

NATIONAL BANK OF SLOVAKIA AND ITS LEGISLATIVE ACTIVITY

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The National Bank of Slovakia, as the central bank of the Slovak Republic, was established on 1 January 1993 on the basis of Act of the National Council of the Slovak Republic No. 566/1992 Coll. on the National Bank of Slovakia (the "NBS Act"). It is a standard central bank with the position of a public institution. Under the NBS Act, it performs all the basic functions of a national central bank. This means that it is the issuance bank, the bank of banks, the bank for the state and the administrator of foreign exchange reserves. A part of its role is banking supervision over commercial banks and branches of foreign banks operating under a banking licence granted by the National Bank of Slovakia pursuant to Act No. 483/2001 Coll. on banks and on amendments to certain other acts, as amended, and over branches of foreign banks operating on the basis of a notice by a foreign bank based in a member state of the European Union. Apart from that, the NBS performs payment systems and foreign exchange supervision.

Starting from 1 January 2006, the National Bank of Slovakia is going to supervise the entire financial market covering – in addition to the banking sector – the capital market, the insurance market and pension funds. This competence was laid down by Act No. 747/2004 Coll. on financial market supervision and amendments to certain other acts.

Given the fact that the main and the primary objective of the National Bank of Slovakia is to maintain price stability, the National Bank of Slovakia was granted by the NBS Act essential independence from government authorities. The fulfilment of its tasks is ensured independently of government instructions, while supporting the economic policy of the government.

As an additional proof of the National Bank of Slovakia's independence, its budget is approved solely by the Banking Board of the National Bank of Slovakia free from any intervention by government authorities. As regards the control of its activities, the National Bank of Slovakia is obliged to submit to the National Council of the Slovak Republic biannual reports on monetary development in the Slovak Republic and an annual financial report. The financial statements of the National Bank of Slovakia are audited by an auditor appointed by the Supreme Audit Office of the Slovak Republic.

The special status of the National Bank of Slovakia in the fields of banking, foreign exchange management, currency and its circulation is underlined by the fact that in these fields it was given legislative powers by the **NBS Act**.

According to the NBS Act, the NBS submits to the government draft acts concerning the currency and money circulation. The National Bank of Slovakia, jointly with the Ministry of Finance of the Slovak Republic, also submits to the government draft acts on foreign exchange management and banking. A further legislative activity of the National Bank of Slovakia is the preparation and adoption of other generally binding regulations such as decrees and provisions of the National Bank of Slovakia. However, the National Bank of Slovakia may issue these generally binding legislation only in the scope of powers granted by the **Act**.

These competences and the position of the National Bank of Slovakia are stipulated primarily by the NBS Act.

Decrees of the National Bank of Slovakia are published in their full wording in the Collection of Laws of the Slovak Republic in a similar fashion as acts.

Provisions of the National Bank of Slovakia are published by the National Bank of Slovakia in the form of a notice in the Collection of Laws of the Slovak Republic, with the complete wording being published in the Journal of the National Bank of Slovakia, which is available in all organisational units of the National Bank of Slovakia. However, provisions concerning a large number of entities are published in full in the Collection of Laws of the Slovak Republic. For example, this is the case of National Bank of Slovakia provisions adopted under authority vested in the Foreign Exchange Act.

In the scope of its legislative competences, during its existence the National Bank of Slovakia has cooperated with the Ministry of Finance of the Slovak Republic in preparing a numerous acts and adopted a number of generally binding legislation.

The latest list of these acts and other generally binding legislation was published in BIATEC 5/2004 and was compiled as at 20 April 2004. In this issue we present an updated list including changes in place as at 20 June 2005.



ACTS

Acts in force as at 20 June 2005, the preparation and amendment of which fall into the legislative competence of the National Bank of Slovakia:

1. Act of the National Council of the Slovak Republic No. 566/1992 Coll. on the National Bank of Slovakia as amended (latest amendments Act No. 602/2003 Coll., and Act No. 747/2004 Coll. which takes effect on 1 January 2006),

2. Act No. 483/2001 Coll. on banks and on amendments to certain other acts as amended (latest amendments Act No. 554/2004 Coll., and Article II of Act No. 747/2004 Coll. which enters into force on 1 January 2006),

3. Act of the Slovak National Council No. 310/1992 Coll. on home savings as amended (latest amendment Act No. 654/2004 Coll.),

