

LAW OF THE REPUBLIC OF BELARUS
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ON AMENDMENTS AND MODIFICATIONS
TO THE BANKING CODE OF THE REPUBLIC OF BELARUS

Approved by the House of Representatives on June 14, 2006

Passed by the Council of the Republic on June 30, 2006

Article 1. To improve and modify the Banking Code of the Republic of Belarus dated October 25, 2000 and to state it in the new Edition:

“BANKING CODE OF THE REPUBLIC OF BELARUS

GENERAL PART

SECTION I
GENERAL PROVISIONS

CHAPTER 1
BASIC PROVISIONS

Article 1. Relations Governed by Banking Legislation

Relations governed by banking legislation constitute a system of economic social relations designed to raise and use temporarily surplus funds. Banking legislation sets forth the principles of banking activities and legal status of subjects of bank legal relationship, governs relations between them, and determines procedures for the establishment, functioning, reorganization, and liquidation of banks and non-bank financial institutions.

Property relations as well as non-property relations associated therewith which arise out of or in connection with banking activities shall also be governed by civil legislation, having regard to the specific provisions of this Code.

Relations arising out of or in connection with the use of securities, budgetary and foreign exchange funds as well as other relations stemming from the activity of banks and non-bank financial institutions shall be governed by special legislation, unless otherwise provided for herein.

Article 2. Banking Legislation of the Republic of Belarus

Banking legislation of the Republic of Belarus is a system of regulatory acts that govern relations arising out of or in connection with banking activities

and establish the rights, responsibilities and liabilities of subjects of and parties to bank legal relationship.

Banking legislation acts include:

- legislative acts of the Republic of Belarus;
- directions of the President of the Republic of Belarus of regulatory nature;
- decrees of the Government of the Republic of Belarus;
- regulatory acts of the National Bank of the Republic of Belarus (hereinafter – the “National Bank”); and
- regulatory acts adopted by the National Bank jointly with the Government of the Republic of Belarus or the republican agencies of state administration by virtue and in pursuance of this Code and other legislative acts of the Republic of Belarus.

Article 3. Banking Legislation and Rules of International Law

The Republic of Belarus recognizes the priority of generally recognized principles of international law and ensures that banking legislation is not at variance therewith.

Banking legislation provisions contained in the international treaties of the Republic of Belarus that have taken effect are a constituent part of banking legislation existing in the Republic of Belarus. They shall be subject to direct application, unless an international treaty calls for a domestic regulatory act to be adopted/issued for application thereof, and shall have the force of the regulatory act whereby the Republic of Belarus undertakes to comply with a relevant international treaty.

Article 4. Fundamentals of Monetary Policy of the Republic of Belarus

Monetary policy of the Republic of Belarus is a component part of a single state economic policy.

The Republic of Belarus Monetary Policy Guidelines that are annually approved by the President of the Republic of Belarus on presentation of the National Bank and the Government of the Republic of Belarus constitute the legal framework of monetary policy of the Republic of Belarus.

The Republic of Belarus Monetary Policy Guidelines include key parameters of monetary sector development, determine objectives, tasks, and priorities of state monetary policy, and provide for a set of measures as well as regulation and control mechanisms for their achievement.

Article 5. Financial and Credit System of the Republic of Belarus

The banking system of the Republic of Belarus is a component part of the

financial and credit system of the Republic of Belarus. The banking system of the Republic of Belarus is a two-tier system which comprises the National Bank and other banks.

Along with banks, the financial and credit system of the Republic of Belarus includes non-bank financial institutions.

Article 6. Subjects of and Parties to Bank Legal Relationship

Subjects of bank legal relationship shall be the National Bank, banks, and non-bank financial institutions.

The Republic of Belarus, its administrative-territorial entities, including government agencies, as well as natural persons, independent entrepreneurs, and legal persons may be parties to bank legal relationship.

The rules of this Code applicable to natural persons shall apply to independent entrepreneurs, unless otherwise provided for by this Code.

Article 7. The National Bank

The National Bank is the central bank and a government agency of the Republic of Belarus. The National Bank shall regulate credit relations and money circulation and determine settlement procedures. The National Bank shall be the sole money issuer and shall exercise other functions provided for by this Code and other legislative acts of the Republic of Belarus.

Article 8. Bank

A bank is a legal person which shall have the sole right to carry on, in the aggregate, the following banking operations:

- to accept deposits from natural and/or legal persons;
- to allocate attracted money on its behalf and at its cost on the condition of repayability, interest payment, and maturity; and
- to open and operate bank accounts for natural and/or legal persons.

Banks shall be entitled to perform other banking operations and engage in other kinds of activities provided for in Article 14 of this Code.

Article 9. Non-bank Financial Institution

A non-bank financial institution is a legal person entitled to perform certain banking operations and activities provided for in Article 14 of this Code, exclusive of the following banking operations (in the aggregate):

- accepting deposits from natural and/or legal persons;
- allocating attracted money on its behalf and at its cost on the condition of

repayability, interest payment, and maturity; and

- opening and operating bank accounts for natural and/or legal persons.

Permissible combinations of banking operations to be performed by non-bank financial institutions shall be prescribed by the National Bank.

Unless otherwise provided for by this Code or other banking legislation, regulations prescribed for banks shall apply to non-bank financial institutions' establishment, reorganization, operation, and liquidation.

Article 10. Objects of Bank Legal Relationship

Money/foreign exchange, securities, precious metals, precious stones, and other valuables shall be the objects of bank legal relationship.

Article 11. Currency of Pecuniary Liabilities

Pecuniary liabilities within the Republic of Belarus must be shown in the official monetary unit of the Republic of Belarus, i.e. the Belarusian ruble.

A pecuniary liability may provide for execution thereof in the official monetary unit of the Republic of Belarus in the amount equivalent to a certain sum in foreign exchange or in conventional monetary units/units of account. If this is the case, then the amount payable in the official monetary unit of the Republic of Belarus shall be determined at the official exchange rate of the relevant currency or of conventional monetary units/units of account on the date of payment, unless a different exchange rate or different date of exchange rate setting has been provided for by legislation of the Republic of Belarus or by agreement between the parties.

The use of foreign exchange, as well as securities and payment instructions in foreign exchange in pecuniary liabilities within the Republic of Belarus shall be allowed in cases, in the manner, and on the conditions provided for by legislation of the Republic of Belarus.

CHAPTER 2 BANKING ACTIVITY

Article 12. Banking activity

Banking activity is a mix of profit-gaining banking operations performed by banks and non-bank financial institutions.

Article 13. Principles of Banking Activity

The fundamental principles of banking activity shall be that:

- banks and non-bank financial institutions must obtain special permission/license to engage in banking activity (“banking license”);
 - banks and non-bank financial institutions are independent in their activities and government agencies may not meddle in their business, except in cases provided for by legislative acts of the Republic of Belarus;
 - responsibilities of banks, non-bank financial institutions, and the state are demarcated;
 - secure functioning requirements prescribed by the National Bank must be complied with for the purpose of maintaining stability and sustainability of the banking system of the Republic of Belarus;
 - natural and legal persons have the right to select a bank or a non-bank financial institution;
 - bank secrecy of transactions, accounts, and deposits of clients is ensured;
- and
- depositor repayment is guaranteed.

Article 14. Banking Operations. Other Activities Performed by Banks and Non-bank Financial Institutions

Banks shall be authorized to:

- accept deposits from natural and/or legal persons;
- allocate attracted funds on their behalf and at their cost on the condition of repayability, interest payment, and maturity;
- open and operate accounts for natural and legal persons;
- open and operate bullion accounts;
- provide settlement and/or cash services to natural and legal persons, including correspondent banks;
- engage in foreign exchange transactions;
- purchase and sell precious metals and precious stones in cases provided for by legislation of the Republic of Belarus;
- accept precious metals and precious stones for deposits and place them thereon;
- issue bank guarantees;
- exercise trust management of monetary funds under monetary trust agreement;
- collect cash, payment instructions, precious metals and precious stones;
- issue bank plastic cards;
- issue securities substantiating attraction of deposits and placement profit monetary funds in accounts;
- provide accounts receivable financing/factoring;
- provide natural and/or legal persons with vaults or strongboxes located therein for storing documents and valuables/monetary funds/securities/precious

metals and precious stones, etc.; and

- transportation of cash, payment instructions, precious metals and precious stones, and other valuables between banks, non-bank financial institutions and their separate and organizational units, as well as delivery thereof to the customers of banks and non-bank financial institutions.

Rules of and procedures for banking operations shall be prescribed by the National Bank.

Banking operations involving precious metals and precious stones shall be governed by special legislation.

In addition to banking operations referred to in paragraph one of this Article, banks and non-bank financial institutions may perform, pursuant to legislation of the Republic of Belarus, the following:

- stand surety for third persons which provides for meeting pecuniary liabilities;
- exercise precious metals and/ or precious stones trust management;
- engage in precious metals and/or precious stones transactions/dealings;
- engage in leasing activity;
- render counseling and information services;
- issue, sell, and purchase securities and other securities transactions; and
- carry on other activities provided for by legislation of the Republic of Belarus.

Banks and non-bank financial institutions may engage in individual activities stipulated in legislative acts of the Republic of Belarus only with the availability of special permit/license.

In carrying out banking activity, banks and non-bank financial institutions shall secure protection of information resources in accordance with legislation of the Republic of Belarus.

Banks and non-bank financial institutions may not engage in

- production and/or trade activities, except in cases where such activities are intended to meet their own needs, as well as in cases stipulated in legislation of the Republic of Belarus; and
- insurance activities as insurers.

Article 15. Types of Banking Operations

Banking operations may be assets operations, liabilities operations, and agency banking operations.

Assets banking operations shall be operations aimed at providing monetary funds by banks and non-bank financial institutions.

Liabilities banking operations shall be operations aimed at attracting monetary funds, precious metals and/or precious stones by banks and non-bank financial institutions.

Agency banking operations shall be operations beneficial for the business of banks and non-bank financial institutions.

Article 16. Specifics of Calculating Periods of Time in Banking Activities

In carrying out banking activities periods of time shall be determined by a calendar date or by the expiration of a time period which is expressed in years, months, weeks, calendar, business or banking days, and hours. The time limit may also be determined by indicating an event that will inevitably happen.

The period of time of one banking day shall be that part of the day during which a bank is performing actions whose time limits are calculated in banking days.

The period of time calculated in banking days shall not include the days that, pursuant to legislation of the Republic of Belarus or standard banking practice, are business days. If the last day of the period of time is a non-business day, the next business day shall be deemed the day on which the period of time lapses.

If a banking activity is to be performed within a period of time calculated in banking days, such activity must be completed before the end of the last banking day of such period of time.

Any payment instruction delivered to the bank upon expiration of the time set thereby for the execution of such payment instruction shall be deemed delivered on the next banking day.

Article 17. Determination of Periods of Limitations for Banking Activity

Where terms and conditions of credit agreements are not fulfilled/improperly fulfilled, a five-year period of limitations shall be set out in respect of banks' and non-bank financial institutions' claims on borrowers.

Periods of limitations shall not apply to depositors' claims on a bank or a non-bank financial institution for the repayment of deposits.

Article 18. State Regulation of Banking Activities

State regulation of banking activities shall be performed by way of:

- state registration of banks and non-bank financial institutions;
- licensing banking activities;
- imposing bans and restrictions on operation of banks and non-bank financial institutions;
- setting secure functioning requirements with respect to banks and non-bank financial institutions;
- supervision of operation of banks and non-bank financial institutions,

identification of banking legislation violations, and application of sanctions provided for by this Code and other laws of the Republic of Belarus; and

- identification of cases of unlicensed banking activities and application of punitive measures to persons responsible therefore.

CHAPTER 3

RELATIONSHIP BETWEEN SUBJECTS OF AND PARTIES TO BANK LEGAL RELATIONSHIP

Article 19. Relationship between Banks, Non-bank Financial Institutions and State

A bank and a non-bank financial institution shall not be liable for obligations of the state, whereas the state shall not be liable for obligations of a bank and a non-bank financial institution, unless the state assumes such obligations or unless otherwise provided for by legislation of the Republic of Belarus.

Banks and non-bank financial institutions shall be independent in their activities. The state, its bodies, and officers may only interfere with banks and non-bank financial institutions within the limits prescribed by the Constitution of the Republic of Belarus and Constitution-based legislative acts of the Republic of Belarus.

A bank or a non-bank financial institution may be charged with controlling how the clients conduct cash transactions as well as, in accordance with legislative acts of the Republic of Belarus, with the functions of a foreign exchange control agent.

Unless otherwise provided for by the President of the Republic of Belarus, banks and non-bank financial institutions may not be entrusted with control over:

- licensed activities performed by customers;
- timeliness and adequacy of payment by customers of taxes and fees/duties and other payments into the budget and specialized public budgetary and off-budgetary funds, as well as insurance contributions;
- compliance by customers with timely payment of wages/salaries and rates thereof; and
- compliance by customers and other persons with contracts concluded between them.

The National Bank and other government agencies may not require banks and non-bank financial institutions to exercise control and other functions uncharacteristic of them.

Banks may carry out instructions of the Government of the Republic of Belarus, republican agencies of state administration, local executive and

administrative bodies, handle operations with budgetary funds and settle accounts thereon, and ensure the intended use of budgetary funds and public off-budgetary funds allocated for republican and local/regional programs.

Article 20. Relationship between Banks and Non-bank Financial Institutions

Banks and non-bank financial institutions shall be entitled to receive from and allocate with each other funds in the form of deposits and credits, to effect settlements via correspondent accounts opened with each other, and to perform other operations provided for in banking licenses.

Article 21. Participation of Banks and Non-bank Financial Institutions in Unions and Associations

Banks and non-bank financial institutions may establish unions and associations that are non-profit organizations.

Establishment and state registration of unions and associations of banks and non-bank financial institutions shall be effected in the manner prescribed by legislation of the Republic of Belarus.

Banks and non-bank financial institutions may establish associations in the form of financial and industrial groups as well as other economic groups in the manner and on terms and conditions prescribed by legislation on groups of the kind.

Article 22. Relations of Banks and Non-bank Financial Institutions with Customers

Relations of banks and non-bank financial institutions with their customers shall be based on banking legislation and contracts concluded.

Banks and non-bank financial institutions shall be free to determine the terms and conditions of entry into transactions that do not contradict legislation of the Republic of Belarus. Unless otherwise provided for by rules and regulations applied by banks and non-bank financial institutions, any contract made between a bank or non-bank financial institution and a customer shall be a public contract and/or a contract of adhesion.

The National Bank shall be authorized to prescribe for banks and non-bank financial institutions obligatory terms and conditions of entry into transactions with customers.

In carrying out banking activities, banks and non-bank financial institutions shall be required, at a customer's request, to provide the customer with a banking license and information on financial standing and performance

in the accounting period of the bank and non-bank financial institution concerned.

Article 23. Right of Banks and Non-bank Financial Institutions to Judicial Protection of Their Infringed or Challenged Rights and Legitimate Interests

Banks and non-bank financial institutions shall have the right to judicial protection of their infringed or challenged rights and legitimate interests, including the right to judicially challenge actions (omission to act) by the National Bank and other government agencies.

SECTION II THE NATIONAL BANK

CHAPTER 4 LEGAL STATUS, OBJECTIVES, AND FUNCTIONS OF THE NATIONAL BANK

Article 24. The National Bank as the Central Bank and Government Agency of the Republic of Belarus

Being the central bank and a government agency of the Republic of Belarus, the National Bank operates exclusively in the interests of the Republic of Belarus.

In performing its activities, the National Bank shall be guided by the Constitution of the Republic of Belarus, this Code, laws of the Republic of Belarus, regulatory acts of the President of the Republic of Belarus and shall be independent in such activities.

The National Bank shall be accountable to the President of the Republic of Belarus.

The National Bank's accountability to the President of the Republic of Belarus means that the President of the Republic of Belarus:

- approves the Statute of the National Bank as well as modifications and/or amendments thereto;

- appoints the Chairman and members of the Board of the National Bank with the consent of the Council of the Republic of the National Assembly of the Republic of Belarus and removes them from office, notifying the Council of the Republic of the National Assembly of the Republic of Belarus accordingly;

- designates an audit organization for the purpose of auditing the operation of the National Bank; and

- approves annual reports of the National Bank, having regard to the auditors' report and distribution of profit of the National Bank.

The National Bank is a legal person having its seal with the State Emblem of the Republic of Belarus and an inscription “Национальный банк Республики Беларусь” (“National Bank of the Republic of Belarus”). The National Bank shall be located in the City of Minsk.

The objectives and principles of the operation of the National Bank as well as its rights are set forth in the Constitution of the Republic of Belarus, this Code, and other legislative acts of the Republic of Belarus.

Article 25. Main Objectives of the National Bank

The main objectives of the National Bank shall be:

- protecting the Belarusian rouble and ensuring its stability, including its purchasing power and the rate of exchange relative to foreign currencies;
 - developing and strengthening the banking system of the Republic of Belarus; and
 - ensuring efficient, reliable, and secure functioning of the payment system.
- Gaining profit shall not be the main objective of the National Bank.

Article 26. Functions of the National Bank

The National Bank shall:

- develop Republic of Belarus Monetary Policy Guidelines and ensures, in concert with the Government of the Republic of Belarus, the conduct of a single monetary policy of the Republic of Belarus in the manner prescribed by this Code and other legislative acts of the Republic of Belarus;
- issue money;
- regulate money circulation;
- regulate credit relations;
- organize the functioning of the Republic of Belarus payment system;
- act as the lender of last resort with respect to banks and provide refinancing thereto;
- carry out foreign exchange regulation;
- establish and exercise foreign exchange control either directly or through the authorized banks and non-bank financial institutions pursuant to legislation of the Republic of Belarus;
- serve as a central depository of government and National Bank securities, unless otherwise provided for by the President of the Republic of Belarus;
- issue National Bank securities;

- act as a financial agent of the Government of the Republic of Belarus and local executive and administrative agencies regarding execution of republican and local budgets and advise them on these issues;
- give its consent to banks' and non-bank financial institutions' securities operations in cases stipulated by legislation of the Republic of Belarus;
- carry out state registration of banks and non-bank financial institutions;
- license banking activities;
- govern banks' and non-bank financial institutions' activities regarding their secure and liquid performance and exercise supervision over such activities;
- establish banking operations rules and procedures;
- establish internal control requirements to be complied with by banks and non-bank financial institutions and banking groups and banking holding companies;
- agrees securities issues by banks and non-bank financial institutions in cases provided for by legislation of the Republic of Belarus;
- regulate banks' and non-bank financial institutions' activities regarding the issue and circulation of bills, unless otherwise prescribed by the President of the Republic of Belarus;
- establish requirements with respect to performing forward and futures operations and operations with options and other financial instruments of the derivatives market to be complied with by banks and non-bank financial institutions;
- exercise technical direction of accounting and financial reporting in the banking system and devise and approve accounting and financial reporting methodology for the National Bank, banks, and non-bank financial institutions;
- set procedures for compiling statistical reporting by banks and non-bank financial institutions in form and within time-limits stipulated by legislation of the Republic of Belarus;
- devise national financial reporting standards for the National Bank, banks, and non-bank financial institutions pursuant to international accounting standards and exercise technical direction of accounting and reporting therein;
- prescribe procedures for cash and non-cash settlements in the Republic of Belarus;
- perform transactions required to attain the main objectives of the National Bank;
- provide settlement and/or cash services to the Government of the Republic of Belarus, organizations listed in the Statute of the National Bank, and other organizations in cases stipulated in legislative acts of the Republic of Belarus;

- arrange compilation of the balance of payments of the Republic of Belarus, including international investment position of the Republic of Belarus and takes part in its development;
- build up gold and foreign exchange reserves with the consent of the President of the Republic of Belarus and manage them within its purview;
- form the gold holdings of the State Fund of Precious Metals and Precious Stones of the Republic of Belarus and exercise working management thereof within its purview;
- determine prices for purchasing/selling precious metals and precious stones in carrying out banking operations;
- set procedures for opening precious metals accounts and conditions of keeping them with banks and non-bank financial institutions in the Republic of Belarus as well as conditions of opening by residents of such accounts with banks and non-bank financial institutions outside the country. For purposes of this Code, the term “resident” has the meaning defined by paragraph 7 of Article 1 of the Law of the Republic of Belarus “On Foreign Exchange Regulation and Foreign Exchange Control” dated July 22, 2003 (National Register of Legal Acts of the Republic of Belarus, 2003, No. 85, 2/978);
- set, in concert with the authorized government agencies, procedures for bringing into and taking out of the Republic of Belarus precious metals and precious stones when performing banking operations;
- arrange for collection and transportation of cash, payment instructions, precious metals and precious stones, and other valuables;
- control information resources security and protection at banks and non-bank financial institutions;
- analyze and forecast monetary relations, foreign exchange regulation and foreign exchange control relations, balance of payment of the Republic of Belarus and banking system having regard to the social and economic development of the Republic of Belarus, and publish the relevant statistical data and materials pertaining to analysis and forecast in the National Bank periodical;
- enter into agreements with central/national banks and credit institutions of foreign countries; and
- exercise other functions prescribed by this Code and other legislative acts of the Republic of Belarus.

Article 27. Republic of Belarus Monetary Policy Guidelines

The National Bank shall, in concert with the Government of the Republic of Belarus, annually submit the country’s Monetary Policy Guidelines for the next year to the President of the Republic of Belarus before October 1 of the current year.

Monetary Policy Guidelines of the Republic of Belarus for the next year comprise:

- a brief description of the economy of the Republic of Belarus;
- major parameters of the Republic of Belarus social and economic development forecast for the next year, including key figures of the balance of payment of the Republic of Belarus for the next year;
- major parameters and instruments of the Republic of Belarus monetary policy for the next year;
- assessment and analysis of compliance with the major parameters and instruments of the Republic of Belarus monetary policy in the current year; and
- the National Bank's measures for the next year designed to improve the banking system of the Republic of Belarus, banking supervision, financial markets, and payment system of the Republic of Belarus.

The National Bank shall, on a quarterly basis, inform the President of the Republic of Belarus and the Government of the Republic of Belarus about the volume of money issue and implementation of the Republic of Belarus Monetary Policy Guidelines.

The National Bank shall inform, on a quarterly basis, the President of the Republic of Belarus about the amount of gold and foreign exchange reserves established in accordance with the objectives and tasks stipulated in the Republic of Belarus Monetary Policy Guidelines.

Article 28. Right of the National Bank to Issue Money

The National Bank shall be the sole issuer of money.

The National Bank shall issue money by putting into circulation bank money and cash money. Cash money shall be put into circulation in the form of notes and coins.

The National Bank shall issue money by short-term/up to one year refinancing of banks in order to maintain liquidity of the banking system of the Republic of Belarus and stability of monetary circulation, by purchasing government securities freely traded in the money market, and by handling transactions in the domestic and foreign money markets designed to increase the gold and foreign exchange reserves. The issue of money for long-term/over one year refinancing of banks shall be prohibited.

The National Bank shall issue notes and coins in the form of putting them in circulation by selling same to the banks, by purchasing foreign exchange and other currency valuables from natural and legal persons in order to ensure stable cash circulation, as well as in other cases relating to the attainment of its main objectives.

The overall volume of issue of bank money, notes and coins shall be determined and regulated exclusively by the National Bank pursuant to the

objectives and tasks stipulated in the Republic of Belarus Monetary Policy Guidelines.

The National Bank shall issue the Belarusian ruble. Circulation of the Belarusian ruble in the Republic of Belarus may not be subject to restriction. No other monetary unit shall be allowed to circulate within the Republic of Belarus.

Article 29. Right of the National Bank to Arrange for Notes and Coins Circulation within the Republic of Belarus

The National Bank shall determine the face value/denomination, design, security features and other characteristics of the notes and coins that it puts into circulation and ensure the publishing of notes and coins description in the official print media of the republic.

The National Bank shall assure note printing, coinage, safekeeping of unissued notes and coins, as well as custody and, if necessary, confirm notes and coins authenticity, destruction of original and press plates, plaster models and sample caulking tools, dies, and retired notes and coins.

Notes and coins put in circulation by the National Bank shall be the only legal tender within the Republic of Belarus, unless otherwise provided for by legislation of the Republic of Belarus.

Notes and coins put in circulation by the National Bank shall be a direct liability of the National Bank secured by all its assets and must be accepted at face value in all kinds of payments, for placement to accounts and on deposit, and for transfers within the Republic of Belarus.

The National Bank shall have the sole right of withdrawing notes and coins issued by the National Bank from circulation.

Notes and coins put in circulation by the National Bank may not be declared a nullity (invalid legal tender), unless a fairly long period of their exchange for new notes and coins is established. The period of withdrawing notes and coins from circulation may not be less than one year and exceed ten years. Any restrictions on amounts or subjects of exchange shall be prohibited.

When carrying out money reform and denomination of the Belarusian ruble decision on replacing notes and coins put in circulation by the National Bank with notes and coins of new design shall be made by the President of the Republic of Belarus.

The National Bank must beforehand notify the Government of the Republic of Belarus of putting new notes and coins, except for commemorative notes and coins in circulation.

The National Bank shall exchange the sample notes and coins (including commemorative notes and coins) with central/national banks of foreign countries.

The National Bank shall replace worn-out notes and damaged notes and coins without restriction in compliance with regulations prescribed by the National Bank.

The National Bank shall set up and manage the notes and coins reserve fund.

The National Bank shall be authorized to issue, as collectibles, commemorative notes, as well as commemorative and bullion/investment coins made of precious and non-precious metals.

Commemorative notes as well as commemorative and bullion/investment coins may circulate both as legal tender and collectibles at value other than face value.

The National Bank shall be authorized to take commemorative and bullion/investment coins out of the Republic of Belarus without authorization and sell them in the international market without an export license.

Article 30. Rights of the National Bank in the Sphere of Money Circulation

Subject to money circulation legislation of the Republic of Belarus, the National Bank shall prescribe:

- procedures for handling cash operations and ready cash by banks, forms of reports on handling ready cash by banks and deadlines for submission thereof, as well as amenability for violation thereof;
- rules of safekeeping, collection, and transportation of ready cash, payment instructions, precious metals and precious stones and other valuables;
- rules of carrying out cash and issue transactions; and
- rules of identifying the earmarks of acceptability of cash money for payment, rules for replacement of worn-out notes and damaged notes and coins, as well as procedures for their destruction.

Article 31. Rights of the National Bank in the Sphere of Credit Relations

In the sphere of credit relations, the National Bank shall prescribe:

- volumes of credits provided to banks by the National Bank;
- a system for bank refinancing;
- standards for required reserves to be deposited with the National Bank (reserve requirements), and
- refinance rate and interest rates with respect to operations of the National Bank.

The National Bank shall regulate the total volume of credits issued by the National Bank in accordance with the Monetary Policy Guidelines of the Republic of Belarus.

Bank refinancing means that the National Bank provides monetary funds to the banks on the condition of repayment and interest payment.

Forms of, procedures for and terms of refinancing shall be prescribed by the National Bank.

To shore up the Belarusian ruble and to regulate and stabilize the money market and credit resources market, the National Bank shall fix interest rates for various operations and, in exceptional cases, limits (maximum and/or minimum) of interest rates for banking operations involving monetary funds of natural and/or legal persons.

Article 32. Rights of the National Bank to Manage Functioning of the Payment System of the Republic of Belarus and Supervise Thereof

The National Bank shall manage the functioning of the payment system of the Republic of Belarus and supervision thereof by determining the rules of effecting payments, implementing pricing policy, managing liquidity, as well as by collecting, accumulating and analyzing the indicators, that characterize the state of the payment system of the Republic of Belarus.

The National Bank shall prescribe the rules, deadlines, and standards for cash and non-cash settlements in the Republic of Belarus and amenability for violation thereof.

The National Bank shall maintain a departmental archive of inter-bank settlement data and documents. The National Bank shall be authorized to use the archive for statistical and other processing as well as for confirming inter-bank settlement transactions.

