

RESOLUTION OF THE BOARD OF THE NATIONAL BANK
OF THE REPUBLIC OF BELARUS
February 10, 2016, No. 67

On Certain Aspects of Carrying out Activities in the Over-the-counter Forex Market

(as amended by the Resolution of the Board of the National Bank dated 20.03.2018, No.132)

By virtue of Part two of Clause 13, paragraphs six, seven, eleven, and twelve of Clause 17, paragraph three and five of Clause 18 in Edict of the President of the Republic of Belarus No. 231 dated June 4, 2015 “On Carrying out Activities in the Over-the-counter Forex Market”, and Part one of Article 39 in the Banking Code of the Republic of Belarus, the Board of the National Bank of the Republic of Belarus DECIDES:

1. The following shall be established:

1.1.Forex company risk limit* (marginal ratio of an aggregate open position of its customers (the sum of open positions of customers) under a separate underlying asset to such forex company equity capital) shall be 1.

* For the purposes of this Resolution, forex companies include legal entities mentioned in paragraph two part one of Clause 1 in Edict of the President of the Republic of Belarus No. 231 dated June 4, 2015 “On Carrying out Activities in the Over-the-counter Forex Market” (National Legal Internet Portal of the Republic of Belarus, June 06, 2015, 1/15836).

To calculate an aggregate open position of customers (the sum of open positions of customers) under a separate underlying asset, an open position when the customer’s positive financial outcome of the transaction is ensured in the event of positive change (rise) in the price of such underlying asset shall be included in the calculation as a positive value; an open position when the customer’s positive financial outcome of the transaction is ensured in the event of negative change (reduction) in the price of such underlying asset shall be included in the calculation as a negative value;

1.2.The National Forex Center risk limit (marginal ratio of an aggregate open position of customers (the sum of open positions of customers) under a separate underlying asset to the National Forex Center’s equity) when conducting transactions in non-deliverable OTC financial instruments with forex companies, banks, non-bank credit and financial institutions funneling an aggregate open position of their customers (a sum of open positions of customers) under a separate underlying asset to the National Forex Center, shall be 0.01.

To calculate an aggregate open position of forex companies, banks, non-bank credit and financial institutions (the sum of open positions of customers) under a separate underlying asset, an open position when the customer’s positive financial outcome of the transaction is ensured in the event of positive change (rise) in the price of such underlying asset shall be included in the calculation as a positive value; an open position when the customer’s positive financial outcome of the transaction is ensured in the event of negative change (reduction) in the price of such underlying asset shall be included in the calculation as a negative value;

1.3.Financial ratios and their values for forex companies shall be as follows:

1.3.1. marginal ratio of amount of money raised from customers to the forex company equity capital shall not exceed 20.

The amount of money raised by the forex company from customers shall be calculated as a margin security value*;

* For the purposes of this Resolution, a margin security shall include monetary funds mentioned in Part three of Clause 2 in Edict of the President of the Republic of Belarus No. 231 dated June 4, 2015.

1.3.2. financial sustainability ratio shall be not less than 0.75.

This ratio shall be calculated as the ratio of equity capital and long-term obligations of the forex company, to such forex company's balance sheet total reduced by the margin security;

1.3.3. debt capital concentration shall not exceed 1.

This ratio shall be calculated as the ratio of the sum of long-term and current liabilities of the forex company reduced by the margin security, to equity capital of such forex company;

1.3.4. financial leverage ratio shall not exceed 0.85.

This ratio shall be calculated as the ratio of long-term and current liabilities of the forex company reduced by the amount of loans granted to the forex company's founders (members) with a view to managing risks arising from transactions in non-deliverable OTC financial instruments, to the balance sheet total of such forex company;

1.3.5. quick ratio shall be not less than 0.2.

This ratio shall be calculated as the ratio of the forex company's sum of cash on hand, money on accounts, deposits under the agreements of term revocable or conditional revocable bank deposit to the amount of such forex company's liabilities which do not have fixed maturity or which maturity is determined as the moment of demand, and overdue liabilities.

Monetary funds on accounts with nonresident banks* shall be included in the quick ratio calculation only if they can arrive in the forex company's current (settlement) account within three business days;

* For the purposes of this Resolution the terms "resident" and "nonresident" shall have the meanings defined by the Law of the Republic of Belarus dated July 22, 2003 "On Currency Regulation and Currency Control" (National Register of Legal Acts of the Republic of Belarus, 2003, No. 85, 2/978).

1.3.6. current liquidity ratio shall be not less than 0.7.

