

## MEETINGS OF THE NBS BANK BOARD

### **The 52nd Meeting of the Bank Board of the National Bank of Slovakia, chaired by Ivan Šramko, Governor, was held on 15 November 2005.**

- The Bank Board of the NBS approved the amendment to Act No 483/2001 Coll. on banks and on changes and amendments to certain other laws as amended and on changes and amendments to certain other laws (hereinafter "Act on Banks")

The core of the draft are the adjustments and specifications to the Act on Banks in order to take into account the knowledge and experience gained so far by the National Bank of Slovakia and the Ministry of Finance in the area of banking transactions in commercial banks as well as from the conduct of banking supervision. It is also proposed that, when a bank concludes a written contract with a client, the bank or branch of a foreign bank will be obligated to inform its client on all costs arising from this relationship for the client or on the client's gains. It is also proposed to oblige the commercial banks and branches of foreign banks to send the information on their banking transactions both to the Ministry of Finance and the National Bank of Slovakia so that the National Bank of Slovakia will publish all the obtained information in one file on its website.

In addition, the approved draft amendment creates the preconditions for the mutual provision of information between the banks on the clients liable to the international sanctions ensuring the global peace and security, i.e. on the clients potentially connected with the risk related to the financing of terrorism or a preparation of terrorist attacks, and also on the clients who carry out unusual commercial transactions. These amendments contribute to a more precise interpretation and application of international recommendations in the area of money laundering prevention.

This draft amendment to the Act on Banks is proposed to become effective on 1 March 2006.

The Bank Board of the NBS discussed and approved the Continuous Financial Statement and the Report on the Result of Operations of the National Bank of Slovakia as at 30 September 2005.

The NBS, as at 30 September 2005, reported a profit in the amount of SKK 13.9 billion. The profit was in particular affected by the exchange rate of the domestic currency to the USD.

The Bank Board discussed the request of the Association of Banks (as the authority establishing the Standing Arbitration Court of Association of Banks) for the prior consent of the National Bank of Slovakia with the new draft Statute of Standing Arbitration Court of Association of Banks and with the new draft of the Rules of Procedure of Standing Arbitration Court of Association of Banks prior to their release in the Commercial Journal.

The new Statute of the Standing Arbitration Court of Association of Banks and the new Rules of Procedure of Standing Arbitration Court of Association of Banks will enter into force on the day of release in the Commercial Journal and will become effective 15 days following the date on which they were released in the Commercial Journal.

The Bank Board of the NBS decided on the change of time for setting and release of the exchange rates of funds in foreign currency and of forward rates. Effective from 2 January 2006 and valid for the following working day, the Exchange Rates Ticket of the NBS and the forward exchange rates will be released on the website of the NBS [www.nbs.sk](http://www.nbs.sk) at 14:50 hours, and not at 12:00 hours as up to now. The Exchange Rates Ticket will be valid from the following working day.

### **The 54th Meeting of the Bank Board of the National Bank of Slovakia was held on the 29 November 2005 chaired by Ivan Šramko, Governor.**

- The Bank Board of the NBS discussed the Situation report on Monetary Development of Slovakia in October 2005 and decided on: maintaining its current interest rates for the overnight sterilization transactions at 2.0%, the overnight refinancing transactions at 4.0% and the limit rate for two-week REPO tenders with commercial banks at 3.0%.

**Press Department of the NBS**

## PRESS RELEASES

### New members of the NBS Bank Board approved by the Slovak Government

In connection with the transfer of competences from the Financial Market Authority (ÚFT) to the National Bank of Slovakia (NBS) as of January 2006, the Slovak Government on 30 November 2005 approved the appointment of three new members of the NBS Bank Board. The new members, who increase the membership of the Bank Board from seven to ten, are Jozef Makúch, chairman of the ÚFT Council, Slavomír Šťastný, ÚFT

Council deputy chairman for capital market supervision, and Ľudovít Ódor, from the Financial Policy Institute of the Ministry of Finance of the Slovak Republic.

"They are people who have long been active in the financial market and who bring experience and knowledge. I expect they will be effective members of the Bank Board," NBS Governor Ivan Šramko told the TASR state news agency following the government session.

**Source: TASR**

### Slovak koruna entered the ERM II

The Slovak koruna entered the Exchange Rate Mechanism II as of 25 November 2005, under an agreement of finance ministers of the euro area countries, the president of the European Central Bank and the finance ministers and central bank governors of Cyprus, Denmark, Estonia, Lithuania, Latvia, Malta, Slovenia and Slovakia.

Its central rate was set at 1 euro to 38.4550 koruna.

The koruna will participate in the ERM II within the standard fluctuation band of +/- 15% around its central rate. The lower compulsory intervention rate is 32.6868 SKK/EUR and the upper intervention rate is 44.2233 SKK/EUR.

By joining the ERM II, Slovakia has undertaken to keep pursuing a sound fiscal policy and to support such wage development that is in harmony with productivity growth. This policy is fully in accordance with the Convergence Programme of the Slovak Republic and the Monetary Programme of the NBS.

Slovakia's entry into the ERM II represents confirmation for European partners that the economic policies in Slovakia are creating a stable environment. The exchange rate stability of each Member State of the European Union is a common interest of them all.

The central rate was fixed at the level of the market exchange rate. Slovakia's membership of the ERM II and the central rate should contribute to stabilisation of the koruna's exchange-rate development and its nominal convergence. They will also support the stable development of the Slovak economy.

Entering the ERM II is a significant step towards the adoption of the euro in Slovakia; it marks the beginning of the second stage in the adoption process. This stage should end with the fulfilment of the Maastricht Convergence Criteria. The whole process will culminate with the introduction of the euro as the legal tender of the Slovak Republic.

**Press Department of the OVI NBS**

### Results of the public survey on euro coins

A design of the Slovak double cross upon three hills is the most popular proposal for the national side of Slovakia's euro coins, according to a public survey conducted by the National Bank of Slovakia over nine days. The next most popular motifs were Kriváň Peak and Bratislava Castle.

Of the 140,653 votes cast among ten proposed designs, the double cross garnered 33,068, Kriváň Peak 24,589 and Bratislava Castle 21,792. The least preferred

proposal was the Celtic Biatic coin, which obtained fewer than 6,000 votes. The public were able to vote from 12 to 20 November by means of the internet, text messages or telephone.

"The National Bank of Slovakia thanks all the members of the public who expressed an interest in the choice of proposal and who took part in the survey in such a large number," NBS Governor Ivan Šramko said in a statement.

"The decision on which of the proposed designs will appear on the Slovak euro coins is to be made by the



NBS Bank Board before the end of December of this year," he added, noting that the public's choice would significantly influence the final decision.

The single currency will be legal tender in Slovakia as of 1 January 2009. Slovakia will, according to NBS estimates, have to mint around 400 million coins, and these will be in circulation in all euro area countries from 2009.

Position	Number and name of proposed design	Number of votes
1.	1. Double cross upon three hills	33 068
2.	7. Kriváň Peak	24 589
3.	4. Bratislava Castle	21 792
4.	6. Spiš Castle	14 962
5.	10. Saints Cyril and Methodius	13 204
6.	3. Cross from Veľká Mača	7 340
7.	8. The Madonna and Child from Kremnica	7 138
8.	5. The Maiden's Tower of Devín Castle	6 424
9.	9. The Madonna and Child from the high altar of the parish church in Levoča	6 203
10.	2. The Celtic Biatic coin	5 933
	Total number of votes	140 653

I. Barát, NBS