Article 33. Rights of the National Bank Relative to Foreign Exchange Regulation

In the sphere of foreign exchange regulation, the National Bank shall:

- fix official exchange rates of the Belarusian ruble in relation to other currencies;
- regulate circulation of currency valuables within the Republic of Belarus;
- establish procedures for opening, operating, and treating resident and non-resident accounts in foreign exchange with banks and non-bank financial institutions. For the purposes of this Code the term “non-resident” has the meaning defined by clause eight of Article 1 of the Law of the Republic of Belarus “On Foreign Exchange Regulation and Foreign Exchange Control”;
- establish procedures for opening, operating, and treating non-resident accounts in Belarusian rubles with banks and non-bank financial institutions;

- establish procedures for and terms of opening, operating, and treating resident accounts in Belarusian rubles and foreign exchange with banks and other financial institutions abroad;
- establish procedures for carrying out foreign exchange operations in Belarusian rubles between residents and non-residents;
- prescribe rules of exchange business in foreign exchange;
- prescribe forms of reporting, accounting, and statistics regarding foreign exchange operations as well as procedures and deadlines for presenting information on foreign exchange operations to the National Bank which is required for compiling the balance of payments of the Republic of Belarus and for other purposes;
- prescribe, in cooperation with authorized government agencies, procedures for and norms of importing, exporting, and remitting to and from the Republic of Belarus of foreign exchange, Belarusian rubles, securities in foreign exchange and Belarusian rubles, as well as payment instructions in foreign exchange;
- control foreign exchange operations of banks and non-bank financial institutions;
- determine, subject to legislative acts of the Republic of Belarus, functions of foreign exchange control agents that may be entrusted to banks and non-bank financial institutions;
- make banks and non-bank financial institutions accountable for violating foreign exchange legislation in accordance with legislation of the Republic of Belarus;
- issue permissions to engage in foreign exchange operations related to capital flow, except in cases prescribed by legislative acts of the Republic of Belarus; and
- exercise other powers established by this Code and other legislative acts of the Republic of Belarus.

Article 34. Rights of the National Bank to Regulate and Supervise Activity of Banks and Non-bank Financial Institutions

The National Bank shall regulate activities of banks and non-bank financial institutions and exercise supervision thereof.

The National Bank shall exercise continuous control over compliance by banks and non-bank financial institutions with banking legislation.

As regards regulation of activities of banks and non-bank financial institutions and supervision thereof, the primary objectives of the National Bank shall be the maintenance of stability of the banking system in the Republic of Belarus and protection of depositors' and other creditors' interests.

The National Bank shall define the scope of and procedures for the publication/presentation of information used to assess soundness of a bank and a non-bank financial institution.

The National Bank shall prescribe qualification and business reputation requirements for the candidates for the posts of the head and chief accountant of a bank (or a non-bank financial institution) and its branch, as well as for the posts of deputies thereof, in accordance with this Code.

A special qualification committee of the National Bank shall assess the compliance of candidates for the posts of the head and chief accountant of a bank/non-bank financial institution and its branch, as well as for the posts of deputies thereof with the qualification and business reputation requirements prescribed in accordance with this Code. The following persons shall be assessed:

- persons appointed as the head and chief accountant of a bank/non-bank financial institution and a branch thereof, and as their deputies respectively, when establishing a bank or non-bank financial institution or opening a branch thereof;

- head and chief accountant of a bank/non-bank financial institution, when applying sanctions to a bank/non-bank financial institution prescribed by clause three of paragraph two of Article 134 of this Code; and

- persons appointed as the head and chief accountant of a bank/non-bank financial institution and a branch thereof, and as their deputies, when appointing new persons to the posts of head and chief accountant of a bank/non-bank financial institution and branch thereof, and to the posts of deputies thereof.

Procedures for the assessment of compliance with qualification and business reputation requirements shall be prescribed by the National Bank.

The National Bank shall prescribe secure functioning requirements for banks and non-bank financial institutions, exercise supervision over observance thereof, conduct auditing of activities of banks and non-bank financial institutions, audit banks and non-bank financial institutions, issue directions to remedy the violations revealed, and apply sanctions against violators in accordance with this Code and other legislation of the Republic of Belarus.

Banks and non-bank financial institutions shall be audited by the National Bank's representatives, including experts from other organizations whose services are enlisted by the National Bank or, on the instructions of the National Bank, by the audit organization or auditor - independent entrepreneur, who have obtained special permission/license from the National Bank to engage in auditing activities.

The National Bank shall be authorized to require a bank or non-bank financial institution to present their auditors' report with regard to the annual report and/or any interim report, and other reports in full. Banks or non-bank

financial institutions shall be audited in conformity with legislation of the Republic of Belarus. An audit organization or an auditor - independent entrepreneur shall draw up the auditors' report including information on credibility of financial statements of a bank or non-bank financial institution, on observance of secure functioning requirements prescribed by the National Bank, on the state of internal controls, and other information provided for by legislation of the Republic of Belarus. When auditing banks and non-bank financial institutions, representatives of the National Bank as well as audit organization or auditor - independent entrepreneur, whose services are enlisted by the National Bank, shall be authorized to:

- examine accounts and other documents on financial and economic activities, assets and liabilities, actual availability of monetary funds/notes and coins, securities, and other property of a bank and non-bank financial institution;

- require oral and/or written explanation from executive officers of a bank or non-bank financial institution on issues arising when conducting an examination and related to its subject; and

- exercise other rights that do not conflict with legislation of the Republic of Belarus and/or result from the nature of liabilities under the agreement on rendering auditing services.

Banks that service the execution of agreements with international financial organizations and credit organizations of foreign countries regarding servicing of credit lines opened under guarantee of the Government of the Republic of Belarus, must present the auditors' reports including information on compliance of their accounting/financial statements with the international accounting standards.

With a view to executing the supervisory functions the National Bank shall be authorized to request and obtain the information on the financial standing and business reputation of the promoters/shareholders of the bank or non-bank financial institution for the purpose of taking a decision on granting to them the authorization for acquisition of more than 10% of shares of the bank or non-bank financial institution.

Information obtained at the time of state registration of banks and non-bank financial institutions, while licensing the banking activity, as well as in the course of exercising banking supervision shall not be disclosed except in cases provided for by legislation of the Republic of Belarus.

Procedures for auditing banks and non-bank financial institutions by the National Bank for the purposes stipulated in paragraph three hereof, shall be prescribed by the National Bank.

To identify situations that might affect the interests of depositors and other creditors, the National Bank shall review performance of banks and non-bank financial institutions.

The National Bank shall define the contents and scope of information obtained in the course of exercising banking supervision, which is shared with the supervision authorities of other countries in the course of executing international agreements on cross-border supervision.

Article 35. Rights of the National Bank in the Sphere of Exercising Supervision over Banking Activity on the Consolidated Basis

For the purposes of exercising supervision over banking activity on the consolidated basis and comprehensive assessment of risks, the National Bank shall supervise the activities:

- of the totality of banks and/or non-bank financial institutions, where one of the legal persons makes, directly or indirectly/through third parties, a significant impact on decisions taken by other legal person's governing bodies (hereinafter – “the banking group”), or

- of the totality of banks and/or non-bank financial institutions and other legal persons, other than banks and non-bank financial institutions, where one of legal persons makes, directly or indirectly/through third parties, a significant impact on decisions taken by other legal person's governing bodies (hereinafter – “the banking holding company”).

A bank or a non-bank financial institution, that can, directly or indirectly/through third parties, make a significant impact on decisions taken by the governing bodies of a bank and/or a non-bank financial institution - members of the banking group, shall be recognized as the head company of the banking group.

A bank or non-bank financial institution, or other legal person, other than a bank or non-bank financial institution that can, directly or indirectly/through third parties, make a significant impact on decisions taken by governing bodies of a bank or non-bank financial institution and other legal person - member of the banking holding company shall be recognized as the head company of the banking holding company.

A bank and non-bank financial institution may be recognized as a member of one or more banking groups and/or one or more banking holding companies at the same time.

The impact shall be considered significant when it allows to make the decisions/overrule objectionable decisions taken by governing bodies of a legal person, as well as to determine the terms of carrying out entrepreneurial activities in case of presence of at least one of the following grounds:

- having enough number of votes in either of governing bodies of a legal person, which allows to make the decisions/overrule objectionable decisions taken by this body, excluding the decisions taken unanimously;

- having enough number of votes in the authorized governing body of a legal person, which allows to elect a sole executive body and/or more than half of the collegial executive body and/or board of directors/supervisory council;
- having powers to appoint a sole executive body of a legal person;
- exercising powers of executive body of a legal person based on the agreement; and
- entering into a legal person's whole property trust management agreement or any other agreement in accordance with which the rights to manage the activities of that legal person are acquired.

The indirect significant impact means the impact through third parties, who make a significant impact on decisions taken by governing bodies of other legal person in case of presence of at least one of the grounds defined by paragraph five of this Article.

The National Bank shall develop and approve the methods of assessing the possibilities of a significant impact, direct or indirect/through third parties, on the decisions taken by the governing bodies of the other legal person by a bank, non-bank financial institution, and other legal person other than a bank or non-bank financial institution.

The National Bank shall be notified in the manner prescribed by itself:

- by the head company of a banking group and/or a banking holding company of its ability to make, directly or indirectly/through third parties, a significant impact on decisions taken by governing bodies of other legal person/persons; and
- by a bank and a non-bank financial institution of the ability of the other bank and/or other non-bank financial organization and/or other legal person, other than a bank or a non-bank financial institution, to make a significant impact, directly or indirectly/through third parties, on the decisions taken by their governing bodies.

The National Bank shall, based on information submitted in accordance with paragraph eight of this Article and/or methods, approved by the National Bank, keep record of head companies of banking groups and/or banking holding companies, as well as of banks considered as members of such banking groups and/or banking holding companies, non-bank financial institutions and other legal persons other than banks or non-bank financial institutions.

A head company of a banking group and/or a banking holding company shall, in accordance with paragraphs three and four of Article 119 of this Code, compile and submit to the National Bank a consolidated statement on activity of the banking group and/or banking holding company.

For the purposes of exercising supervision over banking activity on a consolidated basis, the National Bank shall:

- prescribe, in accordance with Article 118 of this Code, secure functioning requirements for banking groups and banking holding companies, as well as for

banks and/or non-bank financial institutions recognized as members thereof, and exercise supervision of compliance therewith;

- establish procedures for submission by legal persons recognized as members of banking groups and/or banking holding companies of information on their activity required for compiling consolidated statements to the head companies of these banking groups and/or banking holding companies;

- based on the methods approved by itself, have the right to consider a bank, a non-bank financial institution, and other legal person other than a bank or a non-bank financial institution, as a head company of a banking group and/or banking holding company, and require it, in accordance with paragraphs three and four of Article 119 of this Code, to submit consolidated statement on the banking group's and/or the banking holding company's activity;

- based on the methods approved by itself, have the right to require the head company of a banking group and/or a banking holding company to include the information on activity of the legal person whose decisions taken by its governing bodies shall be subject to a significant impact, direct or indirect/through third parties of such head company, in the consolidated statement on activity of a banking group and/or a banking holding company; and

- have the right to require from legal person, other than bank or non-bank financial institution, which is recognized as a member of a banking holding company, to submit information on its activity, as well as to audit activity of such legal person in the manner prescribed by this Code and regulatory acts of the National Bank designed to audit activity of banks and non-bank financial institutions.

Head company of a banking group and/or banking holding company may not disclose received information on activity of legal persons recognized as members of banking group and/or banking holding company except for cases prescribed by this Code and other legislative acts of the Republic of Belarus.

The information on activity of the legal person recognized as a member of a banking holding company, which is received in the course of exercising the banking supervision of the banking activity on the consolidated basis shall not be disclosed, except for cases prescribed by legislative acts of the Republic of Belarus.

Article 36. Right of the National Bank to Sue

The National Bank shall have the right to bring lawsuits in the economic court for nullifying transactions of banks and non-bank financial institutions that have been conducted in violation of legislation of the Republic of Belarus.

The National Bank shall have the right to bring lawsuits in the economic court for the liquidation of a bank or a non-bank financial institution on grounds prescribed by legislative acts of the Republic of Belarus.

CHAPTER 5

SPECIFICS OF NATIONAL BANK PERFORMANCE

Article 37. Interaction of the National Bank with the Government of the Republic of Belarus and other Government Agencies

The National Bank jointly with the Government of the Republic of Belarus shall ensure the conduct of single monetary policy of the Republic of Belarus.

The National Bank and the Government of the Republic of Belarus shall inform each other of prospective actions that are of state-wide significance, coordinate their activity, and hold mutual consultations on a regular basis.

The Government of the Republic of Belarus, the Ministry of Finance of the Republic of Belarus, the Ministry of Economy of the Republic of Belarus, the Ministry of Statistics and Analysis of the Republic of Belarus, the Ministry of Taxation and Fees of the Republic of Belarus, the State Customs Committee of the Republic of Belarus, the State Control Committee of the Republic of Belarus and the National Bank provide each other, in a mutually agreed manner and volume, on a free of charge basis with the statistical and analytical information, as well as with information received in the process of exercising control and supervisory functions which is required for the appropriate performance of their functions.

The National Bank shall consult the Ministry of Finance of the Republic of Belarus with respect to the issue of government securities and redemption of the state debt of the Republic of Belarus having regard to their impact on the banking system of the Republic of Belarus and the priorities of the monetary policy of the country.

The National Bank shall not be liable for obligations of the Government of the Republic of Belarus. The Government of the Republic of Belarus shall not be liable for obligations of the National Bank, except for cases provided for by legislation of the Republic of Belarus.

The Chairman of the Board of the National Bank shall be a member of the Government of the Republic of Belarus.

Article 38. Furnishing Information to the National Bank and its Usage

Banks and non-bank financial institutions, in the manner prescribed by the National Bank, government agencies, that have the right to examine the activity of banks and non-bank financial institutions, and other government agencies in

cases stipulated in the legislative acts of the Republic of Belarus shall furnish to the National Bank, in the manner agreed therewith, financial and economic information, documentation, and information based on the results of examinations required by the National Bank to perform its functions.

The National Bank shall maintain a single supervisory and control database on banks and non-bank financial institutions in the manner prescribed by it.

The National Bank shall establish for legal persons that are members of the banking holding company, procedures for furnishing the information on their activity, required for compilation of consolidated statements.

The National Bank shall have the right to request and obtain on a free of charge basis from government agencies, not referred to in paragraph three of Article 37 of this Code, and from other organizations, information required for compiling financial, banking and monetary statistical statements and for organization of compiling the balance of payments of the Republic of Belarus, including the international investment position of the Republic of Belarus, as well as for analyzing the state of monetary relations, relations in the sphere of foreign exchange regulation and foreign exchange control, the balance of payments of the Republic of Belarus, and the banking system. Information received from government agencies and other organizations shall not be subject to disclosure without their consent.

The National Bank shall publish analytical information, aggregate indicators of financial, banking and monetary statistical statements and the balance of payments of the Republic of Belarus including the international investment position of the Republic of Belarus, in the official print media of the republic, share above-mentioned information with central/national banks of foreign countries, and furnish this information to the international financial institutions.

Article 39. Regulatory Acts of the National Bank

The National Bank shall, within its powers, issue regulatory acts binding upon the republican agencies of state administration, local government and self-government authorities, all banks and non-bank financial institutions, and other legal persons operating within the Republic of Belarus, as well as natural persons.

The National Bank shall have the right to pass/issue regulatory acts jointly with the Government of the Republic of Belarus or the republican agencies of state administration.

The regulatory acts of the National Bank must comply with legislative acts of the Republic of Belarus. Should a regulatory act of the National Bank be in contravention of any legislative act of the Republic of Belarus, the latter shall prevail.

Article 40. Property of the National Bank

Property of the National Bank shall be owed by the Republic of Belarus and shall be assigned to the National Bank on a day-to-day management basis.

The National Bank in accordance with its objectives and in the manner prescribed by its Statute, shall be authorized to possess, use, and manage the property of the National Bank, including gold and foreign exchange reserves. Withdrawal and encumbrance of above-mentioned property shall not be allowed, excluding cases provided for by legislative acts of the Republic of Belarus.

Article 41. Authorized Capital of the National Bank

Size of the authorized capital of the National Bank shall be defined by the Statute of the National Bank.

Article 42. Reserve and Other Funds of the National Bank

The National Bank shall establish reserve and other funds designed to ensure its functioning.

Reserve and other funds shall be established and used in the manner stipulated by the Statute of the National Bank.

Article 43. Exemption of the National Bank from Taxation

The National Bank and its organizational units shall be exempt from all kinds of taxes and fees/duties.

Article 44. Profit of the National Bank and Distribution Thereof

The National Bank shall derive its profit from conducting its activity in conformity with this Code and other legislative acts of the Republic of Belarus

The National Bank shall transfer part of its profit in the amount determined by the Budget Law of the Republic of Belarus for the next financial/budget year to the republican budget transferring the remainder to the reserve fund and other funds of the National Bank.

Article 45. Compensation for Losses of the National Bank

Compensation for losses of the National Bank sustained as a result of its activity shall be compensated by the reserve fund of the National Bank.

Article 46. Annual Report of the National Bank

The annual reporting period in respect of the National Bank shall be from January 1 through December 31.

Every year, prior to April 15, following the year under review, the National Bank shall submit to the President of the Republic of Belarus the Annual Report approved by the Board of the National Bank and accompanied by the auditors' report.

The Annual Report of the National Bank shall include:

- the Report on Activities of the National Bank, including the list of actions taken by the National Bank with a view to implementing the Republic of Belarus Monetary Policy Guidelines and the analysis of implementation thereof;

- the analysis of monetary relations, foreign exchange regulation and foreign exchange control relations, the balance of payments of the Republic of Belarus and the banking system having regard to the social and economic development of the Republic of Belarus; and

- annual financial statements.

The annual report of the National Bank shall be accompanied by the auditors' report acknowledging the faithfulness of financial statements.

Annual financial statements of the National Bank shall include:

- an annual balance sheet;

- profit and losses statement, including the report on the profit earned and distribution thereof;

- capital changes statement;

- the National Bank funds establishment and usage statement;

- management of shares/equities in authorized capital of other organizations statement;

- statement on expenses relating to the needs of the National Bank; and

- capital investments budget execution statement.

Once approved by the President of the Republic of Belarus, the Annual Report of the National Bank shall be published in official print media of the republic.

Article 47. Auditing the National Bank

Activities of the National Bank shall be subject to annual auditing by the audit organization designated by the President of the Republic of Belarus.

Article 48. Restriction on Participation of the National Bank in Business Companies and Other Legal Entities

The National Bank may not, unless otherwise provided for by the President of the Republic of Belarus, have an interest in business companies and other legal persons, with the exception of individual banks and organizations compensating deposits of natural persons, organizations supporting the National Bank's activities, including those trading in the securities market, effecting inter-bank settlements, financing and/or devising and implementing banking technologies, as well as international organizations concerned with developing cooperation in monetary, foreign exchange and banking spheres.

Procedures for involvement of the National Bank in organizations referred to in paragraph one of this Article shall be determined by the President of the Republic of Belarus.

Article 49. Division of Responsibilities between the National Bank, Banks and Non-bank Financial Institutions

The National Bank shall not be liable for obligations of banks and non-bank financial institutions, unless the National Bank assumes such obligations.

Banks and non-bank financial institutions shall not be liable for obligations of the National Bank, unless banks and non-bank financial institutions assume such obligations.

Article 50. Participation of the National Bank in International Organizations

Subject to legislation of the Republic of Belarus, the National Bank may be involved in activities of international banking funds, unions, and associations.

The National Bank shall represent the Republic of Belarus in international organizations on monetary policy issues of the Republic of Belarus, foreign exchange regulation, and other matters within its powers.

Article 51. Relations between the National Bank and Credit Institutions of Foreign Countries

Relations between the National Bank and credit institutions of foreign countries shall be established in compliance with international agreements of the Republic of Belarus, legislation of the Republic of Belarus, and inter-bank agreements.

To perform its functions the National Bank may open representative offices in foreign countries.

CHAPTER 6

OPERATIONS OF THE NATIONAL BANK

Article 52. Operations Performed by the National Bank

Operations performed by the National Bank shall include:

- lending to banks by way of refinancing;
- provision of settlement and/or cash services to the Government of the Republic of Belarus and organizations whose list is incorporated in the Statute of the National Bank, as well as to other organizations in cases stipulated by legislative acts of the Republic of Belarus;
- operations on the securities market;
- collection and transportation of cash, payment instructions, precious metals and precious stones, and other valuables;
- management of gold and foreign exchange reserves within its powers as well as carrying out operations with precious metals and/or precious stones in any form and state, including purchase, sale, and exchange thereof, both within the Republic of Belarus and abroad;
- opening and operating accounts in precious metals within the Republic of Belarus and abroad;
- transfer on a free of charge basis of precious metals in the form of bullion in cases stipulated by legislation of the Republic of Belarus;
- attraction of banks' and non-bank financial institutions' monetary funds into deposits;
- sale of commemorative and bullion/investment coins in the Republic of Belarus and abroad at a price not less than nominal value;
- issue of banking guarantees and sureties for investment projects by a decision of the President of the Republic of Belarus;
- inter-bank settlements, including settlements with non-bank financial institutions;
- safekeeping of valuables;
- remittance of money and other settlement operations;
- purchase and sale of foreign exchange, payment instructions in foreign exchange and other foreign exchange transactions provided for by legislation of the Republic of Belarus, including documentary operations and operations on granting credits in foreign exchange;
- banking services provided to the governments of foreign countries, central/national banks and financial agencies of these countries, as well as international organizations;
- provision of agency services in the capacity of a financial agent of the Government of the Republic of Belarus for placement of government securities;
- operations aimed at servicing the state debt of the Republic of Belarus;

- opening and servicing card accounts of the National Bank's employees;
- and
- lending to the National Bank's employees.

The National Bank shall not be authorized to service banking operations of legal persons that are not licensed to engage in banking activity and natural persons, except in cases referred to in this Article.

The National Bank shall render banking operations for a fee unless otherwise provided for by this Code or other legislative acts of the Republic of Belarus.

Article 53. Lending Activity of the National Bank

In the sphere of its lending activity, the National Bank shall:

- provide banks with refinancing against government securities or other collateral defined by the Board of the National Bank; or
- advance loans to its employees in the manner prescribed by the Board of Directors of the National Bank and soft loans in the manner prescribed by the Board of Directors of the National Bank in accordance with requirements provided for by legislative acts of the Republic of Belarus with respect to advancing soft loans to citizens of the Republic of Belarus.

The National Bank shall be authorized to meet its claims with respect to credit and interest for using it on maturity date by indisputably debiting the relevant bank's correspondent account based on the directions of the Chairman of the Board of the National Bank.

The National Bank shall not be authorized to issue credits to the Government of the Republic of Belarus with a view to financing the deficit of the republican budget and purchase government securities at their initial placement, except for cases provided for by the law on the budget of the Republic of Belarus for the next financial/budget year and by the President of the Republic of Belarus.

Article 54. National Bank Operations Involving Foreign Exchange, Precious Metals and Precious stones

The National Bank shall be authorized to purchase and sell foreign exchange and payment instructions in foreign exchange as well as to exchange, place and store foreign exchange and to carry out other foreign exchange operations provided for by legislation of the Republic of Belarus.

To replenish or regulate the size of gold and foreign exchange reserves, the National Bank may carry out the following operations involving precious metals and precious stones:

- open and operate precious metals accounts both within the Republic of Belarus and abroad; or

- purchase, sell, exchange, exercise trust management, place on deposit, accept for deposit, and store precious metals in the form of bullion, nugget, coin, and other forms and states, and precious stones, as well as put them in pledge.

Operations with precious metals and precious stones referred to in paragraph two of this Article shall be conducted by the National Bank without special permission/license to engage in activity that involves precious metals and precious stones.

Article 55. Securities Transactions by the National Bank

In the course of monetary regulation, the National Bank shall issue securities, determine specifications for their manufacture, and conduct securities transactions.

The National Bank shall render intermediary services of a financial agent of the Government of the Republic of Belarus in the government securities market and arrange for circulation thereof.

Article 56. Storage, Collection, and Transportation by the National Bank of Cash, Payment Instructions, Precious Metals and Precious Stones as well as Other Valuables

The National Bank shall be authorized to store, collect, and transport cash, payment instructions, precious metals and precious stones as well as other valuables of the National Bank, banks, non-bank financial institutions, and natural and legal persons in the manner prescribed by the National Bank.

Article 57. Servicing State Debt of the Republic of Belarus

Subject to legislation of the Republic of Belarus, the National Bank shall act as a financial agent of the Government of the Republic of Belarus for servicing the state debt of the Republic of Belarus.

CHAPTER 7 STRUCTURE AND AGENCIES OF GOVERNANCE AND ORGANIZATION OF THE NATIONAL BANK

Article 58. Structure of the National Bank

The National Bank shall comprise the head office and organizational units located in the Republic of Belarus and abroad.

Organizational units of the National Bank shall carry on their business under regulations subject to approval in the manner prescribed by the Statute of the National Bank.

Article 59. Governing Bodies of the National Bank

The governing bodies of the National Bank shall be the Board of the National Bank and the Board of Directors of the National Bank.

Article 60. Board of the National Bank

The supreme governing body of the National Bank shall be the Board of the National Bank, a collective body that establishes the key lines of activity of the National Bank, administers and governs it.

The number of members of the Board of the National Bank shall be defined by the President of the Republic of Belarus.

The powers of the Board of the National Bank and procedures for convening its meetings shall be prescribed by the Statute of the National Bank. The Board of the National Bank shall organize its work in compliance with the rules of procedure thereof.

Unless otherwise provided for by the Constitution of the Republic of Belarus and other legislative acts of the Republic of Belarus, members of the Board of the National Bank may not hold any office in other government agencies and may not be affiliated with a political party.

Restrictions referred to in paragraph three of Article 68 herein shall apply to the members of the Board of the National Bank.

Article 61. Procedures for Establishment of the Board of the National Bank

The Chairman and other members of the Board of the National Bank shall be appointed by the President of the Republic of Belarus for a term of five years with the consent of the Council of the Republic of the National Assembly of the Republic of Belarus unless otherwise provided for by the President of the Republic of Belarus. The members of the Board of the National Bank shall be entered into a contract in the manner and on the conditions provided for by legislation of the Republic of Belarus.

Article 62. Removal of Chairman and/or Member/Members of the Board of the National Bank from Office

The President of the Republic of Belarus may remove the Chairman and/or member/members of the Board of the National Bank from office, having

notified the Council of the Republic of the National Assembly of the Republic of Belarus in the following cases:

- expiration of the term of office;
- inability to perform functions for health reasons on the basis of findings of medical examination;
- resignation;
- reaching the age limit (voluntary termination of service by the Chairman or member of the Board of the National Bank);
- non-observance of the Constitution of the Republic of Belarus, laws of the Republic of Belarus, decrees, edicts, and directives of the President of the Republic of Belarus and other binding for the National Bank acts of legislation of the Republic of Belarus during the term of office;
- non-observance of restrictions laid down in paragraph three of Article 68 herein;
- disclosure of state or trade secrets;
- finding guilty of an offense by court judgment;
- commission of actions that give rise to loss of confidence in given persons; and
- in other cases provided for by the President of the Republic of Belarus.

Article 63. Decision-making by the Board of the National Bank

The Board of the National Bank shall be authorized to take decisions provided that at least 70% out of the number of members of the Board of the National Bank and the Chairman of the Board or his deputy attend the meeting.

Decisions of the Board of the National Bank shall be taken by a simple majority of votes of the number of persons who attend the meeting.

Article 64. Chairman of the Board of the National Bank

Chairman of the Board of the National Bank shall direct the activity of the National Bank and represent the National Bank as both the government agency and the central bank of the Republic of Belarus.

The powers of the Chairman of the Board of the National Bank shall be prescribed by the Statute of the National Bank.

Article 65. Board of Directors of the National Bank

The Board of Directors of the National Bank shall be an executive collective body of the National Bank.

The Chairman of the Board of the National Bank shall head the Board of Directors of the National Bank.

