



## Meetings of the NBS Bank Board

The 12th Meeting of the Bank Board of the National Bank of Slovakia was held on 14 June 2002, chaired by Marián Jusko, Governor.

- The Bank Board of the NBS approved the Situation Report on Currency in Circulation in Slovakia for 2001. According to the report the volume of currency in circulation at the end of the year was SKK 91.5bn, while as of 31 December 2001 it equalled SKK 76.27bn. At the year-end there were circulating more than 129m banknotes, 955.3m coins and 658,300 commemorative coins issued by the National Bank of Slovakia. The average volume of currency in circulation per capita in Slovakia, including commemorative coins, was SKK 17,015.4.

In 2001 the total number of counterfeit banknotes and coins denominated in Slovak koruna and foreign currencies seized in Slovakia was 1380. As compared with 2000, their number increased by 37%. The total number of 1380 counterfeit money comprised 411 banknotes and coins denominated in SKK, 420 in USD, 141 in ITL, 119 in DEM and 243 in CZK. The counterfeits of other currencies were only few. At the end of 2001 the number of counterfeit foreign currencies did not increase in Slovakia, which increase was anticipated in relation to the withdrawal of national currencies of EMU member countries and the introduction of the euro on 1 January 2002.

The 13th Meeting of the Bank Board of the National Bank of Slovakia was held on 27 June 2002, chaired by Marián Jusko, Governor.

- The Bank Board of the NBS approved the Situation Report on the Monetary Development of Slovakia in May 2002.

The ongoing decrease in the year-on-year headline and core inflations corresponded with the NBS estimates. The development of consumer prices continued without any significant inflationary pressures, both in terms of demand and costs, and the depreciation of the Slovak koruna vis-à-vis euro in May was not reflected in the price development either. The headline and core inflations remained in the lower part of the band estimated in the Revised Monetary Programme. Therefore, the current development in the foreign exchange rate should not trigger any deflection from this interval in consumer prices.

The preliminary figures for the gross domestic product development in 1Q 2002 indicate the ongoing fairly dynamic growth influenced exclusively by domestic demand. Compared with the previous period, the increase in domestic demand was now influenced by accelerated pace in the final consumption of house-

holds and public administration, with decrease in the investment demand. The achieved real economy growth pace corresponded with the NBS estimates in the Revised Monetary Programme, though its structure was less favourable.

From the above mentioned development it is not yet possible to state moderation of the future economic and monetary development risks that survive mainly in the sphere of the public finance deficit and the balance of payments current account.

Therefore the Bank Board of the National Bank of Slovakia decided on leaving its key interest rates unchanged, the limit rate for standard repotenders at 8.25%, overnight sterilization rate at 6.5% and overnight refinancing rate at 9.5%.

In June the NBS expects a further moderate decrease in the year-on-year headline and core inflation rate, while in the second half of 2002 this trend is expected to be changed in the context of the low level of the foodstuff and fuel prices in the same period of the last year.

- The Bank Board of the NBS approved the Assessment of the Slovak External Debt and Debt Service in 2001. The external debt of the Slovak Republic in 2001 can be considered as adequate and stabilised, which is evidenced also by the ratios measuring external debt, e.g. to exports, gross domestic product and foreign exchange reserves. In comparison with 2000, the short-term external debt to total gross external debt ratio slightly increased. However, in 2001, this ratio (being below 30%) did not exceed the acceptable level. Over the period to come, when financing public requirements, it would be desirable to use domestic rather than external funds.

- The Bank Board of the National Bank of Slovakia approved the plan of the commemorative coins issue for 2004 which considers the separate issuing over a period of time of four commemorative coins. The theme of two of them, the silver commemorative coin with nominal value of SKK 200 and the gold commemorative coin with nominal value of SKK 5000, will be devoted to Bardejov Town Ancient Monuments Reservation, one of five Slovak locations that are, owing to their extraordinary cultural value, on the UNESCO World Heritage List. The other two coins, with nominal value of SKK 200, will commemorate the anniversaries of leading personalities of science and technology. The first coin will be issued on the occasion of the 200th anniversary of the death of the engineer and inventor Wolfgang Kempelen; the second coin will be issued on the occasion of the 300th anniversary of the birth of the physicist, mathematician and inventor Ján Andrej Segner.