This ratio shall be calculated as the ratio of the sum of current assets of the forex company to its liabilities with the remaining period to maturity up to 30 days, including demand liabilities and overdue liabilities.

The forex company's current assets shall include monetary funds on hand, money on accounts, deposits under the agreements of term revocable or conditional revocable bank deposit, on deposits under the agreements of term revocable or conditional revocable bank deposit with repayment period up to 30 days, financial investments with maturity up to 30 days, accounts receivable with the remaining period to maturity up to 30 days (excluding overdue receivables), investments in securities of the Government of the Republic of Belarus, National Bank of the Republic of Belarus, Ministry of Finance of the Republic of Belarus;

1.3.7. short-term liquidity ratio shall be not less than 1.

This ratio shall be calculated as the ratio of the sum of the forex company's current assets to its liabilities with the remaining period to maturity up to one year, including demand liabilities and overdue liabilities.

The forex company's current assets shall include monetary funds on hand, money on accounts, deposits under the agreements of term revocable or conditional revocable bank deposit, on deposits under the agreements of term revocable or conditional revocable bank deposit with repayment period up to one year, financial investments with maturity

up to 1 year, accounts receivable with the remaining period to maturity up to one year (excluding overdue receivables), investments in securities of the Government of the Republic of Belarus, National Bank of the Republic of Belarus, Ministry of Finance of the Republic of Belarus, as well as securities which maturity does not exceed one year.

1.3.8. maximum open position ratio shall not exceed 0.2.

This ratio shall be calculated as the ratio of variance between the sum of margin security of the forex company customers' open positions under all underlying assets and the sum of margin security of open positions funneled to an external counterparty* or the National Forex Center, to such forex company's equity capital.

* For the purposes of this Resolution the external counterparty shall be deemed a forex company, bank, non-bank credit and financial institution, legal entity, which is a nonresident entitled to carry out activities in the over-the-counter forex market in compliance with the legislation of a foreign state.

To calculate the forex company customers' margin security of open positions under a separate underlying asset, the margin security of the open position when the customer's positive financial outcome of the transaction is ensured in the event of positive change (rise) in the price of such underlying asset, shall be included in the calculation as a positive value; margin security of an open position when the customer's positive financial outcome of the transaction is ensured in the event of negative change (reduction) in the price of such underlying asset shall be included in the calculation as a negative value;

1.4. Leverage** limit for:

categories of customers of forex companies, banks, non-bank credit and financial institutions***:

“a professional customer” – shall be 500;

“a qualified customer” – shall be 200;

“a customer” – shall be 100

customers of the national Forex Center – shall be 500.

** For the purposes of this Resolution, leverage shall be deemed the ratio of the amount indicated in the customer order to fix an underlying asset price for position opening to the margin security value.

*** The category of the customer of a forex company, bank, non-bank credit and financial institution shall be determined in accordance with the rules of conducting transactions in non-deliverable over-the-counter financial instruments approved by forex companies, banks, non-bank credit and financial institutions, the National Forex Center.

2. It shall be established that:

2.1. should the agreements on conducting transactions in non-deliverable OTC financial instrument be signed with external counterparties, the forex company shall be entitled to funnel an aggregate open position of its customers (a sum of open positions of customers) to the external counterparty, with due regard to restrictions established by Edict of the President of the Republic of Belarus No. 231 dated June 4, 2015, and subject to compliance with one of the following criteria:

the maximum open position ratio value exceeds 0.1;

implementation of measures aimed to reduction of risks inherent in carrying out activities in the OTC forex market;

2.2. a forex company shall be entitled to funnel an aggregate open position of its customers (a sum of open positions of customers), calculated in accordance with Part two Sub-clause 1.1 of Clause 1 hereof, to such external counterparty which is a resident, on the condition that such counterparty is a bank, non-bank credit and financial institution acting in the OTC

forex market, or a forex company. An aggregate open position of customers (a sum of open positions of customers) may be funneled to a forex company in the amount which cannot lead to exceeding the forex company risk limit established by Part one Sub-clause 1.1 of Clause 1 hereof;

- 2.3. a forex company shall be entitled to funnel an aggregate open position of customers (a sum of open positions of customers), calculated in accordance with Part two Sub-clause 1.1 of Clause 1 hereof, to a nonresident external counterparty if such counterparty complies with one of the following criteria:

it has a special permit (license) authorizing to carry out activities in the OTC forex market issued by one of the organizations listed in Annex to this Resolution and/or has a confirmed membership in one of the organizations listed in Annex to this Resolution;

discharge of its liabilities to a forex company is secured by guarantee of a bank which country of incorporation is not an offshore zone in compliance with Edict of the President of the Republic of Belarus No. 353 dated May 25, 2006 “On Approval of the List of Offshore Zones” (National Register of Legal Acts of the Republic of Belarus, 2006, No. 86, 1/7619);

it is a legal entity for which a forex company is a subsidiary or affiliated business entity. Funneling an aggregate open position of customers (a sum of open positions of customers), calculated in accordance with Part two Sub-clause 1.1 of Clause 1 hereof, to such counterparty shall be permitted only at the expense of equity capital of the forex company.