The number of members of the Board of Directors of the National Bank shall be defined by the Board of the National Bank.

The terms of reference of the Board of Directors of the National Bank and procedures for convening its meetings shall be prescribed by the Statute of the National Bank. The Board of Directors of the National Bank shall organize its work in accordance with the rules of procedure thereof.

Article 66. Procedures for Establishment of the Board of Directors of the National Bank

All members of the Board of Directors of the National Bank, excluding its head, shall be appointed by the Board of the National Bank in the manner prescribed by the Statute of the National Bank.

Article 67. Decision-making by the Board of Directors of the National Bank

The Board of Directors of the National Bank shall take decisions by a simple majority of votes, provided that at least 70% of the number of members of the Board of Directors of the National Bank attend the meeting.

Article 68. National Bank Employees

The National Bank employees shall be divided into government employees and employees who render technical services and ensure the National Bank's performance but do not have a status of government employees.

The legal status of National Bank's government employees shall be prescribed by legislation of the Republic of Belarus on government service.

Except for restrictions provided for by legislation of the Republic of Belarus on government service, government employees of the National Bank may not:

- possess and/or acquire in person or through agents equities/shares in banks and non-bank financial institutions; or
- hold second jobs in banks, non-bank financial institutions or other organizations.

National Bank government employees may receive credits from the National Bank only.

Provision of soft credits to the National Bank employees is effected on conditions prescribed by legislative acts of the Republic of Belarus for provision of soft credits to citizens of the Republic of Belarus.

The terms of recruitment, dismissal, remuneration of labor, and rights and duties of the National Bank employees shall be determined by the Board of

Directors of the National Bank in accordance with legislation of the Republic of Belarus.

Under legislation of the Republic of Belarus, certain categories of the National Bank employees entered in the list approved by the Board of Directors of the National Bank shall have the right to wear uniform and, with the approval of the Ministry of Internal Affairs of the Republic of Belarus, to carry and keep firearms.

Article 69. Organizations of the National Bank

The National Bank shall be entitled with the consent of the President of the Republic of Belarus to establish organizations required to ensure the performance of the National Bank.

Organizations of the National Bank shall function based on the statutes approved in the manner set forth in the Statute of the National Bank.

SECTION III BANKS AND NON-BANK FINANCIAL INSTITUTIONS

CHAPTER 8 GENERAL PROVISIONS RELATING TO BANKS

Article 70. Bank Status

A bank shall be a profit-making organization registered in the manner prescribed by this Code and enjoy an exclusive right to carry out, in the aggregate, banking operations provided for in paragraph 1 of Article 8 herein under a license to engage in banking activity granted by the National Bank.

Banks shall be entitled to engage in other banking operations specified in the banking license.

Article 71. Organizational and Legal Forms of Banks

Banks may be established in the form of a joint-stock company or a unitary enterprise as stipulated by this Code or other legislation of the Republic of Belarus.

Article 72. Establishment by Banks/Involvement of Banks in Establishment of Profit-making Organizations

To attain objectives and perform tasks stated in its Statute, a bank may act as promoter/shareholder of profit-making organizations in the manner and on

the terms prescribed by this Code and by other legislation of the Republic of Belarus, provided the National Bank has granted its consent thereto.

Article 73. Bank Statute

A bank shall have its Statute approved in the manner set forth by legislation of the Republic of Belarus for a legal person of a relevant organizational and legal form.

The Statute of a bank shall include:

- the bank's name, having regard to the requirements of this Code;
- indication of its organizational and legal form;
- information on the bank's location/location of permanently functioning executive body of a bank;
- list of bank operations in accordance with this Code as well as kinds of activity that will be performed/are performed by the bank, provided that they are specified by legislative acts of the Republic of Belarus;
- information on the size of the authorized capital;
- information on the governing bodies, including executive and internal control bodies, procedures for setting up such bodies and powers thereof; and
- any other information provided for by legislation of the Republic of Belarus for the Statute of a legal person of a relevant organizational and legal form.

Article 74. Bank Name

A bank must have a name that complies with the requirements of legislation of the Republic of Belarus. The name of the bank must indicate the nature of the bank's activity through the use of the word "bank" as well as its organizational and legal form.

Legal persons that have been registered within the Republic of Belarus in the prescribed manner may not include in their name the word "bank", excluding legal persons who have been licensed by the National Bank to engage in banking activity.

Article 75. Bank's Authorized Capital

The authorized capital of a bank shall be set up of contributions/property made by its promoters/shareholders. The authorized capital of a bank shall prescribe the minimum amount of the bank's property securing the interests of its creditors.

The minimum size of the authorized capital of a bank shall be established by the National Bank with the consent of the President of the Republic of Belarus.

In establishing a bank, the minimum size of its authorized capital must be set up of monetary contributions.

The authorized fund of a bank may be set up using only own funds of its promoters and raised using own funds of its shareholders/ property owner, other persons and/or a bank.

Own funds of a promoter/shareholder/property owner of a bank, other persons, as well as own funds of a bank mean any legally acquired monetary resources or other property possessed by virtue of right of ownership or other property right.

The size of property contributions/non-monetary contributions to the authorized capital of a bank may not exceed 20% of the size of the authorized capital of this bank. At the same time, property contributions/non-monetary contributions shall mean property required to carry out banking activity and related to the own funds, excluding construction in progress facilities.

The attracted illegally earned monetary funds and/or incomes may not be used to set up and raise the authorized capital of a bank.

Contributions to the authorized capital of a bank may not be in the form of property whose alienation is restricted by the owner, legislation of the Republic of Belarus or agreement.

Monetary contributions to the authorized capital of a bank shall be made both in Belarusian rubles and in foreign exchange, except for cases stipulated by legislation of the Republic of Belarus, the entire authorized capital being stated in Belarusian rubles. Foreign exchange shall be converted into the official monetary unit of the Republic of Belarus at a rate of exchange set by the National Bank on the date of contribution to the authorized capital/the date of transmission of monetary funds for transferring to the temporary account in accordance with part two of Article 76 of this Code.

Budgetary and public off-budgetary funds as well as state property may only be used for establishing the authorized capital of a bank in the manner and in the cases stipulated by legislation of the Republic of Belarus.

Article 76. Procedures for Setting up Authorized Capital of a Bank

The authorized capital of a bank must be set up in full prior to state registration.

Monetary contributions to the authorized capital shall be transferred to a temporary account opened with the National Bank by the bank promoters or a bank in case its authorized capital has been raised, or to temporary accounts opened with other banks with the consent of the National Bank. Procedures for

transferring monetary funds to a temporary account at the National Bank or with the consent thereof with other bank and returning same in the event of a bank's denial of state registration and state registration of modifications and/or amendments to the constituent documents of a bank shall be established by the National Bank.

CHAPTER 9 STATE REGISTRATION OF BANKS

Article 77. General Provisions Relating to State Registration of Banks

Subject to this Code and other acts of legislation of the Republic of Belarus, the following shall be subject to state registration:

- newly established/reorganized banks; or
- modifications and/or amendments to the banks' constituent documents.

The National Bank shall be the government agency responsible for state registration of banks.

Incomes received as a result of conducting banking activity without state registration and recovered according to the established procedures shall be transferred to the republican budget.

Article 78. Registration Fee for State Registration

The registration fee for state registration of banks being established, of modifications and/or amendments to the constituent documents of banks shall be collected in the amount stipulated by the President of the Republic of Belarus and/or laws of the Republic of Belarus. The registration fee for state registration shall be transferred to the republican budget.

Article 79. Procedures for Submission of Documents Required for State Registration of Banks

Prior to submitting documents required for state registration of a bank, one of the promoters of the bank or his duly authorized representative shall be required to obtain the National Bank's consent concerning the name of the bank being established.

Documents required for state registration of a bank shall be accepted in the presence of its promoters (natural persons, representatives of legal persons). The bank's promoters shall be entitled to authorize one of the promoters to represent their interests in the National Bank. In doing so, natural persons shall produce their passports, whilst a natural person authorized by the promoters of

the bank and representatives of a legal persons shall, in addition to their passports, also produce documents evidencing their powers.

Article 80. Documents Required for State Registration of a Bank

For state registration of a bank, the following documents shall be filed with the National Bank:

- an application;
- the statute of the bank;
- an extract from the minutes of the meeting of the promoters/resolution of the property owner respecting approval of the bank statute and candidates for the posts of the head and chief accountant of the bank;
- documents evidencing completion of the establishment of the bank's authorized capital (a statement of the temporary account, decision of a commission of experts regarding the validity of the appraisal of property in cases where contribution to authorized capital is in a non-monetary form, as well as other documents in accordance with legislation of the Republic of Belarus);
- copies of the constituent documents and state registration certificates of the promoters-legal persons, auditors' reports on credibility of their financial statements containing information about the availability of own funds to be contributed to the bank's authorized capital, and a certificate issued by a tax authority confirming compliance of the promoters-legal persons with their obligations in respect of the budget and/or special-purpose state budgetary and/or off-budgetary funds;
- information on the promoters-natural persons: a copy of the work book certified at the most recent place of employment (for nonworkers – a certificate of an employment agency or a copy of the pension warrant certified by a social security authority at the permanent place of residence), a certificate issued by a body of the Ministry of Interior regarding non-availability of uncanceled or unexpunged previous convictions of said persons for crimes against property and/or procedures for conducting economic activity;
- a tax authority statement of sums subject to declaration under legislation of the Republic of Belarus;
- a document certifying the bank's right to be situated at its current location/location of a permanent executive body of the bank specified in the constituent documents;
- personal data forms for candidates for the posts of the head and chief accountant of the bank completed by them and containing information referred to in paragraph three of this Article;
- documents confirming that contributions to the authorized fund of the bank have been made in compliance with the list specified by the National

Bank;

- a business plan whose compilation procedure and assessment criteria are determined by the National Bank;

- documents confirming the availability of technical facilities for carrying out appropriate banking operations pursuant to the list specified by the National Bank;

- a payment document certifying that the bank has paid registration fees for state registration; and

- sample illustrations of the bank's seal in duplicate.

For state registration of a joint stock bank, the following additional documents shall be submitted to the National Bank:

- articles of incorporation attested by a notary public; and

- a list of the promoters indicating the size of their contributions; the quantity, categories, and face value of the stock subject to placement therewith; as well as the share of such stock in the total amount of the authorized capital of such bank.

The Curriculum Vitae forms of the candidates for the posts of the head and chief accountant of the bank must contain:

- in respect of the head of the bank – information about higher legal or economic education and at least three years of service as a head of a division or any other unit of a bank certified by a copy of the diploma and an abstract from the work book;

- in respect of the chief accountant - information about higher economic education and at least three years of service as a chief accountant of a bank certified by a copy of the diploma and an abstract from the work book; and

- information on the non-availability/availability of the uncanceled or unexpunged previous convictions of said persons confirmed by a certificate of the internal affairs agency incorporating, in addition, information on whether or not criminal proceedings have been instituted against them as persons reputed to have been involved in or accused of a crime.

The National Bank shall issue to the bank promoters who have submitted the documents listed in paragraphs one and two of this Article a written notification of receipt thereof.

Article 81. Making Decisions on State Registration of Banks

A decision on state registration of a bank or denial of such registration shall be made by the National Bank within two months from the date of filing the documents required for state registration.

Prior to making a decision on state registration of a bank, the National Bank shall have the right to request from government and other agencies according to the procedures stipulated by them additional information on the

promoters of the bank being registered, candidates nominated to the posts of the head and the chief accountant of the bank that might be needed to comply with legislation of the Republic of Belarus at the time of establishment of a bank.

Prior to making a decision on state registration of a bank, a special board of experts of the National Bank shall assess the appropriateness of the candidates for the posts of the head and chief accountant of a bank and their compliance with business reputation requirements.

Once a decision on state registration of a bank is made, the National Bank shall notify in writing, within five days, its promoters accordingly.

Based on its decision about state registration of a bank, the National Bank shall, within ten working days, issue the following:

- state registration certificate;
- authorization to produce seals; and
- documents that confirm registration with tax authorities, government statistics agencies, agencies of Social Protection Fund of the Ministry of Labor and Social Protection of the Republic of Belarus, as well as with organizations engaged in compulsory insurance.

At a time of state registration of a bank, in order to register it with tax authorities, government statistics agencies, agencies of Social Protection Fund of the Ministry of Labor and Social Protection of the Republic of Belarus, as well as with organizations engaged in compulsory insurance, the National Bank shall cooperate with these agencies and organizations in the manner prescribed by legislation of the Republic of Belarus.

Based on its decision about state registration of a bank, the National Bank shall, within ten days, file an appropriate information on the bank with the Ministry of Justice with a view to including it in the Uniform State Register of Legal Persons and Independent Entrepreneurs.

Article 82. Reasons for Denial of State Registration of a Bank

State registration of a bank shall not be allowed in the following cases:

- at the moment of state registration the authorized capital of a bank has not been set up in full;
- the judgment on the recovery of property has not been enforced with respect to one of its promoters;
- a natural person – promoter of a bank has uncanceled or unexpunged previous convictions for crimes against property and/or procedures for carrying out economic activities;
- promoter of a bank is in arrears of wages, payments to the budget and/or public purpose-oriented budgetary and/or off-budgetary funds or is a promoter/shareholder/property owner/head of a legal person/simple partnership (joint venture agreement)/economic group having such arrears;

- promoter of a bank is a promoter/shareholder/property owner/head of a legal person with respect to whom the decision on liquidation was taken, but the liquidation procedure has not been completed;

- a promoter of a bank is a non-government organization pursuing political aims;

- some documents referred to in paragraphs one and two of Article 80 of this Code are missing in the set of documents submitted for state registration of a bank;

- the documents submitted for state registration of a bank contain inadequate information, a business-plan does not comply with the criteria set by the National Bank;

- the facts confirming the use of illegally earned monetary funds and/or incomes for setting up a bank's authorized capital were revealed; and

- a bank Statute and other documents submitted for its state registration do not comply with legislation of the Republic of Belarus or the procedures for the establishment of a bank are violated.

A bank shall also be denied state registration in the event of incompliance of the candidates for the posts of the head and chief accountant of a bank with qualification and business reputation requirements, or a special board of experts of the National Bank revealed inadequate qualification of said persons.

Inappropriateness of the candidates for the posts of the head and chief accountant of a bank and their incompliance with qualification requirements means that a candidate:

- nominated as the head of the bank has no university degree in law or economics and has less than three years of practical experience in the management of a bank department or some other unit; or

- nominated as the chief accountant of the bank has no university degree in economics and has less than three years of practical experience in the office of the chief accountant of the bank;

Failure of the head and chief accountant of a bank/candidate for the post to meet business reputation requirements means that a candidate:

- has previous convictions which have not been cancelled or expunged;

- has been instituted against criminal proceedings as a person reputed to have been involved in or accused of a crime on the date of taking a decision of state registration of a bank;

- has committed within last year an administrative infringement in the field of finance, securities market, banking or entrepreneurial activity and/or against the procedures of taxation that has been ascertained by a legal resolution of a body duly authorized to examine matters of administrative infringements;

- had two employer-initiated terminations of labor agreement/contract during the previous two years by reason of culpable actions that resulted in loss of confidence thereto on the part of the employer; and

- fails to comply with other business reputation requirements set by the National Bank.

A bank may not be denied state registration on grounds that its establishment is not advisable.

Denial of state registration of a bank or failure of the National Bank to take a decision on its state registration within a specified period of time may be appealed to the economic court.

Article 83. Notification of Denial of State Registration

Should the National Bank deny state registration of a bank, it shall notify the bank promoters accordingly in writing within five days from the date of the relevant decision stating the reasons therefor.

Article 84. State Registration of Modifications and/or Amendments to Constituent Documents of a Bank

For state registration of modifications and/or amendments to the constituent documents of a bank, the bank shall, within thirty days of the relevant decision, submit the following documents to the National Bank:

- an application;
- an extract from the minutes of the bank promoters' general meeting/resolution of the property owner regarding modifications and/or amendments to the bank's constituent documents;
- modifications and/or amendments being made in the bank's constituent documents;
- the bank's constituent documents in an updated form in duplicate; and
- a payment document certifying that a registration fee has been charged for state registration of modifications and/or amendments to the bank's constituent documents.

For state registration of modifications to the bank's constituent documents, regarding its location/location of standing executive body of a bank or its name, the bank shall, except for documents referred to in paragraph one of this Article, additionally file with the National Bank the document certifying the right of a bank to be located at the address stipulated in the documents submitted for state registration of modifications to the bank's constituent documents, and the original copy of a certificate of state registration.

For state registration of changes in the size of the authorized capital, a bank shall, in addition to the documents listed in paragraph one of this Article, furnish to the National Bank:

- a tax authority statement of sums subject to declaration under legislation of the Republic of Belarus;

- documents certifying that the authorized capital of a bank has been raised (a statement of the temporary account, an opinion of the commission of experts regarding the validity of the appraisal of property in cases where contribution to the authorized capital is made in the non-monetary form, and/or other documents in accordance with legislation of the Republic of Belarus);

- a list of bank shareholders specifying changes in the number and categories of shares owned by shareholders and the size of equities of such shares in the total volume of the authorized capital of a bank, or, in the event of changes in the size of the authorized capital of a bank due to additional deposits - indicating the size of such deposits for banks established in the form of a joint-stock company; and

- for banks established in the form of a joint stock company - a copy of a document certifying the state registration of the previous issue of shares by the authorized republican agency of state administration, which carries out the state regulation of the securities market.

For state registration of modifications and/or amendments to the constituent documents of a bank due to changes in the composition of shareholders, the number and categories of shares owned by them, or to a change of ownership of a bank that do not cause the change in the size of the registered authorized capital, a bank shall, in addition to the documents referred to in paragraph one of this Article, file with the National Bank the documents referred to in clauses six-eight of paragraph one of Article 80 hereof with respect to the new shareholders and property owner, and, in the event of any changes in the composition of shareholders of a bank – also a new list of shareholders of a bank indicating the new number and categories of shares owned by them and size of equities of such shares in the total volume of the authorized capital.

In case of modifications and/or amendments to the constituent documents of a bank due to its reorganization and if such modifications and/or amendments do not incorporate provisions on succession of liabilities of the reorganized bank, a bank shall, in addition to the documents referred to in paragraph one of this Article, file the transfer act or a separation balance sheet with the National Bank.

Decisions on state registration of modifications and/or amendments to the constituent documents of a bank or on denial thereof shall be taken by the National Bank in the period of time not exceeding two months from the date of submitting the documents required for their state registration.

Based on the decision on state registration of modifications and/or amendments to the constituent documents of a bank, the National Bank shall, within five days, submit to the Ministry of Justice of the Republic of Belarus required information on the bank with a view to including the modifications

and/or amendments to the Uniform State Register of Legal Persons and Independent Entrepreneurs.

Information on changes of a bank's location/location of permanently functioning executive body of a bank or its name shall be published in the official print media of the republic.

State registration of modifications and/or amendments to the constituent documents of a bank may be denied in the following cases:

- inadequate information has been revealed in the documents submitted for state registration of modifications and/or amendments to the constituent documents of a bank;
- the submitted set of documents required for state registration of modifications and/or amendments to the constituent documents of a bank was not complete;
- the documents submitted for state registration of modifications and/or amendments to the constituent documents of a bank do not comply with legislation of the Republic of Belarus or the procedures for amending and/or modifying the constituent documents of a bank have been violated; and
- illegally received incomes have been used to raise the bank's authorized capital.

A bank may not be denied state registration of modifications and/or amendments to the constituent documents of the bank on grounds that they are not advisable.

If the National Bank denies state registration of modifications and/or amendments to the constituent documents of a bank, it shall notify the bank accordingly in writing within five days from the date of the decision indicating the reasons therefore.

Denial of state registration of modifications and/or amendments to the constituent documents of a bank or failure of the National Bank to take a decision on their state registration within a specified period of time may be appealed to the economic court.

CHAPTER 10

PROCEDURES FOR ESTABLISHING SEPARATE BANK UNITS

Article 85. Bank Branches

A branch of a bank is its separate unit located off the premises of the bank which carries out, on its behalf, all or part of banking operations provided for by a banking license.

A branch of a bank may not be a legal person and shall carry out its activity on the basis of regulations approved by its founding bank. Regulations

on a branch of a bank must comply with the provisions of legislation of the Republic of Belarus and the bank statute.

The list of branches of a bank shall be appended to the bank statute.

The property of a branch of a bank shall be formed by transferring a portion of the bank's property thereto.

The name of a branch of a bank shall carry an indication that it is a branch of its founding bank.

The branch manager shall be appointed by the head of the bank that has established that branch, unless otherwise provided for by the bank statute, and shall act on the basis of a power of attorney duly issued thereto.

Article 86. Procedures for Establishing and Discontinuing Bank Branches

The branches of a bank within the Republic of Belarus shall be deemed established from the date the National Bank gives its consent therefor.

To establish a branch a bank shall, within 30 days of taking corresponding decision, file with the National Bank the following documents:

- an application;
- an extract from the minutes of the bank shareholders' general meeting on approval of decision (decision of the bank's property owner) to establish a branch of the bank, unless otherwise provided for by the bank statute;
- regulations on the branch approved by the authorized body of the bank;
- personal data forms for candidates nominated to the posts of the head and chief accountant of the branch of a bank which must be filled out by them and contain information provided for in paragraph three of Article 80 herein for candidates nominated to the posts of the head and chief accountant of the bank; and
- the list of branches of a bank that are being established which shall be appended to the bank statute.

The National Bank must consider an application for the establishment of a branch of a bank within thirty days from the date of filing the documents referred to in paragraph two of this Article. The National Bank shall notify the bank of its decision in writing within three days.

Within 15 days of its consent to establish a branch of a bank, the National Bank shall communicate data on such establishment to tax authorities and governmental statistics authorities.

The bank shall notify the National Bank of any modifications and/or amendments to the regulations on a branch of the bank within 30 days.

The National Bank may deny the establishment of a branch of a bank in cases where:

- the bank has been incurring losses for three months preceding the date of filing the documents required for the establishment of its branch;

- the bank has been failing to comply with the secure functioning requirements for three months preceding the date of filing the documents required for the establishment of its branch;
- the regulations on a branch of the bank are at variance with the provisions of legislation of the Republic of Belarus and the bank statute;
- the procedures for its establishment are breached; and
- qualifications and/or business reputation of the candidates nominated to the posts of head and chief accountant of the branch of a bank are inadequate.

Operation of the branches of a bank whose establishment has not been properly authorized by the National Bank shall be prohibited.

A bank may not be denied authorization for the establishment of a branch on grounds that its establishment is not advisable.

Denial of authorization for the establishment of a branch of a bank or failure by the National Bank to take a decision within a specified period of time may be appealed to the economic court.

Should a bank decide to discontinue its branch, it must notify all customers and creditors of the branch to be discontinued accordingly and take measures aimed at meeting obligations to them as well as to submit to the National Bank a notification of the discontinuation of the branch indicating the decision of the bank's authorized body.

The National Bank shall set additional requirements with respect to the establishment and discontinuation of branches of a bank.

Article 87. Organizational Units of Banks and Their Branches

A bank and its branches may set up organizational units (such as banking centers, settlement and cash centers providing cash and/or settlement services to clients, exchange offices, etc.) which do not have own balance sheets. Branches of a bank may also establish their own banking offices as organizational units.

Organizational units set up by a bank or its branch shall be entitled to provide cash and/or settlement services to customers, as well as perform foreign exchange operations and other operations specified by the National Bank.

Banks shall inform the National Bank about the establishment of organizational units within five days.

Article 88. Bank's Representative Office

A representative office of a bank is its separate unit located off the premises of the bank that represents and protects its interests.

A bank may, after prior notification of the National Bank, establish its representative offices in the Republic of Belarus in the manner prescribed by the National Bank.

The list of branches of a bank shall be appended to the bank statute.

A representative office of a bank is not a legal person and shall carry out its activities on the basis of regulations approved by its founding bank.

A representative office of a bank may not engage in banking operations and other activities provided for by Article 14 herein except for protection and representation of the interests of its founding bank, including rendering of advisory and/or information services.

The name of a representative office of a bank shall carry an indication that it is a representative office of its founding bank.

Managers of representative offices shall be appointed by the head of the bank that has established such representative offices, unless otherwise provided for by the bank statute, and shall act on the basis of a power of attorney duly issued thereto.

CHAPTER 11

STATE REGISTRATION OF BANKS WITH FOREIGN CAPITAL. SUBSIDIARY BANKS AND REPRESENTATIVE OFFICES OF FOREIGN BANKS IN THE REPUBLIC OF BELARUS. SPECIFICS OF ESTABLISHING SUBSIDIARY BANKS, BRANCHES, AND REPRESENTATIVE OFFICES OF RESIDENT BANKS OF THE REPUBLIC OF BELARUS ABROAD. PARTICIPATION OF RESIDENT BANKS OF THE REPUBLIC OF BELARUS IN AUTHORIZED CAPITAL OF FOREIGN BANKS

Article 89. State Registration of Banks with Foreign Capital

State registration of a bank whose authorized capital incorporates, in whole or in part, foreign capital (hereinafter – “a bank with foreign capital”) shall be carried out as stipulated in Chapter 9 herein, having regard to the specifics provided for in this Article.

For state registration of a bank with foreign capital, in addition to the documents referred to in paragraphs one and two of Article 80 herein (exclusive of a tax authority statement of sums subject to declaration under legislation of the Republic of Belarus), the following shall be filed by a foreign legal person/organization:

- a resolution on the establishment or participation in the establishment of a bank with foreign capital in the Republic of Belarus or on the acquirement of shares in the previously established resident bank without foreign capital;

- a document certifying registration of a foreign legal person/organization - the validated extract from the Commercial Register of the country of its incorporation or any other similar document confirming the legal status of the organization in accordance with legislation of the country of its incorporation

(the extract shall be dated at least one year prior to the date of filing the documents);

- a balance sheet for the previous year supported by the auditors' report, unless otherwise prescribed by the National Bank; and

- a written permission issued by an authorized body of the country of its incorporation for such legal person to establish or participate in the establishment of a bank with foreign capital within the Republic of Belarus or to acquire shares of the previously established resident bank without foreign capital when such permission is required by legislation of the country of its incorporation.

For state registration of a bank with foreign capital in addition to the documents referred to in paragraphs one and two of Article 80 herein (exclusive of the tax authority statement of sums subject to declaration under legislation of the Republic of Belarus), the following shall be filed by a foreign natural person:

- a copy of his/her passport or other identification document; or
- a certificate of creditworthiness of the person issued by his/her servicing bank or declaration or any other document required by legislation of the country of his/her residence respecting the sources of funds to be contributed to the authorized capital of the bank or used to acquire the shares in the previously established resident bank without foreign capital.

All documents must be filed in either of the state languages of the Republic of Belarus or in the language of the original with a translation into one of the state languages of the Republic of Belarus (faithfulness of the translation of documents from one language into the other language and authenticity of the translator's signature shall be attested and certified by public notary) and/or validated in accordance with legislation of the country of incorporation/residence of a foreign investor.

A bank with foreign capital may be denied state registration:

- on the grounds prescribed by Article 82 hereof as the grounds for denial of state registration; or

- on the grounds that are similar to restrictions applied in the corresponding foreign countries for denial of state registration/registration of banks with capital of the citizens of the Republic of Belarus and/or legal persons of the Republic of Belarus.

Article 90. Additional Requirements to Establishment and Operation of Banks with Foreign Capital and Subsidiary Banks of Foreign Banks within the Republic of Belarus

The rate/quota of foreign capital participation in the banking system of the Republic of Belarus shall be established by the National Bank with the approval

of the President of the Republic of Belarus. Said quota shall be calculated as a ratio of the total capital belonging to non-residents in the authorized funds of banks with foreign capital and the authorized funds of subsidiary banks of foreign banks to the aggregate authorized fund of banks registered in the Republic of Belarus.

Once the specified rate/quota of foreign capital participation in the banking system of the Republic of Belarus is reached, the National Bank shall cease state registration of banks with foreign capital and subsidiary banks of foreign banks.