**Press Department of OVI NBS**

### Financial Market Authority Joins Multilateral Memorandum of Understanding

In Istanbul there was held the 27th annual conference of IOSCO – The International Association of Regulatory and Supervisory Authorities for the Capital Market. Slovakia was represented at the conference by the Financial Market Authority, which has been a full member of IOSCO since 2001. The most significant conclusion of the annual conference is the adoption of a resolution on the creation of a multilateral memorandum of understanding, which will be a multilateral agreement on the exchange of information on supervised subjects. The memorandum is thereby a practical expression of the necessity for cooperation between regulatory authorities in the conditions of a globalised securities market.

The multilateral agreement is the result of a process that began in the autumn of last year as a consequence of the events of September 11th. All of the 172 regulators in the IOSCO Association can join the agreement as long as they undergo a demanding evaluation process, in the framework of which there is verified the degree of approximation of national legislation in the capital market field to the basic requirements for effective regulation and the international exchange of information. The accession process to this multilateral agreement will also be a motivation for individual countries to increase the standard of domestic legislation. The Financial Market Authority as Slovakia's representative in IOSCO does not foresee serious problems in the verification of our legislation, since largely in consequence of approximation to EU directives our legislation already fulfils these demanding international requirements.

### Financial Market Authority Announcement

Pursuant to § 78 para 1 of Act no. 566/2001 on Securities and investment services and on the amendment and supplementing of certain acts (Act on securities and investment service) in connection with § 162 of the Act on Securities and investment services a stockbroker is obliged as of 1. 7. 2002 to notify the Financial Market Authority (hereinafter the Authority) of each trade on its account or on account of a client in investment instruments, which are accepted for trading on the Stock Exchange, at foreign stock exchanges or foreign regulated public stock exchanges, at latest on the working day following the conclusion of the trade.

This obligation relates also to trades in those investment instruments concluded outside the stock exchange, outside a foreign stock exchange or outside a foreign regulated public stock exchange.

The notification in accordance with § 78 para 1 of the Act on securities and investment services must contain:

a) designation and identification data of the investment instrument,

b) the date and time of the trade's conclusion and the expected settlement in respect of the trade,

c) The rate or price and amount of the given investment instrument.

The Ministry of Finance SR is at present preparing operating regulation pursuant to the authorising provision § 77 para 6 and 7 of the Act on securities and investments services, a component of which will also be a daily report on stock exchange and non-stock-exchange trades.

In the current transition period (i.e. between 1. 7. 2002 and the regulation coming into effect) the Authority recommends to stock brokers that they send a report in accordance with § 78 of the Act on securities and investments services in electronic form to the e-mail address [hlasenia@uft.sk](mailto:hlasenia@uft.sk)

The electronic form sheet, by means of which it is possible to fulfil the duty to send a report in accordance with § 78 of Act on securities and investments services, is available on the internet site of the Financial Market Authority [www.uft.sk](http://www.uft.sk) in the section Press Reports.

**Marek Kačmár, FMA**

### New Members of the Association of Banks Presidium

On 29th May 2002 the recall of members of the Association of Banks' Presidium (AB) and the subsequent election of its new members for the coming three-year term took place at the assembly of the association's members.

The new members of the Presidium are Rainer Franz (Tatra banka), Jozef Mihalik (Prvá komunálna banka), Regina Ovesny-Straka (Slovenská sporiteľňa), Volker Pichler (Istrobanka), Igor Tham (Citibank Slovakia), La-

dislav Vaškovič (Všeobecná úverová banka) and Ladislav Unčovský (Československá obchodná banka).

The Association's supreme body also decided on the addition of two members to the Supervisory Board. These were Anton Halúska (Komerční banka Bratislava) and Károly Hodossy (Investičná a rozvojová banka). In accordance with the programme for the assembly AB members approved also the new wording of their Association of Banks' articles.

(As of 1. 8. 2002 the function of AB Executive Director will be performed by doc. Vladimír Valach. Editor's note)

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