4. Act of the National Council of the Slovak Republic No. 202/1995 Coll. – the Foreign Exchange Act – amending Act of the Slovak National Council No. 372/1990 Coll. on violations as amended, as amended (latest amendments Act No. 554/2004 Coll., and Article XV of Act No. 747/2004 Coll. which enters into force on 1 January 2006),

5. Act of the National Council of the Slovak Republic No. 118/1996 Coll. on deposit protection and amendments to certain other acts as amended (latest amendments Act No. 650/2004 Coll., and Article XIV of Act No. 747/2004 Coll. which enters into force on 1 January 2006),

6. Act No. 510/2002 Coll. on payment systems and on amendments to certain other acts as amended (latest amendments Act No. 554/2004 Coll., and Article XII of Act No. 747/2004 Coll. which enters into force on 1 January 2006).

7. Act No. 747/2004 on financial market supervision and on amendments to certain other acts, with Article I taking effect on 1 January 2006, except for Article I, paragraph 5, third sentence, which took effect on 1 February 2005.

Other generally binding legislation are adopted by the National Bank of Slovakia on the basis of authority vested in the above acts. This concerns in particular provisions of the National Bank of Slovakia directing commercial banks in the conduct of their banking activities, or regulating the foreign exchange regime and payment systems, and decrees stipulating in greater detail the issuing of banknotes and coins.

Decrees and provisions of the National Bank of Slovakia in force as at 20 June 2005 adopted under the legislative competence of the National Bank of Slovakia:

DECREES

1. Decree No. 456/2001 Coll. stipulating detailed conditions for the creation and use of reproductions of banknotes, commemorative banknotes, coins, commemorati-

ve coins, business coinage and securities issued by the National Bank of Slovakia, as well as objects imitating their design, including their electronic images,

2. Decree No. 464/2001 Coll. stipulating the conditions on which businesses may process banknotes and coins for other persons, and the procedure for banks and businesses in processing banknotes and coins,

3. Decree No. 465/2001 Coll. stipulating a detailed procedure for receiving and handling legal tender and details on replacement of incomplete banknotes or otherwise damaged banknotes and coins,

4. Decree No. 600/2001 Coll. on the register of mortgage loans and on details about the position and activity of a mortgage administrator and its representative as amended by Decree No. 661/2004 Coll.

PROVISIONS

1. NBS Provision No. 233/1993 on the expansion of settlements in freely convertible currencies in re-export operations,

2. NBS Provision No. 9/1998 stipulating the requisites of a bank's application for prior consent to the acquisition of shares or participating interests in a legal entity other than a bank, and the conditions for granting such prior consent (Notice No. 297/1998 Coll.),

3. NBS Provision No. 13/1998 stipulating the conditions for dealing in foreign currencies by banks on the internal foreign exchange market (Notice No. 325/1998 Coll.)

4. NBS Provision No. 3/1999 repealing the National Bank of Slovakia Provision No. 11/1998 on the foreign exchange position of banks and branches of foreign banks for monetary purposes (Notice No. 50/1999 Coll.) (this provision was repealed without replacement),

5. NBS Provision No. 4/1999 repealing the National Bank of Slovakia Provision No. 1/1996 setting the minimum liquidity as amended (Notice No. 51/1999 Coll.),

6. NBS Provision No. 6/1999 stipulating the conditions for regulating the balance of payments of the Slovak Republic (NBS Notice No. 358/1999 Coll.) as amended by NBS Provision No. 12/2002 (Notice No. 701/2002 Coll.) and NBS Provision No. 8/2003 (Notice No. 568/2003 Coll.),

7. NBS Provision No. 1/2000 stipulating the procedure for foreign exchange sites in effecting cross-border payments and payments to/from foreigners (Notice No. 9/2000 Coll.),

8. NBS Provision No. 14/2001 stipulating the requisites of an application for the registration of a representative office of a foreign bank or a similar foreign financial institution conducting banking activities (Notice No. 591/2001 Coll.),



9. NBS Provision No. 15/2001 stipulating the requisites of a bank's application for prior approval to establish a foreign branch (Notice No. 592/2001 Coll.),

10. NBS Provision No. 16/2001 stipulating the requisites of an application for prior approval pursuant to Article 28, paragraph 1, of Act No. 483/2001 Coll. on banks and on amendments to certain other acts (Notice No. 593/2001 Coll.),

11. NBS Provision No. 17/2001 on required disclosures in reports required to identify other persons having a special relationship to a bank or a branch of a foreign bank due to their relationship with the reporting person (Notice No. 594/2001 Coll.),