A bank with foreign capital shall be obliged to obtain, based on its application, prior authorization from the National Bank for:

- an increase in the authorized capital of the bank at the cost of non-residents; or
- alienation of shares in favor of non-residents.

A bank's application shall be considered by the National Bank within thirty days from the date of filing thereof. If the National Bank fails to provide notification of its decision within the prescribed period, authorization shall be deemed granted.

Transactions involving alienation by residents of shares in favor of non-residents that have been carried out without authorization of the National Bank shall be deemed invalid.

The National Bank shall be entitled to ban increases in the authorized fund of a bank with foreign capital at the cost of non-residents and/or alienation of shares in favor of non-residents if, as a result of such increases or alienation, the rate/quota of foreign capital participation in the banking system of the Republic of Belarus is exceeded.

The National Bank shall be entitled to impose restrictions on banking operations for banks with foreign capital and subsidiary banks of foreign banks if similar restrictions are applied to banks with the capital of citizens and/or legal persons of the Republic of Belarus in the respective foreign countries.

Article 91. Subsidiary Banks and Representative Offices of Foreign Banks

A foreign bank may establish subsidiary banks in the Republic of Belarus in accordance with this Code and open representative offices in the Republic of Belarus in the manner prescribed by the National Bank.

A representative office of a foreign bank may not be a legal person and shall carry out its activities on the basis of regulations approved by its founding bank.

A representative office of a foreign bank may not engage in banking operations and other activities provided for in Article 14 herein, except for

protection and representation of interests of its founding foreign bank, including rendering of advisory and/or information services.

Article 92. Specifics of Establishing Subsidiary Banks, Opening Branches and Representative Offices of Resident Banks of the Republic of Belarus Abroad. Participation of Resident Banks of the Republic of Belarus in the Authorized Capital of Foreign Banks

Resident banks of the Republic of Belarus may set up subsidiary banks and open branches outside the Republic of Belarus as well as participate in the authorized capital of foreign banks upon authorization of the National Bank.

Prior to opening representative offices abroad, resident banks of the Republic of Belarus shall notify the National Bank accordingly.

To obtain authorization for establishing subsidiary banks and opening branches of resident banks of the Republic of Belarus abroad as well as for participation of resident banks of the Republic of Belarus in the authorized capital of foreign banks, the following shall be filed with the National Bank:

- an application;
- a resolution of the authorized body of the bank on establishing a subsidiary bank or opening a branch of the resident bank of the Republic of Belarus abroad as well as on the participation of the resident bank of the Republic of Belarus in the authorized capital of a foreign bank;
- economic reasoning for establishing a subsidiary bank or opening a branch of the resident bank of the Republic of Belarus abroad as well as for participation of the resident bank of the Republic of Belarus in the authorized capital of a foreign bank;
- documents that determine legal status of a subsidiary bank or branch of the resident bank of the Republic of Belarus abroad or documents confirming legal status of the foreign bank, participation in the authorized capital of which requires authorization; and
- authorization from the authorized republican agency of state administration of the securities market for acquisition of foreign securities in cases provided for by legislation of the Republic of Belarus (when the resident bank acquires securities from the authorized capital of a foreign bank).

The decisions on granting authorization to a resident bank of the Republic of Belarus to establish a subsidiary bank or open a branch abroad as well as participate in the authorized capital of a foreign bank or on denial of such authorization must be made within thirty days from the date of filing the documents specified in paragraph three of this Article. The National Bank shall be obliged to notify the bank of its decisions in writing within five days.

The following shall constitute grounds for denial of authorization for a resident bank of the Republic of Belarus to establish a subsidiary bank or open

a branch abroad as well as to participate in the authorized capital of a foreign bank:

- bank's unprofitability during three months preceding the date of filing the documents required for obtaining authorization; or
- failure of the bank to comply with the secure functioning requirements during three months preceding the date of filing the documents required for obtaining authorization.

Authorization for a resident bank of the Republic of Belarus to participate in the authorized capital of a foreign bank may also be denied on the following grounds:

- non-compliance with the standards for participation of the bank in the authorized capital of legal persons; or
- lack of authorization from an authorized republican agency of state administration of the securities market to acquire foreign securities in cases provided for by legislation of the Republic of Belarus.

Denial of authorization for a resident bank of the Republic of Belarus to establish a subsidiary bank or open a branch abroad as well as to participate in the authorized capital of a foreign bank or failure by the National Bank to take a decision within the period of time prescribed by this Article may be appealed by the bank to the economic court.

CHAPTER 12 LICENSING OF BANKING ACTIVITIES

Article 93. General Provisions Relating to Licensing of Banking Activities

Banking licenses shall be issued by the National Bank as stipulated in this Code and regulatory acts of the National Bank approved in compliance therewith.

A bank shall acquire the right to engage in banking activities from the date of obtaining a banking license.

Any license issued by the National Bank shall be recorded in the register of banking licenses. In the event of revocation of a banking license, including a license for individual banking operations and suspension, or revalidation of a license, a proper entry shall be made in said register.

The register of banking licenses shall be published by the National Bank in the official publication of the National Bank at least once a year. Any modifications and amendments to the above register shall be published by the National Bank within thirty days from their entry in the register.

Any banking license shall specify the list of banking operations in which the bank may engage.

For issuing a banking license a licensing fee shall be charged at a rate set by the President of the Republic of Belarus and/or laws of the Republic of Belarus. Such fees shall be transferred to the republican budget.

Article 94. Acquisition of a Banking License

The National Bank shall, unless otherwise prescribed by this Article, issue a banking license incorporating the list of banking operations in which the bank is authorized to engage along with a certificate of state registration of a bank.

A bank shall be granted the right to attract deposits from natural persons other than independent entrepreneurs, open and operate bank accounts for such natural persons, open and operate bank accounts in precious metals, buy/sell precious metals and/or precious stones, and deposit precious metals and/or precious stones at least two years after its state registration provided for that it has sound financial standing in the two previous years and available regulatory capital in the size prescribed by the National Bank. The National Bank shall set criteria for evaluating sustainable financial standing.

For the purposes of this chapter, the attraction of deposits from natural persons means attraction of monetary funds in Belarusian rubles or foreign currency that are deposited by natural persons with a bank for a term or at call or until occurrence/non-occurrence of the condition/event specified in the concluded agreement for the purpose of safekeeping and earning income regardless of the type of such agreement and banking account in which they are placed.

Article 95. Acquisition of Banking Licenses and Modifications and Amendments Thereto

A banking license shall be issued to a bank with an indication of the list of banking operations which the bank is entitled to perform on the basis of documents filed for state registration of the bank.

The list of banking operations stipulated in the banking license which has been issued to a bank shall be modified and/or amended:

- on application of a bank, including compliance with the terms and conditions prescribed by paragraph two of Article 94 and paragraph five of Article 97 hereof; and

- at the will of the National Bank if legislation of the Republic of Belarus has been modified as well as in the cases prescribed by Articles 99 and 134 hereof.

Documents filed by a bank with a view to modifying and/or amending the list of banking operations stipulated in the banking license that has been issued to it, as well as procedures for their submission and consideration shall be established by the National Bank.

On the basis of a decision on modifying and/or amending the list of banking operations stipulated in the banking license, the National Bank shall issue a license to a bank on a new blank form indicating an updated list of banking operations which the bank is entitled to perform. In this case, the bank shall be obliged to return to the National Bank the earlier banking license/its duplicate as well as its copies.

Article 96. Grounds for Denial of Banking Licenses or Modifying and/or Amending Them

The National Bank may deny the banking license on grounds provided for denial of bank state registration by Article 82 and clause three of paragraph five of Article 89 herein.

Grounds for denial of modifications and/or amendments to the list of banking operations stipulated in the banking license shall be determined by the National Bank.

Article 97. Grounds for Suspension, Revalidation or Revocation of Banking Licenses

The National Bank shall have the right to suspend the banking license in respect of certain banking operations for the time period required for remedying the violations revealed in the bank's activities but not exceeding one year, if:

- the National Bank's order is not observed;
- the secure functioning requirements prescribed in accordance with this Code are not complied with;
- insufficient or unreliable financial and economic information has been submitted or submission of information violates procedures prescribed by the National Bank;
- the requirements prescribed by the National Bank with respect to the reporting procedures and deadlines are not observed;
- the financial standing of the bank is unsound that may cause noncompliance with its obligations to depositors and other creditors;
- the information on the basis of which the list of banking operations stipulated in the banking license has been modified and/or amended proves to be invalid; and
- other requirements of banking legislation are violated.

The National Bank shall revalidate the banking license suspended in respect of certain banking operations in case a bank submits a corresponding petition which incorporates the information on remedying violations revealed in its activities. The National Bank shall be entitled to examine, if necessary, the

credibility of the information on remedying violations which was submitted by a bank.

If the bank fails to remedy the violations revealed in its activities by the deadline fixed by the National Bank, the National Bank shall be entitled to suspend the banking license for a new time period or to revoke it, including in respect of certain banking operations.

The National Bank shall be entitled to revoke a banking license, including in respect of certain banking operations, if:

- information underlying the issue of a banking license or modification and/or amendment of the list of banking operations stipulated therein, proves to be invalid;
- banking operations covered by the banking license in question have not been carried out during one year from the date of issue;
- reported data prove to be invalid which brings about violation of interests of the bank's depositors and other creditors;
- requirements prescribed by the National Bank with respect to the reporting procedures and deadlines have not been observed (more than twice) within one year;
- banking operations other than those covered by the banking license in question have been carried out, whether on one or more occasions;
- enforcement documents with respect to monetary funds recovery from the customers' accounts have not been executed (more than twice) within one year through fault of the bank, provided that the funds have been available in their accounts;
- other banking law provisions are not observed, if sanctions provided for by this Code were applied to the bank more than once within one year;
- financial standing of the bank is unsound, that caused noncompliance with its obligations to depositors and other creditors;
- there are grounds for adjudging the bank a bankrupt in compliance with legislative acts of the Republic of Belarus;
- a bank is reorganized by merger, linking up (by an affiliated bank), or break-up or transformation into a non-bank financial institution/amending the bank's statute accordingly; or
- a decision on liquidation of the bank has been taken.

If violations that caused revocation of the banking license in respect of certain banking operations are remedied, the bank shall be entitled to request the National Bank to modify and/or amend the list of banking operations specified in the banking license in question. The National Bank shall, if necessary, be entitled to examine the reliability of the bank's information on remedying the violations.

Article 98. Suspension and Revalidation of Banking Licenses

The National Bank's decisions with respect to suspension and revalidation of the banking license with regard to certain banking operations shall come into effect from the date of notification of a bank on their approval.

Information on suspension or revalidation of a banking license in respect of certain banking operations shall be published by the National Bank in the official print media of the republic within seven days from the date of the appropriate decision.

In case of suspension of a banking license in respect of certain banking operations the parties' obligations related to the performance of these operations shall cease upon fulfillment of their obligations under corresponding agreement. In this case, the bank may not enter into the new agreements and revalidate for a new time period previous agreements whose fulfillment is related to the performance of a banking operation in respect of which the banking license was suspended.

Article 99. Revocation of Banking Licenses and Its Consequences

The National Bank's decision to revoke a banking license, including in respect of certain banking operations, shall come into effect upon notifying a bank of its approval.

On the basis of a decision to revoke a banking license in respect of certain banking operations the National Bank shall modify the list of banking operations stipulated in the license issued to the bank.

Information on revocation of a banking license, including in respect of certain banking operations, shall be published by the National Bank in the official print media of the republic within seven days from the date of the appropriate decision.

In case of revocation of a banking license in respect of certain banking operations the obligations related to the performance of these obligations shall be a subject to cessation due to the impossibility of their performance. At that, a bank shall indemnify the depositors and other creditors for all losses incurred as a result of cessation of their obligations related to the execution of separate banking operations in respect of which the license was ceased.

In case of revocation of a banking license in respect of performing, in the aggregate, banking operations stipulated in paragraph one of Article 8 hereof, when the license for other banking operations remains valid, a transformation of a bank into a non-bank financial institution/modification of the bank's statute accordingly shall not be subject to restriction.

In case of revocation of a banking license and provided that a bank has met its obligations to depositors and other creditors in full a bank shall be a subject to liquidation.

Once a license for banking operations is revoked:

- liabilities of the bank shall be deemed matured;
- liabilities of the bank in foreign exchange shall be accounted for in Belarusian rubles at the official rate of the National Bank in effect on the date of revocation of the banking license;
- the bank shall not be liable for violation of its obligations due to impossibility of their performance caused by the revocation of a banking license; interest and forfeit/penalties and fines charging shall be terminated as well;
- execution of enforcement documents with respect to property recovery shall be suspended, except for the execution of enforcement documents served on the basis of judgements as to wage arrears recovery, payment of author's royalties and alimony, and compensation for injury to life or health that become effective prior to the revocation of the banking license; and
- the bank may not conclude any new contracts and revalidate for a new time period previously concluded contracts, meet any obligations pertaining to them, including operations involving the bank's correspondent account (excluding operations relating to the current and operating payments of the bank, as well as payment of dismissal wages and remuneration for work under a labor contract within the expense budget approved by the National Bank) as well as repay monetary funds that were credited to the bank's correspondent account by mistake prior to the establishment of a liquidation committee/appointment of a liquidator or appointment of a receiver/turnaround manager by economic court decision.

Article 100. Appealing Against Licensing Decisions by the National Bank with Respect to Banking Activity

The National Bank's decisions to deny a banking license, modify and/or amend the list of banking operations stipulated therein, or suspend the license or revoke it, including in respect of certain banking operations, may be appealed by the bank with the economic court.

CHAPTER 13 BANK REORGANIZATION AND LIQUIDATION

Article 101. Bank Reorganization

A bank may be reorganized by way of break-up or spin-off, provided that the authorized fund of the bank(s) emerging as a result of reorganization

remains not lower than the minimum authorized capital prescribed by the National Bank.

A bank may merge only with a bank(s). Once banks decide to merge, authorization from the National Bank must be sought for such merger. Procedures for obtaining authorization shall be established by the National Bank.

A bank may be reorganized by way of linking up with another bank only. Only a bank or a non-bank financial institution may be linked up with a bank.

Reorganization of a bank shall be carried out with notification of the creditors of the bank being reorganized. Any creditor of the bank being reorganized may require termination or early execution of obligation subject to which the bank becomes a debtor and may claim damages.

In case of a merger the banks being reorganized shall be obliged to return the banking licenses that had been granted to them/their duplicates and copies of such licenses to the National Bank. At that, the newly established bank shall be authorized to file a petition with the National Bank requesting the issuance of a banking license stipulating therein the list of banking operations, in which the reorganized banks had the right to be engaged in.

In case of linking up the bank which has been reorganized by linking up to the other bank shall be obliged to return the banking license that had been granted to it/its duplicate and copies of that license to the National Bank. The bank which had been reorganized by affiliation with the other bank shall be entitled to file a petition with the National Bank requesting modification and/or amendment of the list of banking operations stipulated in the banking license that had been granted to it to include those banking operations in which the affiliated bank was entitled to engage in.

In case of spin-off the bank which is being established by way of spin-off must file a petition with the National Bank requesting a banking license.

In case of break-up the bank which has been reorganized shall be obliged to return the banking license which had been granted to it/its duplicate and copies of the license in question to the National Bank. The banks that are being established by way of break-up must file petitions requesting the banking licenses.

In case of reorganization of a bank, the rights and obligations of the bank shall pass to a newly established bank(s) or other legal persons in the manner prescribed by civil legislation.

Article 102. Bank Liquidation

Operation of a bank may be terminated by liquidation thereof in accordance with legislation of the Republic of Belarus and having regard to the provisions of this Code.

A bank may be liquidated by decision of its shareholders/property owner or the bank's body authorized by its statute, the economic court, or the National Bank in cases provided for by legislative acts of the Republic of Belarus. A decision on bank liquidation may be taken by its shareholders/property owner or the bank's body authorized by its statute only after the bank has met all existing obligations to its depositors and other creditors.

Liquidation of a bank at the will of its shareholders/property owner or the bank's body authorized by its statute shall be carried out with a written consent of the National Bank. Procedures for obtaining such consent shall be established by the National Bank.

If the National Bank refuses to grant its consent for liquidation of a bank, it shall provide grounds therefor and submit to the shareholders/property owner or the bank's body authorized by its Statute a plan of action to eliminate the causes underlying the decision to liquidate the bank.

The shareholders /property owner of a bank or the bank's body authorized by its Statute that have decided to liquidate the bank shall set up a liquidation committee/appoint a liquidator within ten days from the date of receipt of the National Bank's consent, appoint its chairman, and establish procedures and deadlines for liquidation of the bank in accordance with legislation of the Republic of Belarus.

The National Bank shall, within five days, submit to the Ministry of Justice of the Republic of Belarus information to the effect that the bank is in the process of liquidation to make an entry in the Uniform State Register of Legal Persons and Independent Entrepreneurs.

The liquidation committee/liquidator shall assess financial standing of the bank within thirty days of the decision on liquidation of the bank and shall, if the bank's assets are insufficient to meet the claims of the creditors and/or to pay debts to the budget and/or to the public purpose-oriented budgetary and off-budgetary funds, file with the economic court a petition for a court order making the bank bankrupt. The economic court shall undertake bankruptcy procedures in the manner stipulated by legislation of the Republic of Belarus.

A bank with foreign capital shall be liquidated by decision of its shareholders/property owner or the bank's body authorized by its statute in the manner stipulated by legislation of the Republic of Belarus or through legal proceedings.

The bank shall be deemed liquidated from the date of an appropriate entry in the Uniform State Register of Legal Persons and Independent Entrepreneurs.

Within thirty days from the date of an appropriate entry in the Uniform State Register of Legal Persons and Independent Entrepreneurs, a notification of exclusion of a bank from said Register shall be published by the National Bank in the official print media of the republic and its official publication.

Article 103. Termination of Operation and Liabilities of Banks at Liquidation

A bank shall be required to terminate its operation from the date of decision on its liquidation and to retire as a shareholder of other legal persons/to take a decision on liquidation of a legal person whose property it owns within two month.

Persons who have signed a bank account contract with a bank to be liquidated must unilaterally terminate the contract within thirty days from the date of publication of information on liquidation of the bank in the official print media of the republic.

Article 104. Priority of Depositors' and Other Creditors' Claims in Case of Bank Liquidation

If a bank is liquidated on grounds other than bankruptcy, claims of its depositors and other creditors shall be satisfied in the following order of priority:

- first, deposits of natural persons and interest thereon shall be repaid and claims of persons whose life and health have been injured shall be satisfied;
- second, any arrears of alimony, collections of expenses that had been paid by the state to support children that are socially secured by the state, as well as salaries and dismissal wages payable to the bank's employees, shall be paid;
- third, any debt to the budget as well as to public purpose-oriented budgetary and off-budgetary funds shall be paid;
- fourth, claims of creditors relating to liabilities secured by the property of the bank being liquidated shall be satisfied;
- fifth, deposits of independent entrepreneurs and legal persons and interest thereon shall be repaid;
- sixth, claims of the National Bank relating to credits extended to the bank for purposes of refinancing shall be satisfied; and
- seventh, claims of other creditors in accordance with legislation of the Republic of Belarus shall be satisfied.

Claims of depositors and other creditors in each subsequent category shall be satisfied only after claims of depositors and other creditors of the preceding category have been satisfied in full.

CHAPTER 14
GENERAL PROVISIONS RELATING
TO NON-BANK FINANCIAL INSTITUTIONS

Article 105. Organizational and Legal Form of Non-bank Financial Institution

A non-bank financial institution shall be established as a business company and shall carry out its activity in the manner stipulated by legislation of the Republic of Belarus, having regard to the specifics provided for by this Code.

Article 106. Name of Non-bank Financial Institution

The name of a non-bank financial institution must indicate the nature of activity thereof through the use of the words "non-bank financial institution" and description of its organizational and legal form.

Legal persons that have been duly registered within the Republic of Belarus may not include in their name the words "non-bank financial institution" or otherwise designate their right to carry out banking activities, except those persons that have been licensed to engage in banking activities.

Article 107. State Registration and Licensing of Non-bank Financial Institutions

Non-bank financial institutions shall be registered by the National Bank in the manner stipulated for banks in Chapter 9 of this Code, having regard to the specifics provided for in this Article. Once licensed by the National Bank, non-bank financial institutions may carry out specific banking operations provided by this Code.

The list of documents to be presented by a non-bank financial institution for registration or obtaining a banking license shall be prescribed by the National Bank depending on the organizational and legal form of the non-bank financial institution and its future activity.

The decisions on state registration or denial of such registration of a non-bank financial institution shall be made by the National Bank within two months from the date of filing the documents required for state registration. A non-bank financial institution may be denied state registration in case of failure to submit the documents required for state registration that are prescribed by the National Bank.

Concurrently with a decision on state registration of a non-bank financial institution the National Bank shall make a decision on the list of banking

operations that may be carried out by the institution in question and on issuance of a banking license thereto.

Based on its decision on state registration of a non-bank financial institution, the National Bank shall, within ten days, file with the Ministry of Justice of the Republic of Belarus the necessary information thereon to be entered in the Uniform State Register of Legal Persons and Independent Entrepreneurs.

A registered non-bank financial institution shall be issued a certificate of state registration and a banking license.

Documents to be filed by a non-bank financial institution with a view to modifying and/or amending the list of banking operations stipulated in the banking license that has been granted to it, as well as procedures for their submission and consideration shall be prescribed by the National Bank.

On the basis of a decision on modifying and/or amending the list of banking operations stipulated in the banking license, the National Bank shall issue a license to a non-bank financial institution on a new blank form indicating an updated list of banking operations which this institution is entitled to perform.

Licenses for banking operations issued to non-bank financial institutions shall be revoked, suspended or revalidated on grounds and in the manner provided for in Articles 97-99 herein.

Article 108. Reorganization and Liquidation of Non-bank Financial Institutions

Non-bank financial institutions shall be reorganized and liquidated in the manner prescribed by legislation of the Republic of Belarus for legal persons of the relevant organizational and legal form, having regard to the specifics provided for in Chapter 13 herein for banks.

In case of reorganization of a non-bank financial institution by transformation into some other profit-making organization, the latter may not be transformed into a non-bank financial institution within three years from the date of revocation of a banking license.

A non-bank financial institution may be transformed into a bank (modifying a non-bank financial institution's statute accordingly) subject to the provisions of Chapter 9 hereof pertaining to state registration of banks.

**SECTION IV
PROVISION OF BANKING STABILITY.
LIABILITY OF SUBJECTS OF AND PARTIES TO
BANKING RELATIONSHIP**

**CHAPTER 15
PROVISION OF BANKING STABILITY.
PROTECTION OF RIGHTS AND INTERESTS OF BANK'S
DEPOSITORS AND OTHER CREDITORS**

Article 109. Ensuring Financial Soundness of Banks

To ensure financial soundness, a bank must timely identify, control, and minimize the risks that threaten its financial soundness. In order to compensate for financial losses that might result from its operation, the bank shall be required to create reserves/funds whose size and utilization procedures shall be established by the National Bank. The bank must continually categorize assets as to their reliability and set up special reserves for covering potential losses on assets and operations that are not reflected in the balance sheet, including reserves for assets devaluation charging the amounts of created reserves to pretax expenses in the manner prescribed by the National Bank, unless otherwise prescribed by legislative acts of the Republic of Belarus.

The bank must observe secure functioning requirements, bans, and restrictions prescribed in compliance with this Code which ensure its safe and sound operation. The bank must introduce internal control ensuring an adequate level of soundness in accordance with the nature and volume of banking operations being performed. The head company of a banking group and/or banking holding company must introduce the system of internal risk control on the consolidated basis.

Article 110. Required Reserves Fund Held with the National Bank

Banks must deposit a portion of attracted monetary funds in the required reserves fund held with the National Bank.

The required reserves fund shall be used for regulating currency circulation in compliance with the objectives and tasks of monetary policy of the Republic of Belarus and for insuring liquidity and creditworthiness of the bank.

The National Bank shall be entitled to transfer, in virtue of resolution of the Chairman of the Board of the National Bank, outstanding amounts to the required reserves fund by indisputably debiting the bank's correspondent account.

Article 111. Secure Functioning Requirements Prescribed for Banks

To maintain stability and soundness of the banking system of the Republic of Belarus, the National Bank shall prescribe the following secure functioning requirements for banks:

- the minimum size of the authorized capital for a newly established/reorganized bank;
- the limit for the property contributions/non-monetary contributions to the bank's authorized capital (may not exceed 20 per cent of its size);
- the minimum size of regulatory capital for a functioning bank;
- the bank's liquidity standards;
- the regulatory capital adequacy standards;
- the credit risks restriction standards;
- the foreign exchange risk restriction standards;
- the standards of a bank's participation in the authorized capital of other profit-making organizations;
- other standards required to limit the risks of banking activities and protection of depositors' and other creditors' interests.

The National Bank shall determine methods of calculating regulatory capital, assets and liabilities, and amount of risk for each secure functioning requirement, having regard to the international standards and consultations with banks, banking unions and associations.

The National Bank shall be entitled, in virtue of the motivated judgement of the bank's activities, to change certain secure functioning requirements with respect to the bank in question.

The National Bank shall notify the banks of the forthcoming changes in the secure functioning requirements and methods of calculation thereof at least one month prior to their implementation.

With a view to determining the size and adequacy of a bank's authorized capital, the National Bank shall have the right to assess its assets and liabilities on the basis of methods that are being prescribed by it. A bank must show in its reports the size of the regulatory capital, assets and liabilities determined by the National Bank in accordance with this Article.

Secure functioning requirements for non-bank financial institutions shall be established by the National Bank subject to the list of banking operations that may be performed by them.

Article 112. Size of Authorized Capital and Regulatory Capital of Banks

The size of the authorized capital of a newly established/(reorganized bank may not be lower than the minimum size of a newly established/reorganized bank's authorized capital prescribed by the National Bank.

The size of the regulatory capital of a bank shall be determined as a sum of the authorized fund, other funds, and retained profit less underestablished reserves/funds prescribed by paragraph one of Article 109 hereof, with an increase/decrease in a number of other components of regulatory capital of the bank whose list and calculation procedures shall be determined by the National Bank. Components of regulatory capital of the bank shall be determined on the basis of their capacity to cover the bank's loss.

Article 113. Bank Liquidity Standards

Standards of bank liquidity shall be established as a ratio of assets to liabilities, having regard to the terms, amounts, types of assets and liabilities, and other factors determined by the National Bank.

Article 114. Bank Regulatory Capital Adequacy Standards

Standards of a bank's regulatory capital adequacy shall be established as a maximum ratio of the size of (part of) a bank's regulatory capital and risks assumed by it.

Article 115. Standards of Credit Risks Restriction

Standards of credit risks restriction shall be established as a percentage to regulatory capital of a bank.

The standards of the maximum amount of risk per debtor, insider/or a group of interrelated debtors, as well as the standards of the total amount of major credit risks and total amount of credit risks per insiders and interrelated persons shall be established in order to limit bank credit risks.

In calculating the amount of credit risk per debtor, the amount of credits and other monetary liabilities of this debtor to the bank, as well as the bank's off-balance sheet liabilities to this debtor to be discharged in a monetary form shall be taken into account.

A major credit risk per debtor is the risk exceeding the percentage ratio to regulatory capital stipulated by the National Bank.

The National Bank shall establish differentiated standards of limiting credit risks of debtors that are insiders of a bank and persons that are interrelated with them.

Interrelated debtors mean natural and legal persons that are debtors of a bank related economically and/or legally (having property under the right of common property, mutual guarantees and/or obligations, and holding by one debtor of executive positions by two or more other debtors and also relating to each other as a legal person and a person which is entitled to give instructions

binding upon that legal person or is in position to influence its activities in the other ways, as well as being a parent business company or a partnership company and subsidiary, dependent business company, unitary enterprise and owner of its property) in such a way that financial difficulties facing one debtor entail emergence of financial difficulties in respect of other debtor(s) or make such difficulties likely.