3. This Resolution shall come into effect from March 7, 2016.

Chairman of the Board

P. V. Kallaur

Annex
to Resolution of the Board
of the National Bank
of the Republic of Belarus
February 10, 2016 No. 67

LIST

of organizations issuing a special permit (license) for activities in the OTC forex market, and organizations with membership entitling to carry out activities in the OTC forex market

1. Financial Industry Regulatory Authority, the United States of America
2. Commodities and Futures Trading Commission, the United States of America
3. National Futures Association, the United States of America
4. Financial Services and Markets Authority, the Kingdom of Belgium
5. Financial Supervision Commission (Комисията за финансов надзор), the Republic of Bulgaria
6. Czech National Bank (Ceská národní banka), the Czech Republic
7. Danish Financial Supervisory Authority (Finanstilsynet), the Kingdom of Denmark
8. Federal Financial Supervisory Authority of Germany (Bundesanstalt für Finanzdienstleistungsaufsicht), the Federal Republic of Germany
9. Estonian Financial Supervision Authority (Finantsinspektsioon), the Republic of Estonia
10. Central Bank of Ireland, Ireland
11. Hellenic Capital Market Commission (Ελληνική Επιτροπή Κεφαλαιαγοράς), the Hellenic Republic
12. National Stock Market Commission (Comisión Nacional del Mercado de Valores), the Kingdom of Spain
13. Department for Prudential Supervision and Conflict Resolution (Autorité de Contrôle Prudentiel et de Résolution), French Republic
14. Croatian Agency for Supervision of Financial Services (Hrvatska agencija za nadzor financijskih usluga), the Republic of Croatia
15. National Stock Market Commission (Commissione Nazionale per le Società e la Borsa), the Italian Republic
16. Cyprus Securities and Exchange Commission (Επιτροπή Κεφαλαιαγοράς Κύπρου), the Republic of Cyprus
17. Financial and Capital Market Commission (Finanšu un kapitāla tirgus komisija), the Republic of Latvia
18. Bank of Lithuania (Lietuvos Bankas), the Republic of Lithuania
19. Commission for Financial Sector Surveillance (Commission de Surveillance du Secteur Financier), the Grand Duchy of Luxembourg
20. Central Bank of Hungary (Magyar Nemzeti Bank), the Republic of Hungary
21. Malta Financial Services Authority, the Republic of Malta
22. Authority for the Financial Markets (Autoriteit Financiële Markten), the Kingdom of the Netherlands
23. Financial Market Authority (Finanzmarktaufsicht), the Republic of Austria
24. Financial Supervision Authority (Komisja Nadzoru Finansowego), the Republic of Poland
25. Securities Market Commission (Comissão do mercado de valores mobiliários), the Portuguese Republic
26. Financial Supervisory Authority (Autoritatea de Supraveghere Financiară), Romania
27. Securities Market Agency (Agencija za trg vrednostnih papirjev), the Republic of Slovenia
28. National Bank of Slovakia (Národná Banka Slovenska), the Slovak Republic

29. Financial Supervisory Authority (Finanssivalvonta), the Republic of Finland
30. Financial Supervisory Authority (Finansinspektionen), the Kingdom of Sweden
31. Financial Conduct Authority, Great Britain
32. Financial Supervisory Authority (Fjármálaeftirlitið), the Republic of Iceland
33. Financial Market Authority (Finanzmarktaufsicht), the Principality of Liechtenstein
34. Financial Supervisory Authority (Finanstilsynet), the Kingdom of Norway
35. Financial Services Agency, Japan
36. The Financial Futures Association of Japan, Japan
37. Japan Investor Protection Fund, Japan
38. Japan Securities Dealers Association, Japan
39. Central Bank of the Russian Federation (the Russian Federation)
40. Swiss Financial Market Supervisory Authority, the Swiss Confederation
41. Australian Securities and Investments Commission, the Commonwealth of Australia.