12. NBS Provision No. 8/2002 on asset exposure of banks (Notice No. 697/2002 Coll.) as amended by NBS Provision No. 2/2004 (Notice No. 34/2004 Coll.),

13. NBS Provision No. 9/2002 stipulating the method for the creation, structure and list of constant symbols used in payment systems (Notice No. 698/2002 Coll.),

14. NBS Provision No. 10/2002 on reports submitted by issuers of electronic money payment instruments to the National Bank of Slovakia (Notice No. 699/2002 Coll.),

15. NBS Provision No. 11/2002 on reports submitted by payment systems operators to the National Bank of Slovakia (Notice No. 700/2002 Coll.),

16. NBS Provision No. 2/2003 on the register of loans and guarantees (Notice No. 237/2003 Coll.) as amended by NBS Provision No. 7/2004 (Notice No. 322/2004 Coll.),

17. NBS Provision No. 613/2003 Coll. stipulating the structure, scope, content, breakdown, terms, form, manner, procedure and place for certain required disclosures pursuant to Article 8 of the Foreign Exchange Act (Notice No. 6/2003 in the NBS Bulletin on the publication of NBS Provision No. 613/2003 Coll. in the Collection of Laws of the Slovak Republic as amended by NBS Provision No. 708/2004 Coll.),

18. NBS Provision No. 7/2003 stipulating the structure of a bank connection for the purposes of domestic transfers, the structure of an international bank account number for the purposes of cross-border transfers and details on the issuing of an identification code converter (Notice No. 605/2003 Coll.),

19. NBS Provision No. 614/2003 stipulating the requisites of an application for a foreign exchange licence, the manner of documenting the fulfilment of conditions for granting a foreign exchange licence and on requirements pursuant to Article 13, paragraph 8, of the Foreign Exchange Act (Notice NBS No. 11/2003 Coll. in the NBS Bulletin on the publication of NBS Provision No. 614/2003 Coll. in the Collection of Laws of the Slovak Republic),

20. NBS Provision No. 3/2004 on liquidity of banks and branches of foreign banks and on the procedure for liqu-

idity risk management in banks and branches of foreign banks (Notice No. 35/2004 Coll.),

21. NBS Provision No. 4/2004 on adequacy of banks' own funds (Notice No. 36/2004 Coll.) as amended by NBS Provision No. 16/2004 (Notice No. 676/2004 Coll.),

22. NBS Provision No. 5/2004 on disclosure of information by banks and branches of foreign banks, and on the method of publication of annual reports by banks and branches of foreign banks operating in the Slovak Republic (Notice No. 131/2004 Coll.),

23. NBS Provision No. 6/2004 stipulating detailed conditions, methods of ascertaining and documenting compliance with conditions, and on applications for granting or a change of a license to issue and administer electronic money and electronic money payment instruments, including particulars and annexes to such applications (Notice No. 305/2004 Coll.),

24. NBS Provision No. 8/2004 on own funds and investments by an electronic money institution (Notice No. 370/2004 Coll.),

25. NBS Provision No. 9/2004 stipulating the requisites of an application for a banking license for a bank or a foreign bank to conduct banking operations through its branch in the Slovak Republic (Notice No. 605/2004 Coll.),

26. NBS Provision No. 10/2004 on statistical reporting by asset management companies on mutual funds (Notice No. 648/2004 Coll.),

27. NBS Provision No. 11/2004 on statistical reporting by banks and branches of foreign banks (Notice No. 649/2004 Coll.) as amended by NBS Provision No. 2/2005 (Notice No. 205/2005 Coll.),

28. NBS Provision No. 12/2004 on risks and risk management systems (Notice No. 672/2004 Coll.),

29. NBS Provision No. 13/2004 on the classification of assets and liabilities of banks and branches of foreign banks and adjustment of their valuation, on the formation and dissolution of reserves and related reporting (Notice No. 673/2004 Coll.),

30. NBS Provision No. 14/2004 stipulating the structure of an extended auditor's report for audits of banks and branches of foreign banks (Notice No. 674/2004 Coll.),

31. NBS Provision No. 15/2004 on own funds of a financial conglomerate and asset exposures of a financial conglomerate (Notice No. 675/2004 Coll.),

32. NBS Provision No. 17/2004 stipulating the requisites of an application of a bank or a branch of a foreign bank for prior approval of the National Bank of Slovakia for the use of proprietary models for market risk calculation (Notice No. 677/2004 Coll.),

33. NBS Provision No. 1/2005 on consolidated group and subconsolidated group reporting (Notice No. 98/2005 Coll.).