Insiders mean natural and legal persons – property owner or shareholders of a bank holding more than five per cent of shares, members of the governing bodies of the bank, members of the credit board/committee, heads of separate and organizational units of the bank, as well as the persons that may influence the decision on loan extension by virtue of their relation with a bank, or property owner, or shareholder, or the members of the governing bodies of the bank.

Also belonging to insiders are natural persons in immediate or affinal relationship with natural persons stipulated in paragraph seven of this Article. Natural persons that are insiders of a bank according to paragraph seven of this Article belong to insiders within one year after interruption of their relations with a bank.

With a view to determining major credit risks and revealing interrelated debtors and insiders, the National Bank shall be entitled to assess the relationship between the bank's debtors, as well as between the bank's debtors and the bank, its property owner, shareholders and members of its governing bodies, on the basis of methods determined by itself. A bank shall be obliged to reflect in its reports major credit risks of the bank, assess them on the basis of the National Bank's methodology pursuant to this Article.

The National Bank shall keep record of major credit risks of banks and non-bank financial institutions.

Article 116. Standards of Foreign Exchange Risk Restriction

The National Bank shall establish the standards of a bank's open foreign exchange position with respect to foreign exchange risk as a percentage to regulatory capital.

Article 117. Standards of Bank's Participation in Authorized Capital of Other Profit-making Organizations

The National Bank shall establish the standards for a bank's participation in the authorized capital of one profit-making organization and authorized capital of profit-making organizations in the aggregate as a maximum percentage ratio to the bank's regulatory capital.

Article 118. Secure Functioning Requirements Established to Supervise Banking Activity on the Consolidated Basis

The following secure functioning requirements may be established by the National Bank for banking groups: liquidity standard, regulatory capital adequacy standard, credit risks restriction standard and foreign exchange risk restriction standard. In this case, the head company of the banking group shall be responsible for meeting the above-mentioned standards.

Insiders of a banking group mean insiders of all banks recognized as part of this banking group.

With respect to banking holding companies the secure functioning requirements stipulated in paragraph one of this Article may be prescribed by the National Bank provided that the head organizations of such holding companies are banks or non-bank financial institutions. The head company of such holding company shall be responsible for meeting secure functioning requirements prescribed by the National Bank.

For banks recognized as part of the banking group and/or banking holding company the secure functioning requirements shall be prescribed by the National Bank with account of risks related to the significant impact of other legal persons on the decisions that are being taken by the governing bodies of such banks, as well as to the possible significant impact of such banks on the decisions that are being taken by the governing bodies of other legal persons.

Article 119. Reports Submitted to the National Bank

Banks shall submit reports on their activity to the National Bank in the manner prescribed by the National Bank.

Banks shall publish reports on their activities as well as their annual reports after having them verified by audit company/auditor which is an independent entrepreneur in the official print media of the republic in the manner prescribed by the National Bank.

With a view to supervising the banking activity on the consolidated basis the head company of the banking group and/or banking holding company shall submit to the National Bank consolidated reports on the activities of the banking group and/or banking holding company, respectively, in the manner prescribed by it.

Requirements to the consolidated reports on the activities of the banking group or the banking holding company (the form and contents) as well as the manner of its compilation shall be prescribed by the National Bank.

The head company of the banking group and/or banking holding company shall, in the manner prescribed by the National Bank, publish in the official print media of the republic consolidated reports on the activities of the banking

group and/or the banking holding company, as well as the annual consolidated reports after having them verified by audit company/auditor which is an independent entrepreneur.

Article 120. Guaranteeing Repayment of Funds Attracted by Banks from Natural Persons

The state shall stimulate and protect the citizens' savings and guarantee repayment of deposits.

To assure repayment of funds attracted by banks from natural persons and compensate for loss of income on deposited funds, various forms guaranteeing repayment of such funds may be developed in compliance with legislation of the Republic of Belarus.

Article 121. Bank Secrecy

Information on accounts and deposits, including information on availability of an account with a bank/non-bank financial institution, account holder, account number, and other details of the account, amounts of balances of accounts and deposits, as well as information on particular transactions, transactions without opening an account, accounts and deposits transactions, and property stored at the bank shall constitute bank secrecy and may not be disclosed.

The National Bank and other banks shall guarantee non-disclosure of bank secrecy of their customers and correspondent banks. Employees of the National Bank and other banks shall be required to preserve bank secrecy, unless otherwise prescribed hereby and by other legislative acts of the Republic of Belarus.

A bank shall be entitled to disclose information which constitutes bank secrecy of legal persons and independent entrepreneurs to said persons, their representatives provided that the latter have proper authority, and audit organizations (auditors that are independent entrepreneurs) auditing them, as well as in cases provided for by legislation of the Republic of Belarus:

- to courts - with respect to criminal and civil cases under their consideration, cases assigned to jurisdiction of economic court, and cases regarding administrative infractions, as well as with respect to executive documents;

- to public prosecutors or their deputies as well as to inquiry and preliminary investigation agencies, with the authorization of a public prosecutor or his deputy, with respect to case materials and criminal cases under their consideration;

- to organs of the State Control Committee of the Republic of Belarus;

- to the national security agencies of the Republic of Belarus;
- to tax and customs bodies;
- to public notaries for notarial actions, and
- to the National Bank.

Banks must furnish to the Ministry of Finance of the Republic of Belarus and local financial authorities the information on the accounts of republican agencies of state administration, other legal persons and independent entrepreneurs that make use of budgetary resources and/or resources from public off-budgetary funds or receive/have received resources under foreign public loans and/or other resources versus guarantees of the Government of the Republic of Belarus, and guarantees/sureties of local executive and administrative bodies.

A bank shall be entitled to disclose information which constitutes bank secrecy of natural persons, exclusive of independent entrepreneurs, to said persons, their representatives provided that the latter have proper authority, as well as in cases provided for by legislation of the Republic of Belarus:

to courts – with respect to criminal cases under their consideration in connection with which, in accordance with legislation, property could be seized and/or other recourse in respect of property could be taken; with respect to civil suits considered in the course of criminal procedure; and with respect to legal proceedings on administrative violations;

- to courts – with respect to civil cases under their consideration and cases regarded as being subject to trial by economic courts, as well as with respect to writs of execution;

- to public prosecutors or their deputies as well as to inquiry and preliminary investigation agencies, with the authorization of a public prosecutor or his deputy, with respect to case materials and criminal cases under their consideration;

- to the Financial Monitoring Directorate of the State Control Committee of the Republic of Belarus;

- to public notaries for notarial actions, and
- to the National Bank.

In case of death of an account holder or depositor, information on balances of his accounts and/or deposits and/or property stored at the bank shall be furnished by the bank to persons designated by the account and/or deposit holder or to depositor in a testamentary disposition, to public notaries - with respect to probation cases under their consideration, and to foreign consular offices - with respect to accounts of foreign citizens.

A bank shall be entitled to disclose information which constitutes bank secrecy of natural or legal persons to persons that are not stipulated in this Article in other cases provided for by legislation of the Republic of Belarus.

Information which constitutes bank secrecy shall be submitted by a bank on the basis of a written request of the authorized official of a government agency.

Persons that acquired in accordance with this Article the information constituting bank secrecy may not disclose this information without authorization of the account and/or deposit holder, or a depositor unless otherwise provided for by legislation of the Republic of Belarus, and shall be held amenable for disclosure of such information in the manner prescribed by legislation of the Republic of Belarus.

Article 122. Restrictions on Bank Activity and Participation in Authorized Capital of Other Legal Persons

Banks shall not be authorized:

- to grant credits to the Government of the Republic of Belarus; or
- to provide favorable terms and conditions to insiders and their employees.

For the purposes of this Article, provision of favorable terms and conditions means:

- entering with/in the interest of persons stipulated in clause three of paragraph one of this Article, into such a transaction, which, in its nature, objectives, specifics and risk, a bank shall never conclude with other customers;
- entering with/in the interest of persons, stipulated in clause three of paragraph one of this Article, into a transaction on the terms and conditions, that shall be never applied by a bank to other customers; and
- charging persons, stipulated in clause three of paragraph one of this Article, with a lower fee and/or payment for carrying out a banking transaction than a fee and/or payment for carrying out this banking transaction collected from the other customers of a bank.

Transactions on favorable terms entered into with the persons stipulated in clause three of paragraph one of this Article shall be negligible.

Officers and specialists of banks may not participate personally or through authorized representatives in the management of profit-making institutions, unless otherwise provided for by legislation of the Republic of Belarus, as well as engage personally or through authorized representatives in entrepreneurial activities and other payable activities/perform other payable work, except for teaching, research and creative activities, subject to legislative acts of the Republic of Belarus.

Except as otherwise provided for in this Code, banks may not be committed to management by other banks and persons.

Banks may not reduce the size of their authorized fund without prior written consent of the National Bank.

A bank may participate in the authorized capital of other bank with written consent of the National Bank only.

The share of a bank's participation in the authorized capital of a legal person other than bank may exceed the amount prescribed by the National Bank only with the consent of the latter.

The National Bank shall give its consent to the bank's participation in the authorized capital of the other bank and permission to the bank's participation in the authorized capital of a legal person other than bank based on the results of the analysis of the financial condition of the bank in question, ability to manage the shares being acquired by it and making an impact on its activities and risks of the persons in whose authorized capital the bank is participating.

The promoters of a bank may not resign as the shareholders of the bank (a bank property owner may not take a decision on its liquidation) within the first three years from the date of registration thereof.

Article 123. Requirements to Members of Bank's Executive Body and Other Persons at the Time of Bank's Shares Acquisition

Members of a bank's executive body must notify the National Bank, the executive body of the bank, as well as the authorized government agencies and other institutions in other cases provided for by legislation of the Republic of Belarus of acquisition of the bank's shares and of any transactions with such shares within five days from the date of conclusion thereof.

Failure of the members of a bank's executive body to comply with the requirements provided for by this Article shall involve amenability in compliance with legislative acts of the Republic of Belarus.

Acquisition of more than five per cent of shares in the authorized capital of a bank as a result of one or more transactions performed by one legal person or natural person or by a group of legal persons and/or natural persons bound by agreement, or a group of legal persons affiliated or subordinated with respect to one another shall be authorized by the National Bank.

The National Bank may deny a request for purchase/sale of more than five per cent of a bank's shares in cases where the purchaser of shares is declared a bankrupt by an economic court decision or fails to meet the requirements placed on the promoters of a bank by this Code. Other cases of denial of purchase/sale of more than five per cent of a bank's shares may be provided for by legislation of the Republic of Belarus.

Article 124. Banks' Transactions Involving Own Shares

Banks must obtain authorization of the National Bank for acquiring more than five per cent of their own shares.

Article 125. Bank Activity Intended to Attract Deposits and Extend Credits

Banks shall independently establish terms of and procedures for attracting deposits from natural and/or legal persons and their allocation within the limits established by this Code and regulatory legal acts of the National Bank.

Banks shall ensure access to information regarding the average rates of interest on credits and deposits.

Where a decision to extend bank credits on favorable terms or replace the terms on which the earlier credits had been granted with favorable terms is taken by the President of the Republic of Belarus or, in the prescribed manner, by the Government of the Republic of Belarus, such banks shall be compensated for their losses from the sources specified therein or in accordance with them.

Article 126. Ways of Ensuring Compliance with Obligations under Contracts between Banks

Compliance with obligations under contracts between banks can be ensured by a guarantee cash deposit, transfer of the legal title to property (including property rights), pledge of movable and immovable property, surety, guarantee, and other methods provided for by legislation of the Republic of Belarus or contract.

Compliance with obligations under contracts between banks may be ensured by a guarantee cash deposit, transfer of the legal title to property (including property rights) on the terms and conditions stipulated in Articles 148 and 149 herein, having regard to specifics of relationship that might result under such agreements.

CHAPTER 16**ATTACHMENT AND RECOVERY OF MONETARY FUNDS
AND OTHER PROPERTY HELD BY BANKS. SUSPENSION
OF TRANSACTIONS INVOLVING ACCOUNTS WITH BANKS****Article 127. General Provisions Relating to Attachment and Recovery of Monetary Funds and Other Property Held by Banks**

Monetary funds and other property of a natural person or a legal person, held on accounts, deposits, and in the custody of a bank may be attached only in compliance with this Code and other legislative acts of the Republic of Belarus.

Recovery of monetary funds and other property of a natural person or a legal person held on accounts, deposits, and in the custody of a bank may be

applied in cases prescribed by legislative acts of the Republic of Belarus according to:

- the executive notes of public notaries or other executive documents; or
- a decision/order of the authorized government agency/officer.

Upon attachment of monetary funds and other property of a natural person and a legal person held on accounts, deposits, and in the custody of a bank, the bank shall cease debiting account of such person and returning his property within the limits of the attached property unless otherwise prescribed by legislative acts of the Republic of Belarus or a corresponding decision of the authorized government agency/officer with respect to the attachment.

Article 128. Attachment of Monetary Funds and Other Property of Legal Person and Independent Entrepreneur Held by Bank

Monetary funds and other property of a legal person and independent entrepreneur held on accounts, deposits, and in the custody of a bank may only be attached by:

- a court ruling/determination within the amount claimed;
- an order of public prosecutors or their deputies, or prosecuting agencies in cases provided for by the Code of Criminal Procedure of the Republic of Belarus; and
- an executive document.

Property of a legal person or independent entrepreneur held by a bank may be also attached by order of the bodies of the State Control Committee of the Republic of Belarus, and tax or customs authorities in cases provided for by legislation of the Republic of Belarus.

Article 129. Attachment of Monetary Funds and Other Property of Natural Person Held by Bank

Monetary funds and other property of a natural person other than independent entrepreneur held on accounts, deposits, and in the custody of a bank may only be attached by:

- a court ruling/determination with a view to ensuring execution of the judgement related to the criminal case with respect to the civil claim, other property recoveries or possible seizure of property, as well as security for a claim and/or executive actions regarding civil cases, cases assigned to jurisdiction of economic court, or cases regarding administrative infractions; or
- an order of public prosecutors or their deputies, or prosecuting agencies in cases provided for by the Code of Criminal Procedure of the Republic of Belarus.

The property of a natural person other than independent entrepreneur held in the custody of a bank may be also attached by order of tax or customs bodies in cases provided for by legislative acts of the Republic of Belarus.

Article 130. Attachment of Monetary Funds and Other Bank Property

Attachment of monetary funds and other bank property shall be effected by transferring money to a special deposit account with the National Bank. The National Bank shall debit such account in the manner prescribed by legislation of the Republic of Belarus.

Other bank property shall be attached in the manner prescribed by legislative acts of the Republic of Belarus.

In securing an action for recovery of monetary funds therefrom, the bank may pay to the court's deposit account the sum of money claimed by the plaintiff.

Attachment of a bank's correspondent account, suspension or termination of transactions on such account shall be prohibited, except for revocation of a banking license.

Article 131. Seizure of Monetary Funds and Other Property of Natural Person and Legal Person Held by Bank

Monetary funds and other property of a natural person and legal person held by a bank may only be seized by virtue of a court ruling to seize such property or judgement that has come into effect.

Article 132. Suspension of Transactions Involving Accounts with a Bank

Suspension of transactions involving accounts with a bank shall be carried out by the authorized bodies in the cases and in the manner provided for by legislative acts of the Republic of Belarus.

CHAPTER 17 LIABILITY OF SUBJECTS OF AND PARTIES TO BANKING RELATIONSHIP

Article 133. Liability for Unlicensed Banking Activities

Persons engaging in banking activities without a banking license shall be liable pursuant to legislation of the Republic of Belarus.

Where banking activities are carried out without a banking license, the legal person may be liquidated by an economic court decision and business of

an independent entrepreneur may be terminated in the manner prescribed by legislation of the Republic of Belarus.

Proceeds derived from carrying out banking activities without a banking license and recovered in the prescribed manner shall be transferred to the republican budget.

Article 134. Sanctions Applied by the National Bank

In cases prescribed by Article 97 hereof, the National Bank shall have the right to revoke or suspend the banking license, including with regard to certain banking transactions.

If a bank or a non-bank financial institution fails to comply with the instruction to remedy violations, incurs operational losses at year-end, or if violations referred to in Article 97 hereof or any other actions of the bank or non-bank financial institution result in a situation which may entail insolvency of the bank or non-bank financial institution or endanger the interests of its depositors and other creditors, the National Bank shall be entitled to:

- require implementation of measures for financial rehabilitation of the bank or non-bank financial institution, including revision of its assets structure;
- make a proposal on replacement of the head of the bank or non-bank financial institution or re-assess compliance of the head and chief accountant of the bank or non-bank financial institution with qualification requirements and/or requirements to business reputation;
- require removal of the head of the bank or non-bank financial institution;
- propose shareholders/property owner of the bank or non-bank financial institution to take actions to increase the regulatory capital of such bank or non-bank financial institution to the size that ensures compliance with the secure functioning requirements by them;
- change secure functioning requirements for the bank or non-bank financial institution for a period of up to one year or until violations are remedied;
- impose a ban on opening affiliates/branches and/or establishing organizational units of the bank for a period of up to one year or until violations are remedied;
- modify the list of banking transactions stipulated in the banking license;
- commit the bank or non-bank financial institution to temporary management of the National Bank or appoint a temporary administration as prescribed by legislation of the Republic of Belarus.

If a banking group or a banking holding company violates secure functioning requirements prescribed in accordance with paragraph one of Article 118 hereof for such groups and holding companies, or the head institution of the banking group and/or banking holding company fails to

provide complete information or provides incomplete and/or invalid consolidated reports regarding activities of the banking group and/or banking holding company or violates other provisions of the banking legislation and/or the instructions of the National Bank, the latter shall have the right to:

- require remedying of revealed violations; and
- require from the head institution of such banking group and/or banking holding company to deprive it of the opportunity to make significant impact on the decisions taken by the governing bodies of the bank or non-bank financial institution that are recognized as members of this banking group and/or banking holding company.

If banks or non-bank financial institutions recognized as members of the banking group and/or banking holding company violate banking legislation governing the banking groups and banking holding companies and/or corresponding instructions of the National Bank, the latter shall have the right to:

- require remedying of revealed violations;
- impose sanctions on them prescribed by paragraph one and two of this Article.

- require the head institution of such banking group and/or banking holding company to eliminate the possibility of its significant impact on the decisions that are being taken by the governing bodies of the bank or non-bank financial institution recognized as the members of this banking group and/or banking holding company.

The National Bank shall have the right to apply concurrently or sequentially several sanctions with respect to the same violation in cases prescribed by itself.

Sanctions shall be applied with account of the nature of violation, the degree of its impact on the financial condition of a bank or a non-bank financial institution, availability of the provision that may cause insolvency of a bank or a non-bank financial institution or endanger the interests of depositors and other creditors based on criteria prescribed by the National Bank.

Sanctions prescribed by this Article may be applied with respect to a bank or a non-bank financial institution if less than two years had passed from the day on which they committed a violation and less than three month since it was revealed.

Procedures for applying sanctions to a bank or a non-bank financial institution shall be established by the National Bank.

A bank or a non-bank financial institution shall have the right to appeal the National Bank's decision regarding application of sanctions to it in the manner prescribed by legislation of the Republic of Belarus.

Article 135. Liability of Bank or Non-bank Financial Institution for Damage to Depositors and Other Creditors

A bank or a non-bank financial institution shall be liable for the failure to perform/ improper performance of its obligations in compliance with legislation of the Republic of Belarus and having regard to the specifics provided for by this Code.

A bank or a non-bank financial institution shall not be liable for damage to depositors and other creditors caused by the default of performance/improper performance of its obligations thereto, unless such default of performance/improper performance has been caused by force majeure or an event provided for in paragraph two of Article 136 herein.

Executive officers of a bank or a non-bank financial institution shall be liable under legislation of the Republic of Belarus for violation of the established procedure for effecting transactions.

If a bank or a non-bank financial institution becomes bankrupt through the fault of its promoter/shareholder or property owner, or any other persons, including the head of the bank or non-bank financial institution, who are authorized to issue instructions binding on such bank or non-bank financial institution or otherwise direct its activity, then, should such property of the bank or non-bank financial institution be insufficient, subsidiary liability may be imposed on the above persons with respect to obligations thereof.

Article 136. Liability of the National Bank, Banks, or Non-bank Financial Institutions for Damage Due to Suspension of Transactions Involving Accounts, Attachment or Recovery of Monetary Funds and Other Property

A bank or a non-bank financial institution shall bear material liability for damage to customers of the bank or non-bank financial institution in case of attachment of property of such bank or non-bank financial institution.

The National Bank, banks, and non-bank financial institutions shall not be liable for damage caused by suspension of transactions involving accounts, attachment or recovery of monetary funds and other property of natural persons and legal persons.

SPECIAL PART**SECTION V
ACTIVE BANKING OPERATIONS****CHAPTER 18
BANK CREDIT****Article 137. Credit Agreement**

Under a credit agreement, a bank or a non-bank financial institution (lender) undertakes to provide monetary funds (credit) to another person (borrower) in the amount and on the terms stipulated by the agreement, and the borrower undertakes to repay the principal and interest thereon.

A credit agreement may also imply the borrower's obligation to pay a fee (commission and other payments) for using a credit.

Article 138. Definition of the Date of Credit Extension

The date when the amount of credit is passed to the borrower's account or transferred by a bank in payment of settlement documents furnished by the borrower or is used in accordance with the borrower's instructions or extended to the borrower in cash shall be deemed to be the date of credit extension.

Article 139. Form of Credit Agreement

A credit agreement must be made in writing. A credit agreement in a form other than written form shall be invalid.

Article 140. Material Terms of Credit Agreement

The material terms of a credit agreement shall be:

- the amount of credit with an indication of the credit currency (with respect to a credit line – the maximum amount (limit) of the total sum of monetary funds (credit) granted to the borrower and the limit of the extraordinary debt of the borrower);
- the period of and procedures for credit extension/repayment;
- the amount of interest on credit and procedures for payment thereof, as well as the amount of payment for using a credit and the manner of payment execution (if such payment is obligatory according to the Credit Agreement) excluding extension of soft credits on the basis of decisions taken by the President of the Republic of Belarus or, in the prescribed manner, by the Government of the Republic of Belarus;

- the purposes for which the borrower undertakes to use/not to use the monetary funds that had been granted to it (intended use of credit) in the case provided for by paragraph two of the Article 144 hereof;
 - the manner in which compliance with obligations under the credit agreement must be ensured;
 - the liability of the lender and the borrower for default of performance/improper performance of their obligations under credit agreement;
- and
- other terms to be mutually agreed to at the request of either party.

Article 141. Lender's Refusal to Enter into Credit Agreement and Fulfill Obligations Thereunder

A lender may refuse to enter into a credit agreement in cases where: there is information that the amount of the credit extended to the borrower will not be repaid/redeemed on time; the borrower fails to provide security for meeting obligations under the credit agreement; the economic court rules the borrower a bankrupt followed by liquidation/ termination of operation of the latter, or if there exist any other grounds that may affect meeting by a borrower of his obligations under credit agreement or obligations provided for by legislation of the Republic of Belarus.

The lender may refuse to meet his obligations under credit agreement if the borrower fails to meet his obligations under such agreement in the case provided for by paragraph four of Article 144 hereof and in the other cases provided for by the credit agreement.

Article 142. Borrower's Refusal to Receive Credit

After a credit agreement has been made, the borrower may, unless otherwise provided for by legislation of the Republic of Belarus or a credit agreement, refuse to receive credit, in whole or in part, notifying the lender accordingly prior to the date of credit extension specified in the agreement.

Article 143. Early Credit Repayment/Redemption

A credit may be redeemed/repaid in advance, subject to the terms and conditions of the credit agreement. If the credit agreement does not envisage the possibility of the early repayment/redemption of a credit, such credit may be repaid/redeemed in advance upon the lenders consent only.

Where the borrower fails to perform/performs in the improper manner his obligations under the credit agreement the lender may demand early repayment/redemption of the credit.

Article 144. Intended Use of Credit

A credit agreement may be entered into under the condition of an intended use of credit.

A credit agreement which provides for extension of credit under the guarantee of the Government of the Republic of Belarus or the guarantee/surety of the local executive or administrative body must incorporate a provision regarding its intended use.

If a credit agreement incorporates a condition regarding the intended use of credit, the borrower shall be obliged to make sure that the creditor is able to control its intended use.

If the borrower fails to perform the provisions of the credit agreement regarding the intended use of the credit and/or its obligations prescribed by paragraph three of this Article, the lender shall, unless otherwise provided for by the credit agreement, have the right to require the borrower to repay/redeem the credit ahead of the schedule, pay the interest due and make payment for its use, if such payment is provided for by the credit agreement, and/or to refuse further crediting of the borrower under this agreement.

Article 145. Interest on and Payment for Use of Credit

The lender shall be obliged to make sure that each borrower has an opportunity to get acquainted with the information on the amount of interest and payment for use of the credit if such payment is mandatory according to the credit agreement.

When entering into a credit agreement with each particular borrower, the lender shall establish at his discretion the amount, frequency of accrual, period of payment of interest on credit, as well as payment for such credit, if such payment is mandatory according to the credit agreement.

Parties to a credit agreement may provide for interest on credit to be repaid in full on the date of repayment/redemption or in uniform installments during its repayment/ redemption period.

Payment of interest for the use of borrowed money on the day of extending a credit shall be prohibited.

A borrower failing to repay/redeem the loan on time shall be charged a higher rate of interest from the loan repayment/redemption date to the date of its full repayment/redemption in the amount prescribed by the credit agreement, unless other amount provided for by legislation of the Republic of Belarus.

If the funds required to meet obligations under the credit agreement in full are lacking, the borrower shall, unless otherwise provided for by the President of the Republic of Belarus:

- first, pay the bank's expenses related to meeting the obligation;
- second, repay the principal debt on credit and then repay the interest and make the payment due thereon; and
- third, fulfill other obligations under the credit agreement.

The credit agreement may involve the borrower's responsibility for the failure to pay in due time the interest on credit and make a payment in respect of it, if such payment is provided for by the credit agreement.

Article 146. Insurance by Lender of Risk Related to the Failure to Repay/Redeem and/or Delay in Repayment/Redemption of Credit

Under a contract of insurance of risk related to the failure to repay/redeem and/or delay in repayment/redemption of credit an insurance company/the insurer undertakes to compensate the insured person/the lender for damage to his property interests caused by the failure to repay/redeem the credit and/or delay in repayment/redemption of credit. Under such contract, the insured person may be either a bank or non-bank financial institution (lenders).

Unless otherwise provided for by a contract of insurance, an insurer who has paid the insurance sum to the insured person/the lender shall take over, within the paid sum, the insured person's/the lender's right of damage compensation/subrogation.

Article 147. Ways of Ensuring Compliance with Obligations under Credit Agreement

Compliance with obligations under a credit agreement can be ensured by a guarantee cash deposit, transfer of the legal title to property, including property rights, to the lender, pledge of movable and immovable property, surety, guarantee, and other methods provided for by legislation of the Republic of Belarus or agreement.

Article 148. Guarantee Cash Deposit

To guarantee performance of obligations under a credit agreement, a borrower or a third person may transfer funds in Belarusian rubles or foreign exchange to a lender. A guarantee cash deposit shall not bear any interest, unless otherwise provided for by an agreement. Funds transferable as a guarantee of performance of obligations under the credit agreement may be held in accounts opened by the lender. If the borrower fails to perform his obligations under the credit agreement, the lender shall have the right to satisfy his claims of ownership at the expense of deposited funds.

If the credit currency is other than that of the guarantee cash deposit, the rate of conversion shall be agreed upon between the parties. If the parties fail to

come to an agreement, the dispute over the rate of conversion shall be submitted to arbitration.

The banks possessing a banking license that provides them with a right to carry out banking operations involving attraction of monetary funds of natural and/or legal persons, respectively, shall be entitled to use the guarantee cash deposit as a means of guaranteeing performance of their obligations under a credit agreement.

Articles 179-188 hereof shall not be applied to the guarantee cash deposit, unless otherwise provided for by an agreement.

