other legal, or similar relationship. In the public interest, members of the Bank Board may be exempted from this obligation by the Bank Board, and other employees may be exempted by the Governor.

Article 41a

Stipulations in Articles 40 and 41 shall not apply where otherwise specified in a separate law.

Part Twelve

General, Temporary and Final Provisions

Article 42

The issuance of securities pursuant to Article 27 and Article 29, letter d) of this Act shall not be subject to the approval of the Ministry.

Article 43

Employees of the National Bank of Slovakia shall be subject to separate regulations¹⁰.

Article 44

The National Bank of Slovakia shall be subject to the following:

- a) the Act of the National Council of the Slovak Republic No. 567/1992 Zb. on the Budgetary Rules of the Slovak Republic, with the exception of Article 11, paragraph 3; Article 14; Article 16, paragraph 2 and Article 18;
- b) Article 17, paragraph 3 of Act No. 286/1992 Zb. on Income Taxes.

Article 45

Annulled, with effect from 8 February 1993.

Article 46

Provisions to govern the transformation of the Czechoslovak currency into the Slovak currency shall be established pursuant to a separate regulation.

Article 47

The transfer of property, rights and obligations from the State Bank of Czechoslovakia to the National Bank of Slovakia shall be governed in accordance with a separate regulation.

Article 48

Until the transformation of the Czechoslovak currency into the Slovak currency is realized, the issuance of banknotes and coins shall be regulated by Part 4 of Act No. 22/1992 Zb. on the State Bank of Czechoslovakia.

Article 49

Until the transformation of the Czechoslovak currency into the Slovak currency is realized, fines issued pursuant to Article 36, paragraph 4, letter b), and Article 37 of this Act shall be levied in Czechoslovak crowns.

Article 50

This Law shall enter into force on 1st January 1993, with the exception of provisions in Articles 15-17 and Article 28, letter a), which shall enter into force on the date of the transformation of the Czechoslovak currency into the Slovak currency.

Act No. 26/1993 Z.z. came into effect on 2 February 1993.

Act No. 159/1993 Z.z. came into effect on 1 August 1993.

Act No. 249/1994 Z.z. came into effect on 1 October 1994.

Act No. 374/1994 Z.z. came into effect on 1 January 1995.

Act No. 118/1996 Z.z. came into effect on 1 July 1996.

Act No. 386/1996 Z.z. came into effect on 1 January 1997.

Ivan Gasparovic

Vladimir Meciar

Clause 1

(Established by Act No. 386/1996 Z.z.)

In 1997, stipulations in Article 18, paragraph 1, of this Act shall apply to setting interest rates, volumes, maturities and other conditions of transactions with the Slovak Republic, in accordance with Act No. 386/1996 Z.z., Article 3.

Editor's note

This English language version of the National Bank of Slovakia Act is for guidance only and while every care has been taken in its preparation, the National Bank of Slovakia, its officers and agents accept no responsibility or liability for losses arising from errors in translation. The Slovak language version (No. 566/1992 Zb.), as amended by subsequent regulations, is the legal version of this Act.

* *Corporate entity (translator's note)*

¹⁾ *E.g., Banking Act, No. 21/1992 Zb., as amended by subsequent regulations; Foreign Exchange Act, No. 202/1995 Z.z., as amended by subsequent regulations.*

²⁾ *Foreign Exchange Act, No. 202/1995 Z.z., as amended by subsequent regulations.*

³⁾ *Act No. 1/1993 Z.z. of the National Council of the Slovak Republic on the Collection of Laws, as amended by Act No. 44/1998 Z.z.*

⁴⁾ *Act No. 21/1992 Zb., as amended by subsequent regulations.*

^{4a)} *Article 13, paragraph 2 of Act of the National Council of the Slovak Republic No. 118/1996 Z.z. on the Protection of Bank Deposits with Amendments to other Related Laws.*

⁵⁾ *Article 19, paragraph 2 of Act No. 530/1990 Zb. on Bonds.*

⁶⁾ *Foreign Exchange Act, No. 202/1995 Z.z. as amended by subsequent regulations; Act No. 455/1991 Zb. on Small Businesses (Small Entrepreneurs Act).*

⁷⁾ *Act of the National Council of the Slovak Republic No. 10/1996 Z.z., on Inspection in the State Administration.*

⁹⁾ *Accountancy Act No. 563/1991 Zb., as amended by subsequent regulations.*

¹⁰⁾ *E.g., Article 73, paragraphs 2-5 of the Labour Code.*

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