Article 149. Transfer of Legal Title to Property to Lender

To guarantee performance of obligations under a credit agreement, the legal title to the property belonging to the borrower or the third person by right of ownership, right of economic administration or day-to-day management thereof, including property rights, where the right to transfer the legal title to such property, including property rights, is not restricted by the owner or is not at variance with legislation of the Republic of Belarus may be transferred to the lender based on a separate agreement.

The agreement on transfer of a legal title to property, including property rights, must stipulate the borrower's right to repurchase the property transferred to the lender (right of redemption) by repaying/redeeming the credit within the period of repayment/redemption of credit stipulated in the credit agreement. The lender shall have no right to alienate property before expiration of time for exercising the right of redemption.

A transfer of a legal title to property to the lender shall not require mandatory transfer of property to him, unless otherwise provided for by an agreement. If the property is a subject to transfer to the lender in accordance with provisions of the agreement on transfer of a legal title to property, the lender shall be obliged to own, use, and dispose of this property within the limits specified by the agreement on transfer of a legal title to property.

The lender shall acquire the right of ownership, right of economic administration or day-to-day management to the property, including property rights, in case the borrower failed to repay/redeem the credit at the time prescribed by the credit agreement. If the value of the property, stipulated in the agreement on transfer of a legal title to property, including property rights, exceeds the amount of the lender's claims under the credit agreement, the lender shall be obliged to repay this difference to the borrower within the period of time provided for by such agreement.

Relationships between the borrower and the lender under the agreement on transfer of a legal title to property, including property rights, which are not governed by this Article shall be governed by legislation of the Republic of

Belarus on a purchase/sale contract. Agreements involving transfer of a legal title to property, including property rights, shall be subject to state registration in cases provided for by legislation of the Republic of Belarus for the purchase/sale contracts.

Article 150. Ensuring Performance of Credit Agreement Obligations by Means of Pledge

A contract of pledge must be drawn up in accordance with the civil legislation of the Republic of Belarus.

Property subject to pledge shall be assessed in the manner prescribed by legislation of the Republic of Belarus.

The lender may require the pledgor to insure the asset pledged for its full assessed value at the expense of the pledgor and in favor of the pledgor.

If a credit agreement provides for ensuring performance of its obligations by pledging goods in circulation or if the asset pledged is deposited with a pledgor, the pledgor shall be obliged to provide the lender with an opportunity to exercise control over the availability, quantity, state, and conditions of storage of the asset pledged and its restoration or replacement in case of loss or damage.

Satisfaction of the creditor's claim regarding repayment/redemption of a credit at the expense of the pledged property shall be carried out without a recourse to legal proceedings and carrying out public sale on the basis of the agreement between the lender and the pledgor certified by a public notary, which was concluded after occurrence of the grounds provided for by legislation of the Republic of Belarus for recovery of the pledged asset. The agreement of this kind may not envisage the transference of the right for the pledged property to the creditor.

The recovery, in the manner provided for by paragraph five of this Article, may not be applied to the pledged property subject to recovery by a court decision or related to the pledgor's fixed assets.

Article 151. Line of Credit

When opening a line of credit the borrower, in accordance with a credit agreement, shall have the right to obtain and use the credit during a certain period of time within the established upper size/limit of the credit and subject to the limit of the extraordinary debt thereon.

Article 152. Inter-bank Credit Agreement

An inter-bank credit agreement means a credit agreement which establishes relations between banks with respect to mutual lending whose specifics are determined by the National Bank.

Unless otherwise provided for by the National Bank or credit agreement, the provisions of this Chapter relating to the means of ensuring performance of obligations and form of the credit agreement shall not apply to an inter-bank credit agreement.

CHAPTER 19 ACCOUNTS RECEIVABLE FINANCING AGREEMENT (FACTORING AGREEMENT)

Article 153. Accounts Receivable Financing Agreement (Factoring Agreement)

Under an accounts receivable financing agreement (factoring agreement) one party (factor) - a bank or a non-bank financial institution - covenants with the other party (creditor) to enter into a pecuniary obligation between the creditor and the debtor on the creditor's side by repaying the creditor the sum of the debtor's debt at a discount. A discount means the difference between the sum of the debt and the sum payable by the factor to the creditor.

The lender may also assign accounts receivable of the borrower to the factor to ensure performance of the creditor's obligations to the factor.

Article 154. Classification of Factoring Agreements

Under factoring agreement:

- the debtor may be informed that a factoring agreement transferring the creditor's rights to the factor has been signed (disclosed factoring); or
- the debtor may not be informed that a factoring agreement whereby the creditor's rights are assigned to the factor has been signed (undisclosed factoring).

Factoring agreements may be classified as to:

- place of factoring:
 - domestic, if the parties to a factoring agreement are residents; or
 - international, if one party to a factoring agreement is a non-resident.
- terms of payment between the factor and the creditor:
 - without recourse, meaning that the factor incurs the risk of accounts receivable collection from the debtor; or

- with recourse, meaning that the creditor incurs the risk of accounts receivable collection from the debtor.

Article 155. Subject of Assignment under Factoring Agreement

A subject of assignment under a factoring agreement may be both a matured account receivable (current account receivable) or a non-matured account receivable which will accrue in the future (future account receivable).

In case of assignment of a future account receivable the factor shall have the right to require its payment only upon maturity of such account receivable. Where maturity stems from a specific circumstance/event, the factor shall have the right to require the payment of the assigned account receivable only upon the occurrence of such circumstance/event.

For cases provided for in paragraph 2 of this Article, no special formalization of accounts receivable assignment shall be required.

Article 156. Payment by Debtor

The debtor shall be required to pay account receivable to the factor provided that he has been notified in writing by the creditor or factor of its assignment with an indication of the account receivable to be handled, including the amount of the account receivable to be paid to the factor, as well as the bank or non-bank financial institution acting as a factor.

The debtor's payment to the factor is considered the payment to the certain creditor and shall exempt the debtor from the corresponding obligation to the creditor.

Article 157. Arrangement on Prohibiting/Restricting Accounts Receivable Assignment

Assignment of accounts receivable to the factor shall be deemed valid even if the creditor and the debtor have reached an arrangement respecting prohibition/restriction thereof.

Provision contained in paragraph 1 of this Article shall not exempt the creditor that violated the arrangement on prohibiting/restricting accounts receivable assignment from responsibility or liability to the debtor in connection with such assignment.

Article 158. Subsequent Assignment of Accounts Receivable

Unless otherwise provided for in a factoring agreement, subsequent assignment of accounts receivable by the factor shall be prohibited.

If subsequent assignment of accounts receivable is permitted under the factoring agreement and accounts receivable have been assigned to the bank or non-bank financial institution, relations of the parties shall be governed by the provisions of this Chapter.

Article 159. Rights of Factor to Amount of Pecuniary Obligation Paid by Debtor

The factor obtains the right for the whole amount of the pecuniary obligation paid by the debtor with respect to the assigned accounts receivable, unless otherwise provided for by paragraph two of this Article.

Where accounts receivable to the debtor have been assigned by the creditor with a view to meeting his obligations to the factor and unless otherwise provided for by the factoring agreement, the factor shall be obliged to present a report to the creditor and pass on to him the amount of the pecuniary obligation paid by the debtor that exceeds the amount of the creditor's debt to the factor covered by the assignment of accounts receivable.

Article 160. Debtor's Counterclaims Against Factor's Claims

The debtor shall have the right, against the factor's claims, to present for offsetting accounts receivable which are based on the agreement with the creditor and available to the debtor by the time of written notification of assignment of accounts receivable to the factor and whose maturity has come into forth prior to the time of notification or has not been defined or has been determined by the time of demand.

Offsetting of the debtor's claims, based on the breach of arrangement on prohibiting/restricting accounts receivable assignment by the creditor shall be prohibited.

Article 161. Repayment of Sum of the Pecuniary Obligation Paid to Factor to Debtor

Where a creditor violates his obligations under an agreement made with a debtor, the debtor shall have no right to claim repayment of the amount of pecuniary obligation paid to the factor under assigned accounts receivable, provided that the debtor is entitled to receive such amount directly from the creditor except where the factor fails to provide the creditor with the amount of the pecuniary obligation related to the assignment of accounts receivable.

Article 162. Creditor's Liability to Factor

The creditor shall be obliged to confirm the validity of the assigned accounts receivable by the documents that certify his right of claim to the debtor and shall be liable to a factor for invalidity of the assigned accounts receivable.

The assigned accounts receivable shall be deemed valid if the creditor has the right of assigning such accounts receivable and is unaware at the time of assignment of any circumstances releasing the debtor from the obligation to comply therewith.

Should the assigned accounts receivable prove invalid, the factor shall acquire the right of counterclaim/recourse to the creditor irrespective of the terms of payment.

Under the factoring agreement without recourse the creditor shall not be liable for failure to pay/improper payment for the assigned accounts receivable by the debtor.

Under the factoring agreement with recourse the factor shall have the right to require the creditor to recover:

- the amount of pecuniary obligation that has not been paid by the debtor, as well as the damage in case the debtor failed to pay to the factor the amount of pecuniary obligation which is due to him under the assigned accounts receivable or the amount that has been paid proves to be lower than the amount due; and

- the damages if the debtor failed to pay to the factor in due time the amount of pecuniary obligation due to him under the assigned accounts receivable.

Article 163. Undisclosed Factoring

Under undisclosed factoring the payment by the debtor of the account receivable to the creditor shall be recognized as a payment to the proper creditor.

Relationship under an undisclosed factoring agreement shall be governed by the rules of factoring specified in Articles 153, 155, and 157 through 162 of this Code, unless otherwise provided for in the agreement or follows from the nature of the transaction.

CHAPTER 20
BANK GUARANTEE. SURETY

Article 164. Concept and Types of Bank Guarantee

By virtue of a bank guarantee, a bank or a non-bank financial institution/guarantor shall undertake on its behalf in writing at the request of another person/principal to pay the principal's creditor/beneficiary an amount of money (to make a payment) in accordance with the terms of the guarantee.

Subject to conditions of payment of an amount of money (making a payment) a bank guarantee may be an at-call or a conditional guarantee. Depending on the composition of parties participating in the obligation a bank guarantee may be a confirmed, counter, or syndicated guarantee.

An at-call guarantee means the guarantor's undertaking to pay to the beneficiary an amount of money/effect payment at his first written request prepared in compliance with the terms of the guarantee.

A conditional guarantee means the guarantor's undertaking to pay to the beneficiary an amount of money/effect payment at his written request prepared in accordance with the terms of the guarantee supported by the documents that prove or confirm that the principal failed to perform/performed in the improper manner his obligations to the beneficiary. Such documents may be appropriate court/arbitration decisions or other documents indicated in the guarantee.

An issued guarantee may be confirmed, in the full amount or in part, by another bank or non-bank financial institution (confirmed guarantee). Unless otherwise provided for in the guarantee, the confirming party shall bear, along with the original guarantor, joint responsibility to the beneficiary for the amount confirmed.

By direction of the principal, a bank and a non-bank financial institution may request a guarantee (primary guarantee) from another bank or non-bank financial institution by issuing a counter obligation (counter guarantee) thereto. Under the counter guarantee, the beneficiary acquires no extra liabilities or rights with respect to those of the primary guarantee.

A syndicated guarantee means a bank guarantee issued to the beneficiary by several guarantors through a principal guarantee bank.

Article 165. Obligatory Terms and Conditions and Form of a Bank Guarantee

Obligatory terms and conditions of a bank guarantee shall be those that indicate:

- the name of the principal;
- the name of the beneficiary;

- the name of the guarantor;
- the agreement or other document that provides for the necessity of issuing a bank guarantee;
- the maximum amount of money due for payment;
- the validity period of the bank guarantee or the circumstance/event on the occurrence of which the guarantor's obligation under the bank guarantee/validity period of the bank guarantee shall be terminated; and
- the terms and conditions of payment of an amount of money to the beneficiary/effecting payment.

A bank guarantee shall be issued in the written form. An electronic document shall enjoy the same status as a bank guarantee.

Article 166. Bank Guarantee as Security of Principal's Obligation

A bank guarantee shall secure proper performance of the principal's obligation to the beneficiary (primary obligation).

Article 167. Independence of Guarantor's Obligation Under Bank Guarantee and Primary Obligation

In relations between a guarantor and a beneficiary, the guarantor's obligation to the beneficiary provided for by a bank guarantee shall not be dependent on the primary obligation for which it serves as a security, even if a reference to this obligation is made in the guarantee. Any changes in the primary obligation after issuance of a guarantee shall not entail legal consequences for the guarantor, unless otherwise stipulated in the guarantee.

Once a bank guarantee is issued, no further agreements entered into between the guarantor and the principal shall entail legal consequences for the beneficiary.

Article 168. Irrevocability of Bank Guarantee

A bank guarantee may not be revoked by the guarantor, unless otherwise provided for therein.

Once issued, the bank guarantee may be modified and/or amended only with the consent of the beneficiary.

Article 169. Prohibition to Transfer the Rights of Claim under Bank Guarantee

The beneficiary's right of claim to the guarantor under a bank guarantee shall be non-transferable, unless otherwise stipulated therein.

Article 170. Effectiveness of Bank Guarantee

A bank guarantee shall come into effect from the date of issue, unless otherwise provided for therein. A bank guarantee shall be deemed issued from the date of transfer thereof to the beneficiary.

If a bank guarantee is transferred to the beneficiary by mail or as an electronic document, it shall be deemed issued from the time of submission thereof to a telecommunications office or transfer of the electronic document by the teletransmission system of the sender.

Article 171. Beneficiary's Notice to Pay under Bank Guarantee

The beneficiary's notice to pay an amount of money/effect payment under a bank guarantee shall be furnished to the guarantor in writing. As regards a notice to pay under a conditional bank guarantee, documents named therein shall be attached thereto. The beneficiary shall indicate the nature of the principal's default of performance/improper performance of the primary obligation secured by the guarantee either in the notice or documents attached thereto.

The beneficiary's notice to pay must be received by the guarantor prior to the expiry of the bank guarantee, unless otherwise stipulated therein.

Article 172. Guarantor's Duties upon Receipt of Beneficiary's Notice to Pay Under Bank Guarantee

Having received the beneficiary's notice to pay an amount of money/effect payment under a bank guarantee, the guarantor shall be obliged to notify the principal of the received notice to pay not later than the next business day and deliver to him copies of the notice and documents attached thereto.

The guarantor shall be obliged to consider the beneficiary's notice to pay and documents attached thereto and state whether the notice and attached documents comply with the terms of the bank guarantee.

Article 173. Period of Time Required by Guarantor to Consider Beneficiary's Notice Under Bank Guarantee

The guarantor shall be obliged, within seven days from the day on which the notice to pay an amount of money/effect payment and documents attached thereto are received, to pay an amount of money to the beneficiary/effect payment under the bank guarantee or, in the event of refusal to notify the beneficiary to this effect in writing, unless the bank guarantee provides for a shorter period.

Article 174. Guarantor's Refusal to Comply with Beneficiary's Notice to Pay Under Bank Guarantee

The guarantor shall refuse to comply with the beneficiary's notice to pay under bank guarantee if such notice and/or documents attached thereto are at variance with the terms of the bank guarantee or the guarantor's obligation under the bank guarantee is terminated.

The guarantor who, prior to complying with the beneficiary's notice, becomes aware of the fact that the primary obligation secured by the bank guarantee has already been performed in full or to a certain extent, terminated for other reasons, or has become invalid must immediately notify the beneficiary and the principal to this effect.

The beneficiary's notice under bank guarantee received by the guarantor after notification provided for in paragraph 2 herein shall be complied with pursuant to the terms of the bank guarantee.

Article 175. Limits of Guarantor's Obligation Under Bank Guarantee

The guarantor's obligation to the beneficiary provided for by the bank guarantee shall be confined to the sum of money covered by this guarantee.

The guarantor's liability to the beneficiary for default of performance/improper performance of obligations under the bank guarantee shall not be confined to the sum of money covered by the guarantee, unless otherwise provided for in the guarantee.

Article 176. Termination of Guarantor's Obligation under Bank Guarantee and Principal's Obligation under Principal Obligation

The guarantor's obligation to the beneficiary under the bank guarantee shall terminate:

- by payment to the beneficiary of the sum of money covered by the bank guarantee/ effecting a payment;
- upon expiry of the period of validity of the guarantee, unless otherwise provided for therein;
- as a consequence of renunciation by the beneficiary of his notice under the bank guarantee by means of its return to the guarantor; or
- as a consequence of renunciation by the beneficiary of his notice under the bank guarantee by filing a written statement to the guarantor concerning his release from obligations.

Termination of the guarantor's obligation to the beneficiary under the bank guarantee on grounds laid down in clauses two, three and five of paragraph one

herein shall not be dependent on whether or not the bank guarantee has been returned thereto.

Where a guarantor's obligation to the beneficiary under a bank guarantee becomes invalid, the guarantor shall notify the principal to this effect not later than on the business day following the day of invalidation of his obligation.

The principal's obligations to the beneficiary under the main obligation secured by the bank guarantee shall be terminated in respect of the corresponding liabilities by performance by the guarantor of his obligation to the beneficiary under the bank guarantee.

Article 177. Guarantor's Recourse Claims to Principal

Upon performance of the guarantor's obligation to the beneficiary under the bank guarantee the guarantor shall not acquire the right of recourse claim to the principal in respect of the repayment of the amounts of money paid to the beneficiary unless otherwise provided for by agreement between the guarantor and the principal.

The guarantor shall have no right to require the principal to refund the amounts paid to the beneficiary on conditions other than those set forth in the bank guarantee or paid for the default to perform/improper performance by him of the guarantor's obligation to the beneficiary.

Article 178. Sureties of Bank and Non-bank Financial Institution

In accordance with legislation of the Republic of Belarus, a bank or a non-bank financial institution may undertake obligations to the creditor of the other person regarding responsibility of this other person to pay for his pecuniary obligation in full or in part/ issue sureties.

SECTION VI PASSIVE BANKING OPERATIONS

CHAPTER 21 BANK DEPOSIT

Article 179. Concept of Bank Deposit

A bank deposit is money in Belarusian rubles or foreign exchange placed by natural and legal persons, for the purpose of safekeeping and earning income, with the bank or non-bank financial institution for a term, or at call, or before occurrence/non-occurrence of the circumstance/event specified in the concluded contract.

Article 180. Right to Attract Monetary Funds on Deposit

Monetary funds shall be taken on deposit by the bank and non-bank financial institution which enjoy, under the banking license, the right to attract monetary funds of natural and/or legal persons on deposit. The attraction of monetary funds on deposit shall be formalized by concluding a bank deposit contract or any other contract containing provisions similar to that of the bank deposit contract prescribed by this Code.

Article 181. Bank Deposit Contract

Under a bank deposit contract, one party (the recipient of a deposit) shall take monetary funds – the deposit – from the other party (the depositor) and shall undertake to repay monetary funds to the depositor, carry out, on the depositor's instructions, non-cash settlements in compliance with the contract, as well as to pay interest on the deposit, subject to the terms and conditions of such bank deposit contract and in the manner specified therein.

Yield on deposit may also be paid in a different form, subject to the terms and conditions of the bank deposit contract and in the manner specified therein.

The deposit shall be repaid to the depositor at his/her request in the manner prescribed by this Code and in the appropriate contract.

Article 182. Types of Bank Deposit Contract

There shall be the following types of the bank deposit contract:

- a demand deposit contract;
- a term deposit contract; and
- a deposit in escrow contract.

The demand deposit contract is a contract whereby the recipient of a deposit shall be obliged to repay the deposit and pay interest thereon at the depositor's first request.

The term deposit contract is a contract whereby the recipient of a deposit shall be obliged to repay the deposit and pay interest thereon at the end of the time period specified in the contract.

The deposit in escrow contract is a contract whereby the recipient of a deposit shall be obliged to repay the deposit and pay interest thereon on occurrence/non-occurrence of the circumstance/event specified in the concluded contract.

Article 183. Form of Bank Deposit Contract

The bank deposit contract must be made in writing.

The bank deposit contract shall be deemed to be in writing if it is formalized in a documentary form (as a bank deposit contract, savings book, savings certificate or certificate of deposit, deposit account contract, etc.).

Failure to make the bank deposit contract in writing shall entail its invalidation beginning from the date such contract is concluded.

Article 184. Material Terms and Conditions of Bank Deposit Contract

Material terms and conditions of the bank deposit contract shall include the following:

- the currency of the deposit and the amount of initial contribution to the deposit;
- the rate of interest on deposit;
- the type of the bank deposit contract;
- the time of the deposit repayment – in respect of the term deposit contract;
- the circumstance/event on occurrence/non-occurrence of which the recipient of a deposit shall undertake to repay the deposit – in respect of the deposit in escrow contract;
- the last name, first name, patronymic name, and passport details of the natural person, the name and location of the legal person (location of its standing executive body) in whose name the deposit is placed – in respect of the bank deposit contract in the name of another person; and
- other terms and conditions to be mutually agreed to at the request of either party.

In addition to the terms and conditions prescribed by paragraph one of this Article or other laws of the Republic of Belarus, the bank deposit contract concluded with the depositor-natural person (except for the depositor-independent entrepreneur) shall include the following material terms and conditions:

- procedures for depositing monetary funds by the depositor;
- procedures for repayment of monetary funds to the depositor if the recipient of a deposit fails to meet its obligations or in case of early termination of such contract; and
- liability of the recipient of a deposit for its failure to meet obligations.

Article 185. Depositors and Their Rights

Depositors may be natural and legal persons.

Depositors shall be free to select the bank or non-bank financial institution for depositing their monetary funds and may hold deposits with one or more banks and/or non-bank financial institutions.

Depositors may dispose of their deposits, earn interest thereon, instruct the bank or non-bank financial institution to transfer monetary funds from their deposit accounts to other bank accounts and/or other persons, and make use of other kinds of bank services in accordance with legislation of the Republic of Belarus and the bank deposit contract.

The depositor shall have the right, subject to the terms and conditions of previously concluded contract, to replenish the deposit, where it is provided for in the bank deposit contract.

Article 186. Depositor's Right to Repayment of Deposit

The recipient of a deposit shall ensure safety of deposits and timely performance of its obligations to depositors.

The recipient of a deposit shall be obliged to repay the deposit in conformity with the terms and conditions of the bank deposit contract.

The depositor-natural person (except for the depositor-independent entrepreneur) may require, under the term deposit contract or deposit in escrow contract, that the deposit be repaid before maturity or occurrence/non-occurrence of the circumstance/event specified in the contract. The recipient of a deposit must repay the deposit within five days of filing the claim for repayment thereof.

The clause of the term deposit contract or deposit in escrow contract on the depositor-natural person's (except for the depositor-independent entrepreneur's) waiver of early repayment of the deposit shall be negligible.

If the term deposit or deposit in escrow is repaid to the depositor at his/her request before maturity date or before occurrence/non-occurrence of the circumstance/event specified in the contract, interest on the deposit shall be paid in the amount and in the manner provided for in the bank deposit contract.

Article 187. Interest on Deposit

The recipient of the deposit shall pay the depositor interest on the deposit at the rate prescribed in the bank deposit contract.

The rate of interest on the deposit may be altered by mutual agreement of the parties, unless otherwise provided for in the bank deposit contract.

If the refinance rate set by the National Bank is lowered, the recipient of a deposit shall have the right, where this is provided for in the bank deposit contract, to unilaterally reduce the amount of interest paid on deposit in the official monetary unit of the Republic of Belarus (Belarusian rubles) with a prior notification of the depositor to this effect.

If the recipient of a deposit reduces the rate of interest thereon, the new rate shall be applied to the deposit that has been placed before notification of the

depositor to this effect in the official print media of the republic or in a different way stipulated in the bank deposit contract on expiry of at least one month from the date of notification.

Article 188. Procedures for Accrual and Payment of Interest on Deposit

Interest on deposit shall accrue from the date of receipt thereof by the recipient of the deposit to the date preceding the date of repayment thereof to the depositor, unless otherwise provided for in the bank deposit contract.

Interest on deposit shall be paid to the depositor monthly, unless otherwise provided for in the bank deposit contract.

While repaying the deposit, interest shall be accrued and paid in full.

Article 189. Placing Deposit to the Depositor's Account by Other Persons

Monetary funds transferred to the depositor's account from other persons may be credited to the deposit, unless otherwise provided for in the bank deposit contract.

Article 190. Deposits in the Name of Other Persons

The bank deposit contract may be concluded in the name of other person who will acquire the rights of the depositor, regarding the deposit in question, from the time of lodging the first written claim with the recipient of a deposit.

The person who has concluded the bank deposit contract may avail, prior to lodging the first claim by the person in whose name the deposit is made, himself/herself of the depositor's rights with respect to the deposit made by him/her in the name of another person.

The bank deposit contract in the name of a natural person who has died by the time the contract is made or in the name of a legal person that has been liquidated by that time shall be invalid from the date of conclusion thereof.

The person who has concluded the bank deposit contract may avail himself/herself of the rights with respect to the deposit made by him/her in the name of another person if, prior to lodging the first claim, the person in whose name the deposit is made refused the deposit, or the natural person is dead, is adjudged to be missing or declared to be dead, or the legal person is liquidated.

The rules of the third party beneficiary contract prescribed by civil legislation shall be applied to the bank deposit contract in the name of another person, unless it is inconsistent with the rules of this Article and the nature of the bank deposit.

Article 191. Precious Metals and/or Precious Stones Deposit

A precious metals and/or precious stones deposit means precious metals and/or precious stones placed, for the purpose of earning income, by natural and legal persons with the bank or non-bank financial institution for a term, at call, or before occurrence/non-occurrence of the circumstance/event specified in the concluded contract. Yield on precious metals and/or precious stones deposit shall be paid in the form of interest subject to the terms and conditions and in the manner specified in the precious metals and/or precious stones deposit contract.

Interest on precious metals and/or precious stones deposit may be paid, by consent of the parties, in cash, precious metals, and/or precious stones pursuant to legislation of the Republic of Belarus.

Yield on precious metals and/or precious stones deposit may be also paid in a different form subject to the terms and conditions of the precious metals and/or precious stones deposit contract and in the manner specified therein.

Provisions of this Chapter shall apply to the precious metals and/or precious stones deposit, unless otherwise provided for by legislation of the Republic of Belarus or results from the nature of obligations under the precious metals and/or precious stones deposit contract.

Article 192. Savings Book

The bank deposit contract concluded with the depositor-natural person (except for the depositor-independent entrepreneur) may be formalized by issuing the savings book by the recipient of a deposit.

The savings book shall specify:

- the name and location of the recipient of a deposit (location of its standing executive body);
- the savings book series and number;
- the last name, first name, and patronymic name of the depositor – in respect of a personal savings book;
- the type of the bank deposit contract;
- the deposit account number;
- the amount of the deposit in figures and words as well as amounts of money credited to and debited from the account;
- the currency of the deposit;
- the rate of interest on the deposit;
- the account balance at the time of presenting the savings book to the recipient of a deposit;

- the time of repayment of the amount on deposit – in respect of the term deposit contract; and

- the circumstance/event on occurrence/non-occurrence of which the recipient of a deposit shall undertake to repay the deposit – in respect of the deposit in escrow contract.

Settlements involving the deposit, between the recipient of a deposit and the depositor, shall be carried out on the basis of data on the deposit which are specified in the savings book.

The recipient of a deposit shall repay the deposit, pay interest thereon, and comply with the depositor's instructions to transfer monetary funds from his/her deposit account to other persons upon presentation of the savings book only.

Article 193. Types of Savings Book

A savings book may be either a personal savings book or a bank savings book to bearer.

Article 194. Personal Savings Book

A personal savings book is one that gives the person named therein or his/her representative, provided that the latter has proper authority, the right to withdraw the deposit and interest thereon.

The recipient of a deposit shall perform operations involving deposit only upon presentation of the personal savings book.

If the personal savings book is lost or made unfit for presentation, the recipient of a deposit shall issue, on the depositor's application, a new personal savings book or pay the depositor, at the depositor's request, the balance on his/her deposit account and interest thereon.

Article 195. Bank Savings Book to Bearer

A bank savings book to bearer is one that gives the person presenting such savings book the right to withdraw the deposit and interest thereon.

The bank savings book to bearer is a bearer security.

If the bank savings book to bearer is lost, rights thereto shall be restored by the court in the manner prescribed by procedural legislation.

Article 196. Savings Certificate and Certificate of Deposit

A savings certificate is a security certifying the amount of the deposit with the recipient of a deposit and the rights of the depositor (natural person-the certificate holder, except for independent entrepreneur-the certificate holder) to

withdraw, at maturity, the amount of the deposit and interest thereon from the recipient of a deposit that issued the certificate or from any branch of such recipient of a deposit.

A certificate of deposit is a security certifying the amount of the deposit with the recipient of a deposit and the rights of the depositor (legal person and independent entrepreneur-the certificate holders) to withdraw, at maturity, the amount of the deposit and interest thereon from the recipient of a deposit that issued the certificate or from any branch of such recipient of a deposit.

The savings certificate and the certificate of deposit may be registered securities or bearer securities.

The savings certificate must contain:

- the name "savings certificate";
- the series and number;
- the date of depositing;
- the amount of the deposit in figures and words in Belarusian rubles;
- the rate of interest on the deposit and frequency of payment thereof;
- the time of the deposit repayment;
- the obligation of the recipient of a deposit to repay the deposited amount and pay interest thereon;
- procedures established by the authorized body of the bank for repayment of monetary funds to the depositor in case of the failure to perform obligations or early termination of the contract (this information may be given by making reference to the publication source of the corresponding act of the authorized body of the bank);
- responsibility of the recipient of a deposit for the failure to perform obligation;
- the name and location of the recipient of a deposit (location of its standing executive body);
- the last name, first name, patronymic name and passport details of the depositor if the certificate is a registered security;
- an indication "to bearer" if the certificate is a bearer security;
- signatures of the authorized persons of the recipient of deposit with his seal attached; and
- the tear-off coupon/slip which is detached from the blank form at the time of certificate issue and retained by the recipient of a deposit.

The certificate of deposit must contain:

- the name "certificate of deposit";
- the series and number;
- the date of placing a deposit;
- the amount of the deposit in figures and words in Belarusian rubles;
- the rate of interest on the deposit and frequency of payment thereof;
- the time of deposit repayment;

- the obligation of the recipient of a deposit to repay the deposited amount and pay interest thereon;
- the name and location of the recipient of a deposit (location of its standing executive body);
- the name, location (location of the standing executive body), and the current/settlement bank account number (in respect of depositors-legal persons); the last name, first name, patronymic name, passport details, and the current/settlement bank account number (in respect of depositors-independent entrepreneurs), if any, provided that the certificate is a registered security;
- an indication “to bearer” if the certificate is a bearer security;
- signatures of the authorized persons of the recipient of a deposit with his seal attached; and
- the tear-off coupon/slip which is detached from the blank form at the time of certificate issue and retained by the recipient of a deposit.

The certificates shall be issued in Belarusian rubles. The issue of certificates in foreign exchange shall be prohibited. The certificate may not be used in settlement of or payment for goods/works and services, except for the services provided by the bank or non-bank financial institution.

The circulation period of and interest rate on the certificate shall be prescribed by the recipient of a deposit at the time of the certificate issue and may not be modified during circulation period thereof.

Rights evidenced by the personal savings certificate or the certificate of deposit shall be transferred in the manner prescribed for the assignment of accounts receivable.

Rights evidenced by the savings certificate may be transferred to a natural person only. Rights evidenced by the certificate of deposit may be transferred to a legal person and/or independent entrepreneur only, except in cases provided for by legislation of the Republic of Belarus.

Transactions involving savings certificates and certificates of deposit shall be carried out in Belarusian rubles only.

In case of early presentation of the savings certificate or the certificate of deposit for repayment, the recipient of a deposit shall repay the amount of the deposit and pay interest provided for the demand deposit, unless a different interest rate is prescribed by the terms and conditions of the certificate. A clause of the savings certificate restricting the right of its holder to withdraw the amount of the deposit and interest thereon at the first request shall be negligible.

If the maturity date for monetary funds specified in the certificate is missed such certificate shall be deemed, starting from the maturity date specified therein, a demand document against which the recipient of a deposit is obliged to repay the amount stated therein.

Procedures for and terms and conditions of the issue and circulation of savings certificates and certificates of deposit outside the scope of this Article shall be prescribed by the National Bank with the approval of the authorized republican agency of state administration that carries out state regulation of the securities market.

CHAPTER 22 BANK ACCOUNT

Article 197. Current /Settlement Bank Account Contract

Under the current/settlement bank account contract, one party (the bank or non-bank financial institution) shall undertake to open a current/settlement bank account for the other party (the account holder) with a view to safekeeping monetary funds of the account holder and/or crediting this account with monetary funds received in favor of the account holder, and shall also undertake to comply with the account holder's instructions to transfer and pay corresponding monetary funds from the account, whilst the account holder shall authorize the bank or non-bank financial institution to use temporarily free monetary funds held in the account paying interest at a rate prescribed by legislation of the Republic of Belarus or in the contract and shall pay the bank or non-bank financial institution remuneration/fee for the services rendered to him/her.

The current/settlement bank account contract may be concluded by a natural or legal person in the name of another natural person who shall acquire the right of the holder of such account.

Relations under the current /settlement bank account shall be governed by legislation of the Republic of Belarus.

Article 198. Account Holders under Current /Settlement Bank Account Contract

Account holders under the current/settlement bank account contract may be both natural and legal persons.

Article 199. Procedures for Entry into Current /Settlement Bank Account Contract

The bank and non-bank financial institution shall be obliged to enter into the current/settlement bank account contract with any natural or legal person requesting that the current/settlement bank account be opened for him/her

subject to the terms and conditions determined by them for opening such accounts.

Once the current/settlement bank account contract is entered into, the bank or non-bank financial institution shall open a current/settlement bank account for the account holder and shall assign an account number for identification thereof.

Article 200. Procedures for Disposal of Monetary Funds on Current/Settlement Bank Account

The current/settlement bank account holder may dispose of monetary funds on his/her account either personally or through duly authorized persons.

Rights of the current/settlement bank account holder as well as of his/her duly authorized persons shall be confirmed by furnishing the bank or non-bank financial institution with the documents prescribed by the National Bank.

Monetary funds held on the current/settlement bank account are not allowed to be debited on any grounds other than payment instruction given/accepted by the account holder, except in cases prescribed by this Code, other legislative acts of the Republic of Belarus, or in the current/settlement bank account contract.

The bank and non-bank financial institution shall not be entitled, unless otherwise provided for by the President of the Republic of Belarus and this Code, to determine and control the areas of use of the account holder's monetary funds, as well as to impose other restrictions with respect to the account holder's rights to dispose of monetary funds, not prescribed by legislation of the Republic of Belarus or in the current/settlement bank account contract.

Disposal of monetary funds by making use of electronic documents shall be carried out, as provided for in the current/settlement bank account contract, in the manner prescribed by legislation of the Republic of Belarus.

Article 201. Current/Settlement Bank Account Operations

A bank and non-bank financial institution perform the following current/settlement bank account operations:

- crediting the bank account with the monetary funds received in the name of the holder thereof;
- transfer of the monetary funds from the bank account to other persons, including the bank and/or non-bank financial institution;
- payment of cash from the bank account; and
- other operations provided for by legislation of the Republic of Belarus or in the current/settlement bank account contract.

Article 202. Period of Time for Carrying out Current/Settlement Bank Account Operations

The bank and non-bank financial institution shall be obliged to carry out current/settlement bank account operations within one banking day, unless other period of time is provided for by legislation of the Republic of Belarus or in the current/settlement bank account contract.

Article 203. Remuneration/Fee for the Services of the Bank and Non-bank Financial Institution

An account holder shall pay for the services of the bank or non-bank financial institution involving operations with monetary funds held on his/her current/settlement bank account, subject to the terms and conditions prescribed in the current/settlement bank account contract.

Remuneration/fee for the rendered services shall be charged by the bank or non-bank financial institution to the account holder's monetary funds monthly, unless otherwise provided for by the current/settlement bank account contract.

Remuneration/fee shall not be charged for:

- the servicing of settlement/current bank accounts for placing budgetary funds which are opened by government agencies, budget-financed organizations, other legal persons, and independent entrepreneurs;
- the execution of the account holder's payment orders to transfer tax, fee/duty, fine, and other compulsory payments to the republican and local budgets, and purpose-oriented public budgetary and off-budgetary funds;
- the implementation of decisions taken by a tax body, customs body, and a Social Protection Fund body of the Ministry of Labor and Social Protection of the Republic of Belarus to levy a tax, fee/duty, fine, and other compulsory payments to the republican and local budgets, and purpose-oriented public budgetary and off-budgetary funds;
- the acceptance of cash from natural persons while paying a tax, fee/duty, and other compulsory payments to the republican and local budgets, purpose-oriented public budgetary funds, and the Social Protection Fund of the Ministry of Labor and Social Protection of the Republic of Belarus;
- the execution of inter-bank settlements involving budgetary funds; and
- in other cases provided for by legislative acts of the Republic of Belarus.

Article 204. Interest for Using Monetary Funds Held on Current/Settlement Bank Account

The bank or non-bank financial institution shall pay interest for using monetary funds held on the current/settlement bank account at the rate and in

the manner prescribed by the current/settlement bank account contract, unless otherwise provided for by legislation of the Republic of Belarus.

Interest paid by the bank or non-bank financial institution for using monetary funds held on the current/settlement bank account shall be credited thereto on expiry of each month, unless otherwise provided for in the current/settlement bank account contract.

The bank or non-bank financial institution shall be entitled to unilaterally change, after prior notification of the account holder, the rate of interest paid for using monetary funds held on the current/settlement bank account, where it is provided for in the current/settlement bank account contract.

Article 205. Priority of Debiting Current/Settlement Bank Account

Where monetary funds on the current/settlement bank account are sufficient to meet all monetary claims lodged with the account holder, the account with the bank or non-bank financial institution shall be debited on a first come, first served basis.

Where monetary funds available on a current/settlement bank account are insufficient for meeting all monetary claims lodged with the account holder, the recoverer shall honour, in the order of priority specified by the account holder, payment instructions received by the bank or non-bank financial institution, subject to the requirements prescribed by legislative acts of the Republic of Belarus.

Article 206. Termination of Obligations under Current/Settlement Bank Account Contract

Obligations under the current/settlement bank account contract shall be subject to termination at the account holder's request within the period of time agreed upon by the parties.

The bank or non-bank financial institution may terminate obligations under the current/settlement bank account contract if there are no monetary funds on this account within three months of the date of previous debiting thereof, as well as in other cases provided for by legislation of the Republic of Belarus.

Once obligations under the current/settlement bank account contract are terminated, as well as in other cases provided for in such contract, the account balance shall be repaid at the request of the account holder or may be remitted to another account designated by the account holder not later than the next banking day following the documents submission to the bank or non-bank financial institution of his/her choice, unless otherwise provided for by legislation of the Republic of Belarus.

Article 207. Debiting Payers' Accounts without Recourse to Court

In cases where recourse is taken against the payer's monetary funds held on accounts with the bank or non-bank financial institution, such funds shall be debited, in conformity with payment instructions of the recoverer, from the accounts without recourse to court **on the basis of** executive notes of public notaries or other enforcement documents, and resolution/directive of the authorized government agency/officer in cases provided for by legislation of the Republic of Belarus.

The bank and non-bank financial institution shall not consider any payers' objections regarding debiting their accounts without recourse to court.

Article 208. Temporary Account Contract

Under a temporary account contract, the bank or non-bank financial institution shall undertake to open a bank account: for a legal person – with the purpose of building a project until it is put into service; for a promoter of the profit-making organization which is being established who is authorized by other promoters – with the purpose of setting up its authorized capital; for an established profit-making organization – with the purpose of increasing the size of its authorized capital; as well as in other cases provided for by legislative acts of the Republic of Belarus.

Article 209. Correspondent Account Contract

Under a correspondent account contract, the correspondent bank or the correspondent non-bank financial institution shall undertake to open a correspondent account for the bank or non-bank financial institution (account holder) with the purpose of safekeeping its monetary funds and/or crediting such account with monetary funds received in favor of the account holder, as well as to comply with the account holder's instructions to transfer and pay appropriate monetary funds from the account in the manner prescribed by legislation of the Republic of Belarus.

Article 210. Charity Account Contract

Under a charity account contract, the bank or non-bank financial institution shall undertake to open a bank account for a natural or legal person with the purpose of collecting, safekeeping, and using monetary funds received as a gratis aid/sponsorship or donations.

Article 211. Card Account Contract

Under a card account contract, the bank or non-bank financial institution shall undertake to open a bank account for a natural or legal person with the purpose of showing operations performed by such persons with the use of bank plastic cards.

Article 212. Procedures for Opening Bank Accounts for Customers

Legislative acts of the Republic of Belarus and regulatory acts of the National Bank shall prescribe procedures for opening bank accounts for customers as well as liability of the banks and non-bank financial institutions for violation of such procedures.

**CHAPTER 23
MONETARY FUNDS TRUST MANAGEMENT****Article 213. Monetary Funds Trust Management Contract**

Under a monetary funds trust management contract, a natural or legal person (the trustor) shall transfer its monetary funds to trust of the bank or non-bank financial institution (the trustee) for a definite period of time, whilst the trustee shall undertake to manage, for a fee, the entrusted monetary funds for the benefit of the trustor or a person designated by the trustor (the beneficiary).

Article 214. Legal Regulation of Monetary Funds Trust Management

Relations arising out of or in connection with monetary funds trust management and outside the scope of this Code or other banking legislation acts shall be governed by civil legislation on trust management of property.

Article 215. Form of Monetary Funds Trust Management Contract

The monetary funds trust management contract must be made in writing. Failure to comply with written form of the contract shall entail invalidity thereof.

Article 216. Material Terms and Conditions of Monetary Funds Trust Management Contract

The monetary funds trust management contract must contain material terms and conditions prescribed by civil legislation for the property trust management contract.

Article 217. Subject Matter of Monetary Funds Trust Management Contract

Any monetary funds belonging to the trustor by right of ownership may be the subject matter of the monetary funds trust management contract.

In cases provided for by legislation of the Republic of Belarus, trustors of monetary funds may be persons other than owners thereof.

Monetary funds which are under economic or day-to-day management may not be transferred to trust.

Article 218. Use of Monetary Funds Transferred to Trust

Under the monetary funds trust management contract, the trustee may use monetary funds transferred to trust for:

- depositing with a view to generating revenue; or
- acquisition of securities (except for bills and checks) and management thereof.

The trustee shall have no right to use monetary funds transferred to him/her by the trustor for the purposes other than those related to trust management.

Article 219. Procedures for Transfer of Monetary Funds to Trust

Monetary funds shall be transferred to trust in the manner prescribed by the National Bank, by:

- trustors-legal persons by virtue of transfer on a non-cash basis from the current/settlement account of the trustor to the fiduciary/trust account; or
- trustors-natural persons by virtue of transfer on a non-cash basis from bank accounts or cash payment to the fiduciary/trust account.

Article 220. Forms of Monetary Funds Trust Management

There shall be the following forms of monetary funds trust management:

- absolute trust management;
- trust management by agreement; and
- trust management by order.

Article 221. Absolute Trust Management of Monetary Funds

In absolute trust management of monetary funds, the trustee shall independently administer the trustor's monetary funds to the extent prescribed by appropriate directions and shall be obliged to notify the trustor of each action taken, unless otherwise provided for in the contract.

Article 222. Monetary Funds Trust Management by Agreement

In monetary funds trust management by agreement, the trustee shall administer the trustor's monetary funds, provided each action to be taken is agreed with the trustor in advance without fail.

Article 223. Monetary Funds Trust Management by Order

In monetary funds trust management by order, the trustee shall administer the trustor's monetary funds only by his/her order.

Article 224. Protection of Trustee's Rights

The trustee's rights to monetary funds transferred to trust shall be protected in the same way as the trustor's rights to such monetary funds, including protection against wrongful acts of the trustor himself/herself.

Article 225. Pooling Monetary Funds of Several Trustors by Trustee

The trustee shall have the right to pool the trustor's and other trustors' monetary funds in order to use them most efficiently, subject to compliance with the terms and conditions of each of the contracts for monetary funds trust management.

Article 226. Accounting of Monetary Funds and Securities Held in Trust by Trustee

The trustee shall be obliged to ensure separate accounting of his/her own monetary funds and securities, trustor's monetary funds and securities transferred to trust and received/acquired at the time of such management, as well as separate accounting of monetary funds and securities of different trustors.

Recourse to obligations related to the trust management of monetary funds transferred by one trustor may not be taken against other trustor's monetary funds and securities held in trust of the same trustee.

Article 227. Transfer of Management Powers

If the trustee's responsibility to personally fulfill his/her obligations does not arise out of or in connection with the monetary funds trust management contract, the trustee shall have the right to involve, in fulfilling thereof, only another bank or another non-bank financial institution.

Article 228. Fiduciary/Trust Account Contract

A fiduciary/trust account shall be opened for the trustor on the basis of a fiduciary/trust account contract. The fiduciary/trust account may be opened by the trustee at his/her own establishment.

The fiduciary/trust account contract shall be concluded where the monetary funds trust management contract is available.

Procedures for conclusion, execution, and termination of the fiduciary/trust account contract shall be prescribed by this Code and regulatory acts of the National Bank.

Article 229. Trustor's Ownership Right to Monetary Funds and Securities Held in Trust

Transfer of monetary funds by the trustor to the fiduciary/trust account shall not entail termination of the trustor's ownership right to such monetary funds.

The trustor's ownership right shall apply both to monetary funds and securities received/acquired at the time of trust management.

Article 230. Closing Fiduciary/Trust Account

The fiduciary/trust account shall be closed in case of:

- termination of obligations under the monetary funds trust management contract;
- lack of monetary funds on such account during one year; and
- in other cases provided for by legislation of the Republic of Belarus or in the contract.

**SECTION VII
AGENCY BANKING OPERATIONS****CHAPTER 24
SETTLEMENTS****Article 231. Settlements**

Settlements may be carried out in the non-cash or cash form.

Settlements in the non-cash form shall be settlements between natural and legal persons or settlements involving them that are carried out on a non-cash basis via the bank or non-bank financial institution and its branch.

Settlements in the non-cash form shall be carried out by a bank transfer, letter of credit, and collection.

Procedures for carrying out settlements in cash shall be governed by legislation of the Republic of Belarus.

Provisions of this Chapter shall apply to all settlements, including settlements in the non-cash form carried out by non-bank financial institutions.

Article 232. Carrying out Settlements in the Non-cash Form by a Bank Transfer on the Basis of Payment Instructions

Settlements in the non-cash form by a bank transfer shall be carried out on the basis of payment instructions.

Payment instructions may be given by:

- submitting settlement documents (payment order, payment request, and payment request/order);
- employing payment instruments (checks, bank plastic cards, and other instruments) in carrying out corresponding operations; and
- producing and employing other documents and instruments in cases provided for by the National Bank.

Settlements in the non-cash form by a bank transfer may also be carried out on the basis of a contract between the bank and the customer which contains data required for effecting a bank transfer.

The National Bank shall set down requirements to the form and contents of payment instructions and procedures for execution of operations when the settlements are carried out in the non-cash form.

The contract concluded between the bank and the customer (a bank deposit contract, current/settlement bank account contract, correspondent account contract, or any other contract) shall constitute grounds for carrying out settlements in the non-cash form, unless regulatory acts of the National Bank prescribe the bank's obligation to accept payment instructions for execution (acceptance).

Obligations arising out of or in connection with the contract concluded between the bank and the customer shall be independent with respect to the obligations arising out of or in connection with the contract concluded between the customer and his/her counterpart, for implementation of which a bank transfer shall be effected (hereinafter referred to as "the principal contract"). Banks shall not be bound by the provisions of the principal contract as well as by the scope of the parties' obligations thereunder, including cases where the customer's payment instructions contain reference to the principal contract. Banks may not control compliance of the parties with their obligations under the principal contract, unless otherwise provided for by the President of the Republic of Belarus, as well as meddle in relations between the parties to the principal contract.

The bank may refuse the customer settlements in the non-cash form in cases where:

- there is no concluded contract between the bank and the customer, except when regulatory acts of the National Bank prescribe the bank's obligation to accept payment instructions for execution (acceptance);
- the concluded contract does not provide for the settlements in such form; and
- the customer lacks sufficient funds in the currency of payment, if he/she has no credit agreement.

The bank shall refuse settlements in the non-cash form in cases where:

- monetary funds held on the customer's account are attached or operations involving this account are suspended by a decision of the authorized government agency/officer (in this case settlements in the non-cash form may be carried out not earlier than appropriate decision of the authorized government agency/officer is implemented);
- the execution/acceptance of payment instructions would be a violation of legislation of the Republic of Belarus by the bank; and
- the form and contents of payment instructions do not meet the requirements prescribed by regulatory acts of the National Bank or the bank has every reason to consider payment instructions as not authentic.

Once a decision to refuse settlements in the non-cash form is taken, the bank shall be required to notify the customer accordingly not later than on the banking day following the day on which payment instructions are received, unless otherwise provided for by legislation of the Republic of Belarus or in the contract.

Article 233. Form of Payment Instructions

Customers may issue their payment instructions in writing or electronically.

Payment instruction of the customer-legal person, issued in the written form, shall carry signatures/signature of persons authorized to dispose of the account as well as an imprint of the account holder's seal. Payment instruction of the customer-legal person which contains such signatures/signature and an imprint of the seal and which, by other indications, complies with legislative requirements of the Republic of Belarus shall be deemed authentic.

Payment instruction of the customer-natural person, issued in the written form, shall carry the signature of such person or the person authorized by him/her to dispose of the account. Payment instruction of the customer-natural person which contains such signature and which, by other indications, complies with legislative requirements of the Republic of Belarus shall be deemed

authentic. Payment instruction of the customer-independent entrepreneur may also carry an imprint of his/her seal.

The bank shall not be liable for the execution (acceptance) of forged payment instructions issued in the written form in cases where they are deemed, under provisions of paragraphs two and three of this Article, authentic and provided malicious intent on the part of the bank is not proved.

Rules of employing electronically issued payment instructions in settlements in the non-cash form shall be prescribed by legislation of the Republic of Belarus.

Article 234. Assignment of Payment Instructions Execution to Another Bank

In cases where, by virtue of specific nature of settlements in the non-cash form or for any other reasons, the bank approached by the customer is not in a position to effect payment in full, such bank may redirect partial execution of the customer's payment instructions to another bank (a correspondent bank). The customer may choose, with the consent of the servicing bank, the correspondent bank for execution of payment instructions or give the right to choose such bank to the servicing bank itself.

The bank shall be liable for the customer's losses resulting due to the failure to execute the customer's instruction to choose a correspondent bank.

Article 235. Customer's Right to Change and Cancel Payment Instructions

The customer may change or cancel payment instructions issued to the bank before the bank takes any real actions aimed at executing thereof. Real actions aimed at executing payment instructions are the following:

- any entries made on appropriate accounts; or
- other actions of the bank provided for by legislation of the Republic of Belarus.

Once a real action is taken, the bank shall be entitled not to take any steps to modify or cancel payment instructions.

Article 236. Time Allowed for Payment Instructions Execution

Payment instructions shall be executed by the bank not later than on the banking day following the day on which they are received at the bank, unless otherwise provided for by this Code, other legislation of the Republic of Belarus, or in the contract. Banks must accept payment instructions which will mature at a future date, as well as payment instructions whose execution is dependent on occurrence of some circumstances/events at a future date, in cases

where feasibility of such operations is provided for by the rules prescribed by the banks.

Article 237. Bank's Liability for Failure to Execute Payment Instructions or Improper Execution Thereof

An improper execution by the remitting bank of the customer's/recoverer's payment instructions shall mean:

- failure to debit the payer's account in good time;
- debiting monetary funds in the amount which does not correspond to the sum indicated in the customer's/recoverer's payment instructions;
- issue of the payment order which does not comply with payment instructions of the customer/recoverer and/or correspondent bank with a view to executing payment instructions of the customer/recoverer and/or correspondent bank resulting in remitting/crediting monetary funds in favor of the improper beneficiary and/or correspondent bank; and
- other cases of executing payment instructions in the manner that does not comply with legislation of the Republic of Belarus or the contract.

An improper execution by the receiving bank of the correspondent bank's payment instructions shall mean:

- failure to credit monetary funds to the beneficiary's account in good time;
- crediting monetary funds to the beneficiary's account in the amount which does not comply with payment instructions of the correspondent bank;
- crediting monetary funds in favor of the improper beneficiary; and
- other cases of executing payment instructions in the manner that does not comply with legislation of the Republic of Belarus or the contract.

In case of improper execution of payment instructions, the bank shall be obliged to indemnify the customer/recoverer **and/or** correspondent bank:

- monetary funds unreasonably debited from their account;
- monetary funds credited to their account not in full; and
- monetary funds remitted/credited in favor of the improper beneficiary and/or correspondent bank.

In case of the bank's failure to execute the customer's/recoverer's payment instructions or improper execution thereof, the bank shall be obliged to indemnify the customer/recoverer for real damage, including forfeit (penalty, fine) charged by the counterparts under the principal contract, and sanctions imposed by the authorized government agencies, as well as to charge, in the manner prescribed by civil legislation, interest on borrowed monetary funds.

In case of the bank's failure to execute payment instructions or improper execution thereof, the customer/recoverer shall also have the right to demand, where it is provided for in the contract between the bank and the customer or if there is malicious intent on the part of the bank, a refund of lost profit.

Article 238. Exempting Banks from Liability for Failure to Execute Payment Instructions or Improper Execution Thereof

The bank shall not be liable for failure to execute accepted payment instructions of the customer or improper execution thereof in cases where:

- incorrect details of payment instructions are supplied;
- telecommunications companies lose payment instructions or distort electronic messages;
- equipment used by the bank breaks down or fails through no fault of the bank; and
- in other cases provided for in paragraphs two and three of Article 242, paragraph one of Article 246, and paragraph two of Article 247 of this Code and other legislative acts of the Republic of Belarus.

Article 239. Payment Order

A payment order is a payment instruction whereby one bank (the remitting bank) remits for a fee, by the customer's instruction, monetary funds to another bank (the receiving bank) in favor of a person designated by the order (in favor of the beneficiary).

Where the payer and the beneficiary hold their accounts in the same bank, or if the beneficiary does not have an account with the bank and is paid by the remitting bank in cash, the remitting bank and the receiving bank shall constitute one entity.

The beneficiary may not require the remitting bank to effect payment where settlements are carried out in payment orders.

Article 240. Execution of Payment Order

Execution of the payment order by the remitting bank means issuing a payment order to the receiving bank concurrently with the provision, to such bank, of monetary funds which are required to execute such payment order.

Execution of the payment order by the receiving bank means:

- crediting monetary funds to the beneficiary's account. In such case, the receiving bank shall be obliged to furnish, after execution of the payment order, the beneficiary with the documents which evidence crediting monetary funds to his/her account; and
- payment of cash to the beneficiary or use of monetary funds in compliance with his/her instructions (where remitting/crediting monetary funds in favor of the beneficiary that has no account with the bank).

Article 241. Remittance of Monetary Funds by Payment Order

Remittance of monetary funds by payment order shall result in the acceptance of the payment order by the receiving bank.

The acceptance of the payment order by the receiving bank is deemed to be the payer's compliance with the obligation to remit monetary funds in favor of the beneficiary.

From the time the receiving bank accepts the payment order until monetary funds are remitted to the beneficiary, the receiving bank shall be a debtor thereof.

Execution of the payment order shall be deemed properly effected even if the amount of the payment order accepted by the receiving bank turns out to be less than the amount of the payer's payment order due to charging remuneration/fee for the services rendered by the receiving bank.

Article 242. Acceptance of Payer's Payment Order by Remitting Bank

When accepting a payer's payment order, the remitting bank shall be obliged, within the limits of control functions entrusted with it, to make sure that the form of the payment order complies with the requirements of legislation of the Republic of Belarus and also check, in cases provided for by the President of the Republic of Belarus, accompanying documents.

If the payer's payment order contains information which is insufficient for execution thereof, the remitting bank shall send it back to the payer without execution.

The remitting bank shall accept the payer's payment order for execution only when there are monetary funds available on the payer's account, unless the contract concluded between them provides for an opportunity of crediting the payer's account (overdraft) by the remitting bank or extending a credit to him/her in a different form.

Article 243. Acceptance of Payment Order by Remitting Bank

The payment order shall be deemed to be accepted by the remitting bank if:

- the remitting bank has notified the payer of the acceptance of his/her payment order;
- the remitting bank has issued a payment order with a view to executing the received payment order;
- the remitting bank has received the payment order, provided the payer and the remitting bank agree that the remitting bank will execute the payer's payment orders upon receipt thereof;

- the remitting bank has debited the payer's accounts with a view to effecting payment under the payment order;
- the remitting bank has credited the correspondent account of the receiving bank with a view to executing the payment order;
- the remitting bank has used the received monetary funds in the manner prescribed in the payment order; and
- the remitting bank has failed to notify the payer of the refusal to accept his/her payment order within a specified period of time.

Article 244. Remitting Bank's Refusal to Accept Payment Order

The remitting bank may refuse to accept the payer's payment order if:

- monetary funds available on the payer's account are insufficient where the payment order must be executed by debiting monetary funds available on the payer's account; or
- the form of the payment order does not comply with the requirements prescribed by legislation of the Republic of Belarus.

Notification of the refusal to accept the payment order must be given not later than on the banking day following the expiry date of payment order execution.

Article 245. Acceptance of Payment Order by Receiving Bank

The payment order shall be deemed accepted by the receiving bank if:

- the receiving bank has notified the remitting bank of the acceptance of the payment order;
- the receiving bank has received the payment order, provided the remitting bank and the receiving bank agreed that the receiving bank would execute the remitting bank's orders upon receipt thereof;
- the receiving bank has debited the correspondent account of the remitting bank with a view to effecting payment under the payment order;
- the receiving bank has credited the beneficiary's account with a view to executing the payment order or otherwise making monetary funds available to the beneficiary;
- the receiving bank has used monetary funds with a view to repaying the beneficiary's debt to the bank or has used them as prescribed by an enforcement document;
- the receiving bank has notified the beneficiary of its right to dispose of the received monetary funds;
- the receiving bank has used the received monetary funds pursuant to the instructions of the payment order; and

- the receiving bank has failed to notify, within a specified period of time, the remitting bank of the refusal to accept its payment order.

Article 246. Receiving Bank's Refusal to Accept Payment Order

The receiving bank may refuse to accept the remitting bank's payment order provided that:

- monetary funds available on the correspondent account of the remitting bank are insufficient, if the payment order must be executed by debiting monetary funds available to the remitting bank's account;

- there is no reimbursement for the amount of the payment order on the part of the remitting bank coverable otherwise; and

- the form of the payment order does not comply with the requirements prescribed by legislation of the Republic of Belarus.

Notification of refusal to accept the payment order must be given not later than on the banking day following the expiry date of the payment order execution.

Article 247. Procedures for Payment Order Execution by Receiving Bank

Upon acceptance of the payment order, the receiving bank must make monetary funds available to the beneficiary or otherwise use the remitted monetary funds in compliance with the payment order.

If information contained in the payment order is insufficient for the proper execution thereof or there are discrepancies in the payment order received, the receiving bank must request, not later than on the banking day following the day on which the payment order is received, further information from the remitting bank or the payer. If there is no response from the remitting bank or the payer within three days of making a request, unless other time period is provided for in the contract, the receiving bank must return the received monetary funds to the remitting bank.

Article 248. Time of Payment Order Execution by Remitting Bank and Receiving Bank

Once accepted, the payment order must be executed by the remitting bank and the receiving bank on the banking day it is received. If there is no sufficient time for execution of the payment order before the banking day is over, it may be executed on the next banking day. The payment order may specify other time of execution thereof.

If the amount of monetary funds available on the account is insufficient, provided the payment order must be executed by debiting monetary funds

available to the account, the payment order may be executed, where an appropriate contract has been made, when monetary funds become available on the account on time provided for in paragraph one of this Article.

Article 249. Payment Order Modification and Revocation

The payment order may be modified or revoked by the payer or the remitting bank in cases where notification to this effect is received prior to its actual execution by the remitting bank or the receiving bank.

Where notification of the payment order modification has been received prior to actual execution thereof, the remitting bank and the receiving bank shall execute the payment order with regard to such modification.

Where notification of the payment order revocation has been received prior to actual execution thereof, the remitting bank and the receiving bank may not effect payment under such payment order. In this case, the remitting bank and the receiving bank shall be obliged also to return the received monetary funds to the payer and remitting bank, respectively.

The payer and the remitting bank, as well as the remitting bank and the receiving bank may agree that the payment order being passed to the remitting bank or the receiving bank may not be modified and/or revoked (an irrevocable payment order).

Genuineness of notification of the payment order modification or revocation shall be verified in the manner prescribed by banking law for verification of genuineness of payment orders.

Death of a natural person, termination of independent entrepreneur's operation, liquidation of a legal person (payer), or liquidation of a remitting bank shall not constitute grounds for revocation of the payment order.

Article 250. Debiting Monetary Funds Credited to Account Due to Technical Error

Where monetary funds are credited, due to a technical error, to the account of the improper beneficiary, the receiving bank shall have the right to debit credited monetary funds from the account and send them back to the remitting bank without following the order of payments stipulated by legislation of the Republic of Belarus.

Procedures for and time of repayment of monetary funds credited, due to a technical error, to the account of the improper beneficiary shall be prescribed by regulatory acts of the National Bank.

Article 251. Intermediary Bank/Settlement Center

If the payment order is executed via the bank that is neither a remitting bank nor a receiving bank (intermediary bank/settlement center), the rules prescribed by this Code for the receiving bank shall apply to the intermediary bank/settlement center that has received the payment order, whereas rules prescribed by this Code for the remitting bank shall apply to the intermediary bank /settlement center that has sent the payment order, respectively.

Article 252. Payment Request

A payment request is a payment instruction whereby the payee requires the payer to pay a specified amount of money via a bank.

Rules for settlements in the non-cash form by the payment request shall be prescribed by regulatory acts of the National Bank.

Article 253. Payment Request-Order

A payment request-order is a payment instruction whereby the payee requests the payer to pay the cost of goods delivered under the contract or the cost of actions performed in his/her favor against presentation of stipulated in the contract settlement, shipping, and other documents sent to the payer (avoiding the servicing bank).

Rules for settlements in the non-cash form by the payment request-order shall be prescribed by regulatory acts of the National Bank.

Article 254. Letter of Credit

A letter of credit is an obligation whereby the bank acting on the instructions of the customer-instructing party (issuing bank) must effect payment to the payee (beneficiary), or accept and honor, or discount the bill of exchange drawn by the beneficiary, or authorize another bank (executing bank) to make such payment, or accept and honor, or discount the bill of exchange drawn by the beneficiary provided all terms and conditions of a letter of credit are complied with. A letter of credit may be executed by payment on presentation, payment on a deferred basis, accepting and honoring, or discounting a bill of exchange.

To give the beneficiary a notification of issuing a letter of credit the issuing bank (executing bank) may engage another bank (advising bank).

A letter of credit is an independent obligation with respect to obligations arising out of or in connection with a purchase/sale contract or any other

contract providing for such form of settlements. Provisions of such contracts shall not be binding on banks.

Article 255. Types of Letter of Credit

A letter of credit may be revocable, irrevocable, confirmed, transferable, and standby.

Article 256. Revocable Letter of Credit

A revocable letter of credit is a letter of credit that may be modified or revoked by the issuing bank without prior notification of the beneficiary. Revocation of a letter of credit shall not impose any obligations to the payee on the issuing bank.

The issuing bank shall be obliged to pay compensation to the executing bank, if, prior to receiving a notification of modification of the terms and conditions or revocation of a letter of credit, the executing bank has made payment, accepted and honored, or discounted the bill of exchange against presentation by the beneficiary of the documents that appear to be compliant with the terms and conditions of the letter of credit, or accepted, as a bank authorized to effect payment on a deferred basis, such documents.

Article 257. Irrevocable Letter of Credit. Confirmed Letter of Credit

An irrevocable letter of credit is a letter of credit that cannot be revoked or modified without the beneficiary's consent.

A letter of credit shall be deemed irrevocable, unless otherwise expressly stated in the text thereof.

The issuing bank shall be obliged to pay compensation to the executing bank which has made payment, assumed an obligation of payment on a deferred basis, accepted and honored, or discounted the bill of exchange against presentation of documents that appear to be compliant with the terms and conditions of the letter of credit and also to accept such documents.

The executing bank involved in the operation involving documentary credit may, at the request of the issuing bank, confirm an irrevocable letter of credit (confirmed letter of credit). Such confirmation means that the executing bank assumes additional, with respect to the issuing bank's commitment, obligation to make payment under the letter of credit, accept and honor or discount the bill of exchange, or perform other actions pursuant to the terms and conditions of the letter of credit. A bank that has confirmed a letter of credit is a confirming bank.

An irrevocable letter of credit confirmed by the executing bank may not be modified or revoked without the consent of the executing bank.

If the letter of credit provides for the use thereof by installments as they fall due and any part thereof has not been used within a period of time set for it, the letter of credit shall become invalid both for this part and for subsequent parts, unless otherwise provided for in the letter of credit.

Article 258. Transferable Letter of Credit

A transferable letter of credit is a letter of credit whereby the issuing bank (executing bank) may grant, at the beneficiary's request, another person (another beneficiary) its consent for the execution of the letter of credit, in full or in part, provided that it is explicitly designated as transferable on the assumption that the said beneficiary shall produce all the documents listed therein.

The letter of credit may be transferred if it is designated by the issuing bank as a transferable one. The transferable letter of credit may be transferred only once, unless otherwise provided for in the text thereof. Prohibition to transfer the letter of credit shall not imply a ban on assignment of receivables.

Article 259. Standby Letter of Credit

A standby letter of credit is a letter of credit whereby the bank provides an independent obligation to pay a specified amount of monetary funds to the beneficiary at its request/application or at the request substantiated by the documents which comply with the terms and conditions of the letter of credit indicating that payment is due on account of the instructing party's failure to meet any obligation or occurrence of any circumstance/event.

Unless otherwise provided for by the terms and conditions of the standby letter of credit, provisions of this Code relating to the bank guarantee shall apply thereto.

Article 260. Relations between Instructing Party and Issuing Bank

Instructions of the instructing party to the issuing bank under which a letter of credit is opened may not imply any obligations in respect of the beneficiary or other banks involved in the execution of the letter of credit and may not grant them any rights.

The instructing party must, concurrently with giving instructions, make available to the issuing bank monetary funds required for the execution of a letter of credit, unless otherwise provided for in the agreement between the instructing party and the issuing bank. The instructing party's compliance with

this obligation shall not affect relations between the issuing bank and the beneficiary (other banks involved in the execution of the letter of credit).

Where any discrepancies between the documents under the letter of credit and its terms and conditions are revealed on examination thereof, the issuing bank may refuse to accept such documents wherefore it shall be obliged, within seven banking days following the date of receipt of the documents, to notify, by teletransmission means, the bank from which documents are received or the beneficiary to this effect, provided the documents have been received by the issuing bank directly from it. In cases where discrepancies between the documents under the letter of credit and its terms and conditions have been revealed, the issuing bank may request the instructing party to give notification whether it undertakes to honor such documents or refuses to do so.

Article 261. Relations between Issuing Bank/Confirming Bank and Beneficiary

The issuing bank/confirming bank shall be obliged to effect payment to the beneficiary only against documents that appear to be compliant with the terms and conditions of the letter of credit.

The issuing bank/confirming bank must consider the documents and make decision about acceptance or rejection thereof within seven banking days following the date of receipt of the documents. In case of refusal to accept the documents, the party from which they have been received must be immediately notified of discrepancies between the documents and the terms and conditions of the letter of credit.

Rules of examination of the documents as to their compliance with the terms and conditions of the letter of credit shall be prescribed by regulatory acts of the National Bank.

Article 262. Legal Status of Executing Bank

If the letter of credit does not stipulate that it shall be executed by the issuing bank, the executing bank must be designated therein.

If the executing bank is not a confirming bank, the responsibilities for examining documents and executing the letter of credit may be vested in such bank by virtue of the instructions of the issuing bank only.

If the executing bank is not a confirming bank, the beneficiary may put forward claims arising out of or in connection with the letter of credit against the issuing bank only.

Article 263. Legal Status of Advising Bank

The advising bank's obligations under the letter of credit shall be restricted to visual verification of the genuineness of the notification of opening/modification of the letter of credit as well as immediate delivery thereof to the addressee.

Where the advising bank refuses to advise the letter of credit, it shall notify the party from which the letter of credit has been received to this effect not later than on the banking day following the day of receipt of the letter of credit.

Article 264. Relations between Beneficiary and Instructing Party

The letter of credit shall be independent of the availability, modification, or termination of obligations between the beneficiary and the instructing party.

If the letter of credit is not executed, the beneficiary may lodge appropriate claims with the instructing party, unless the beneficiary's claims imply otherwise.

Article 265. Termination of Issuing Bank's Obligations under Letter of Credit

Obligations of the issuing bank under a letter of credit shall terminate upon:

- execution of the letter of credit;
- failure to furnish documents complying with the terms and conditions of the letter of credit within the validity period of it;
- the beneficiary's waiver of its rights under the letter of credit; and
- revocation of the letter of credit, provided that it is designated as transferable.

If the issuing bank's obligations under the letter of credit terminate on grounds prescribed by clauses three and four of paragraph one of this Article, the issuing bank shall be obliged to remit monetary funds that have been made available for execution of the letter of credit to the instructing party not later than on the banking day following the onset of the aforesaid grounds or repayment of monetary funds by the executing bank.

Article 266. Domestic and International Letters of Credit

A letter of credit shall be deemed domestic if residents act as an issuing bank and a beneficiary. Specifics of executing domestic letters of credit shall be prescribed by the National Bank.

A letter of credit shall be deemed international if any of the parties involved in settlements under the letter of credit is a non-resident. In carrying out operations under international letters of credit, the parties shall abide by international agreements, international regulations and practices applied to letters of credit, as well as by law applicable to international letters of credit.

International regulations and practices may apply to domestic letters of credit in cases where reference is made thereto in the text of the letter of credit.

Unless otherwise provided by the parties, the law of the issuing bank's country shall be applicable to international letters of credit in respect of relations between the issuing bank and the instructing party, the issuing bank and the advising bank or the executing bank, as well as between the advising bank or the executing bank and the beneficiary.

Article 267. Concept and Forms of Collection

Collection shall be understood to mean operations involving documents carried out by the banks on the basis of instructions received from the customer as a result of which the payer will be forwarded financial documents without commercial papers (clean collection), or financial documents with commercial papers, or commercial papers alone (documentary collection) with the purpose of receiving payment and/or accepting payment or subject to other terms and conditions.

Collection shall be made by a bank (a remitting bank) on the customer's/principal's instructions or in its own name. In addition to the remitting bank any other bank (a collecting bank) may be involved in carrying out collection operations. A bank presenting the payer with the documents shall be the presenting bank.

Financial documents shall be understood to mean bills of exchange, checks, and other documents used for receiving payment which have been issued with the purpose of meeting pecuniary obligations.

Commercial papers shall be understood to mean shipping documents, invoices, documents of title to the goods and other documents that are not financial ones.

The presenting bank shall have the right to debit the payer's account against the presentation of documents or with the consent of the payer (with acceptance) or on its own (without acceptance). The terms permitting collection without acceptance as well as application of different forms of acceptance (preliminary or subsequent acceptance) shall be prescribed by legislation of the Republic of Belarus, including regulatory acts of the National Bank as well as agreements between the payer and the presenting bank.

Certain types of collection based on tax, budgetary, administrative, and other relationships shall be governed by this Code, unless otherwise provided for by special legislation of the Republic of Belarus.

Specifics of documents circulation and certain types of collection shall be determined by regulatory acts of the National Bank.

Article 268. Obligations of Remitting Bank

The remitting bank must accept the collection order/application and documents listed therein from the principal and check regularity of the collection order/application and availability of documents listed therein. Where the collection order/application is properly drawn up and documents listed therein are available, the remitting bank shall forward the presenting bank or the payer, provided the remitting bank acts as the presenting bank, the documents accepted for collection not later than on the banking day following the day of delivery thereof, or within another period of time specified in the collection order/application.

The remitting bank shall not be answerable to the principal for refusal of the payer or the presenting bank to honor financial documents. In case of such refusal the remitting bank shall be obliged to promptly notify the principal to this effect and return the rejected financial documents thereto.

Article 269. Obligations of Presenting Bank

Under collection with acceptance the presenting bank must notify the payer of the principal's requirements and/or present documents to the payer not later than on the banking day following the day on which collection documents are received or within another period of time specified in instructions received.

The presenting bank shall not be answerable to the principal for refusal of the payer to accept presented documents.

Under collection without acceptance the presenting bank must verify genuineness of presented financial documents by appearance thereof and remit the amount being recovered to the remitting bank on the day of delivery of the documents or on the next banking day if they are delivered after banking hours.

If monetary funds on the payer's account are insufficient, the presenting bank shall act as prescribed by regulatory acts of the National Bank, unless otherwise provided for by legislative acts of the Republic of Belarus.

Article 270. Liability of Presenting Bank

In cases where collection is delayed through the fault of the presenting bank, the principal shall have the right to bring an action against the presenting bank, irrespective of whether or not contractual relations exist between them.

Article 271. Specifics of International Collection

Collection shall be deemed international if at least one party involved in settlements thereunder is a non-resident.

Specifics of international collection shall be determined by the international agreements standards, international rules and practices, as well as law applicable to international collection.

Unless the parties agreed otherwise, the following law shall be applicable to international collection with respect to relations between:

- the principal and the remitting bank – law of the remitting bank's state; or
- the remitting bank, the payer, some other bank, and the representing bank – law of the presenting bank's state.

Article 272. Settlement by Checks

A check is a security with an unconditional order of the check drawer to pay the amount of money specified therein to the check holder.

The check drawer may draw a check only on the bank holding its monetary funds that the check drawer may dispose of by writing checks.

Checks may not be withdrawn before expiration of time for their production.

The rules of settlements in the non-cash form by check shall be prescribed by regulatory acts of the National Bank.

Article 273. Bank Plastic Cards

A bank plastic card is a payment instrument providing for the access to the bank account and settlements of the goods/works and services in the non-cash form, withdrawal of cash, and carrying out other operations pursuant to legislation of the Republic of Belarus.

Article 274. Putting Bank Plastic Cards into Circulation

A bank shall put bank plastic cards into circulation under the banking license.

Banks shall put bank plastic cards into circulation, carry out settlements and/or provide cash services to natural and/or legal persons, in the manner prescribed by the National Bank, when carrying out operations involving bank plastic cards.

Article 275. Legal Regulation of Settlements in Non-cash Form

Procedures for settlements in the non-cash form in the Republic of Belarus shall be prescribed by this Code and regulatory acts of the National Bank.

**CHAPTER 25
FOREIGN EXCHANGE TRANSACTIONS****Article 276. Foreign Exchange Transactions**

The following shall constitute foreign exchange transactions:

- transactions involving exchange of a foreign currency for the official monetary unit of the Republic of Belarus and/or exchange of the official monetary unit of the Republic of Belarus for a foreign currency at prescribed exchange rates (foreign currency trading);
- transactions involving exchange of one foreign currency for another foreign currency at prescribed exchange rates (foreign currency conversion); and
- other transactions as may be determined by the National Bank.

Article 277. Procedures for Foreign Exchange Transactions

In the Republic of Belarus foreign exchange transactions shall be carried out via banks and non-bank financial institutions holding banking licenses that grant the right to carry out such transactions.

Foreign currency may be traded and/or converted in the exchange markets and in the over-the-counter currency market.

The National Bank may limit rates of exchange to be used in foreign currency trading and/or conversion in the domestic currency market.

Procedures for foreign exchange transactions shall be prescribed by the National Bank.

**CHAPTER 26
BANK SAFEKEEPING. TEMPORAL USE OF A BANK
SAFE-DEPOSIT BOX****Article 278. Bank Safekeeping Contract**

Under a bank safekeeping contract, one party (a bailee) commits, for a fee, to provide safekeeping of documents and valuables delivered by another party (a bailor) and return them to the bailor intact.

Under a bank safekeeping contract, a bank or non-bank financial institution may act as a bailee.

Relationships involving bank safekeeping shall be governed by this Code and civil legislation.

Article 279. Bank Safekeeping Items

The bailee may receive from the bailor monetary funds, securities, precious metals, precious and semiprecious stones, and other valuables as well as documents (hereinafter referred to as “bank safekeeping items”) for safekeeping.

Article 280. Form of Bank Safekeeping Contract

A bank safekeeping contract must be concluded in writing. This being the case, the bank safekeeping contract shall be deemed to be in a simple written form if the bailee confirms that documents and valuables are in safekeeping by issuing the bailor with a personal safekeeping document. Production of such document constitutes grounds for redelivery of bank safekeeping items to the bailor.

Article 281. Types of Bank Safekeeping

Bank safekeeping may be indoor, safe-deposit box or open.

Article 282. Indoor Bank Safekeeping

Indoor safekeeping is a type of safekeeping with a bank when the bailor is provided, for the safekeeping of bank safekeeping items, with an individual bank safe-deposit box (safe deposit-box cell, vault in a bank or non-bank financial institution) protected by the bailee. The bailee shall provide the bailor with the opportunity to place bank safekeeping items to an individual bank safe-deposit box and withdraw thereof from it beyond the control of anyone, including bailee’s control.

Article 283. Safe Box Safekeeping

Safe-deposit box safekeeping is a type of safekeeping with a bank when the bailor is provided, for the safekeeping of bank safekeeping items, with an individual bank safe-deposit box (safe-deposit box cell, vault in a bank or non-bank financial institution) protected by the bailee. The bailee shall control

placement of bank safekeeping items by the bailor to an individual bank safe-deposit box and withdrawal thereof from it.

Article 284. Open Safekeeping

Open safekeeping is a type of safekeeping with a bank when a bailee commits to keep bank safekeeping items delivered by a bailor and return them intact upon expiration of the bank safekeeping contract.

In case of open safekeeping, bank safekeeping items of different bailors shall be kept separately, shall not be sealed, and shall carry the name of each bailor.

Article 285. Verification of Bailor's Identity

Under a bank safekeeping contract, the bailor's identity may be verified by communicating a code, or by producing a document that proves identity, or ID card, or key, or any other token or document.

Article 286. Provision of an Individual Bank Safe-deposit Box for Temporal Use to Another Person

Relations involving provision by banks and non-bank financial institutions of individual bank safe-deposit boxes (safe-deposit box cells, vaults in a bank and non-bank financial institution) for temporal use to another person with no liability thereof for the safekeeping of the contents of safe deposit boxes shall be governed by civil legislation on the lease contract, in so far as it is not at variance with the essence of such banking legal relations.

CHAPTER 27

COLLECTION AND TRANSPORTATION OF CASH, PAYMENT INSTRUCTIONS, PRECIOUS METALS AND PRECIOUS STONES, AND OTHER VALUABLES

Article 287. Collection and Transportation of Cash, Payment Instructions, Precious Metals and Precious Stones, and Other Valuables

Collection of cash, payment instructions, precious metals and precious stones, and other valuables means contractual collection of such valuables from legal persons and independent entrepreneurs and their delivery to banks and non-bank financial institutions by collection services of banks and non-bank financial institutions.

Transportation of cash, payment instructions, precious metals and precious stones, and other valuables shall mean transportation of such valuables between banks and non-bank financial institutions and their separate and organizational units, as well as delivery of such valuables to the customers of banks and non-bank financial institutions.

Banks and non-bank financial institutions making collection and/or transportation of cash, payment instructions, precious metals and precious stones, and other valuables shall be authorized:

- to purchase, in the manner prescribed by regulatory acts of the President of the Republic of Belarus and other legislative acts of the Republic of Belarus, non-military and duty weapons and ammunition thereto to be used by their collection service officers and officers responsible for transportation of cash, payment instructions, precious metals and precious stones, and other valuables, respectively; or

- to receive, in the manner prescribed by the President of the Republic of Belarus, individual types and models of combat weapons and ammunition thereto on loan with a view to fulfilling by their collection service officers and officers responsible for transportation of cash, payment instructions, precious metals and precious stones, and other valuables obligations entrusted with them.

The weapons and ammunition thereto shall be provided to the collection service officers and officers of banks and non-bank financial institutions responsible for transportation of cash, payment instructions, precious metals and precious stones, and other valuables by decision of the management of banks and non-bank financial institutions after undergoing proper training by the said officers and provided that there is no reason preventing them from obtaining a permit for the acquisition of non-military weapons.

Collection service officers and officers of banks and non-bank financial institutions responsible for transportation of cash, payment instructions, precious metals and precious stones, and other valuables shall be provided with uniform, footwear, arms kits and individual means of protection in the manner prescribed by legislation of the Republic of Belarus.

Article 288. Use of Weapons

Collection service officers and officers of banks and non-bank financial institutions responsible, respectively, for collection and transportation of cash, payment instructions, precious metals and precious stones, and other valuables shall have the right to use weapons in cases and in the manner provided for by legislation.”

Article 2. This Law shall come into force three months after its official publication, except this Article and Article 5 of this Law which shall take effect on the day of official publication thereof.

This Law shall apply to legal relations which may arise after it becomes effective. With respect to legal relations that will have arisen before this Law is brought into force, it shall apply to those rights and obligations which will arise after this Law becomes effective.

Until legislation is brought in line with this Law, regulatory acts shall be applied in so far as they are not at variance with this Law, unless otherwise provided for in accordance with the Constitution of the Republic of Belarus.

Article 3. Banks and non-bank financial institutions must, within six months of entry of this Law into force, request the National Bank to substitute previous special permissions/licenses to engage in banking operations for a special banking permission/license indicating therein banking operations which the bank or non-bank financial institution is authorized to perform by virtue of previous special permissions/licenses to engage in banking operations.

Substitution of previously granted special permissions/licenses to engage in banking operations for a special banking permission/license indicating therein corresponding banking operations shall be carried out on the basis of the documents submitted by the bank or non-bank financial institution for the purpose of obtaining such permission/license, without requesting additional documents.

Upon the expiration of six months from the date of bringing this Law into force, no banking activities shall be allowed without special banking permission/license.

Article 4. The following resolutions shall be deemed invalid:

- Resolution of the Supreme Soviet of the Republic of Belarus “On the Statute of the National Bank of the Republic of Belarus” dated February 13, 1991 (Vedamastsi Vyarhounaga Saveta Belaruskai SSR, 1991, No. 14 (16), Art.160);

- Resolution of the Supreme Soviet of the Republic of Belarus “On Amendments to the Statute of the National Bank of the Republic of Belarus” dated December 9, 1992 (Vedamastsi Vyarhounaga Saveta Respubliki Belarus, 1993, No. 2, Art.20); and

- Resolution of the Supreme Soviet of the Republic of Belarus “On Amendments and Modifications to the Statute of the National Bank of the Republic of Belarus” dated March 16, 1994 (Vedamastsi Vyarhounaga Saveta Respubliki Belarus, 1994, No. 15, Art.226)

Article 5. Within six months of official publication of this Law the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus shall:

- bring regulatory acts passed by them into line with this Law; and
- prepare and approve regulatory acts required for implementation of provisions of this Law.

Within three months of official publication of this Law the Council of Ministers of the Republic of Belarus shall:

- ensure that republican agencies of state administration subordinate to the Government of the Republic of Belarus revise and cancel their regulatory acts which are at variance with this Law; and
- undertake other steps required for implementing provisions of this Law.

A.LUKASHENKO

President of the Republic of Belarus