The exchange rate of the Central Bank

USD / TMT	3,5000
EUR / TMT	3,6544
GBP / TMT	4,4149

Other currency

Ratio of precious metal 1 (one) ounce of turkmen manat

GOLD	10 180,9750
SILVER	113,6100
PLATINIUM	3 461,5000
PALLADIUM	3 444,0000

Legislation

«	February 2025					»
Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

LAW OF TURKMENISTAN

On Central Bank of Turkmenistan

This law sets forth the legal, organizational and economic principles governing the activities of Central Bank of Turkmenistan, its relationship with the public administration bodies, local authorities, lending institutions, and is directed on development and strengthening of the bank system of Turkmenistan.

Chapter 1. General provisions

Article 1. Definitions
The terms used in this law shall have the following meanings:
1) ***debt obligation*** : a negotiable debt instrument or any other instrument equivalent to a debt obligation that establishes an obligation to repay a debt to the holder of the instrument;
2) ***refinancing –*** system of crediting by Central Bank of Turkmenistan to lending institutions registered in Turkmenistan;
3) ***correspondent banks*** – banks with which Central Bank of Turkmenistan has established correspondent relationships;
4) ***financial instrument***: a financial document on the basis of which there arise simultaneously a financial asset at one party and a financial obligation - at the other party;
5 ***) conversion of manat*** : an exchange of national currency of Turkmenistan for a foreign currency;
6) ***agent of Central Bank of Turkmenistan*** – a natural person or legal entity representing the interests of Central Bank of Turkmenistan in public administration bodies, local authorities, in courts and international organizations;
7) ***currency notes of Turkmenistan*** - banknotes and coins of Central Bank of Turkmenistan.
2. All other concepts are used in this law in the meanings defined by the civil and other legislation of Turkmenistan, and also by corresponding Articles of this law.

Article 2. Legislation of Turkmenistan on Central Bank of Turkmenistan
1. The legislation of Turkmenistan on Central Bank of Turkmenistan shall be based on the Constitution of Turkmenistan and consist of this law and other legal acts of Turkmenistan regulating the banking activity.
2. If the international agreements of Turkmenistan set forth the rules other than those specified herein, then the rules of the international agreements shall apply.

Article 3. Central Bank of Turkmenistan
1. Central Bank of Turkmenistan shall be the national bank of Turkmenistan.
2. Central Bank of Turkmenistan shall be accountable to President of Turkmenistan.
3. Central Bank of Turkmenistan shall be led by Chairman of Central Bank of Turkmenistan.
Chairman of Central Bank of Turkmenistan, Deputy Chairmen of Central Bank of Turkmenistan shall be appointed to their positions and relieved of their duties by President of Turkmenistan.
4. Central Bank of Turkmenistan shall make its expenses out of own incomes.
5. Central Bank of Turkmenistan shall exercise powers with respect to the ownership, use and disposition of capital and other assets of Central Bank of Turkmenistan in accordance with this law. The confiscation and encumbrance of such assets without the consent of Central Bank of Turkmenistan shall be prohibited, unless otherwise stipulated by this law and other regulatory legal acts of Turkmenistan.
6. Central Bank of Turkmenistan shall be a legal entity.
7. Central Bank of Turkmenistan shall have a seal depicting the coat of arms of Turkmenistan and bearing the inscription
"Türkmenistanyň Merkezi banky".
8. The use of the abbreviation "TMB", as well as the word "Merkezi" in the names and logos of other lending institutions shall be prohibited.
9. Central Bank of Turkmenistan shall have the right to establish branches, representative offices, enterprises , institutions, organizations, to designate agents of Central Bank of Turkmenistan and correspondent banks in Turkmenistan and abroad in a manner established by the legislation of Turkmenistan.
10. Central Bank of Turkmenistan shall be the banker, the adviser and the fiscal agent of the Cabinet of Ministers of Turkmenistan.
11. Central Bank of Turkmenistan (central staff) shall be located in Ashgabat city.

Article 4. Regulatory legal acts of Central Bank of Turkmenistan
1. Central Bank of Turkmenistan, within the scope of its powers as set forth in this law shall draw up and approve regulatory legal acts that shall be binding on the public administration bodies, local authorities , lending institutions and their customers, on other legal entities and individuals on the territory of Turkmenistan.
2. Regulatory legal acts of Central Bank of Turkmenistan shall be subject to the state registration in accordance with the procedures established by the legislation of Turkmenistan.
3. Central Bank of Turkmenistan, with a view of maintenance of functioning of the system of Central Bank of Turkmenistan and regulation of activity of lending institutions shall publish also other acts.
4. Regulatory legal acts of Central Bank of Turkmenistan shall be forwarded in their entirety to all registered lending institutions as necessary.
5. Regulatory legal acts of Central Bank of Turkmenistan shall have no retroactive force.
6. Regulatory legal acts of Central Bank of Turkmenistan may be appealed in the courts in accordance with the procedures established by the legislation of Turkmenistan.
7. Regulatory legal acts of Central Bank of Turkmenistan shall be published in a manner established by the legislation of Turkmenistan and placed at the official site of Central Bank of Turkmenistan.

Chapter 2. Purposes, tasks and functions of Central Bank of Turkmenistan

Article 5. Purposes and tasks of Central Bank of Turkmenistan

1. The basic purposes of Central Bank of Turkmenistan shall be to:
1) maintain stability of manat;
2) develop and strengthen the banking system of Turkmenistan.
2. Profit making shall not be a purpose of the activity of Central Bank of Turkmenistan.
3. The following tasks shall be assigned to Central Bank of Turkmenistan:
1) to create necessary legal conditions and guarantees for functioning of the banking system of Turkmenistan;
2) to implement effective integrated state monetary policy;
3) to organize the cash circulation;
4) to support effective functioning of the settlement-and-payment system;
5) to organize the banking regulation and banking supervision;
6) to maintain price stability;
7) to safeguard the interests of lending institutions' creditors and depositors;
8) to combat the legalization of criminal proceeds and the financing of terrorism, according to the legislation of Turkmenistan;
9) to manage efficiently the international reserves (gold and foreign exchange assets) of Turkmenistan, including the state's gold reserve.

Article 6. Functions of Central Bank of Turkmenistan

1. With a view to fulfilling the purposes and accomplishing the tasks set forth in this law, Central Bank of Turkmenistan shall perform the following functions:
1) the formulation of main directions of integrated state monetary policy and submission to the Board of Central Bank of Turkmenistan;
2) the implementation of integrated state monetary policy;
3) the organization and conduct of foreign exchange regulation and foreign exchange control independently and through the banking system, according to the legislation of Turkmenistan;
4) the participation in analysis and forecasting of the position of the economy of Turkmenistan;
5) the establishment of official exchange rates of foreign currencies in relation to the national currency;
6) the issuance of banknotes and the withdrawal of banknotes from circulation as the sole issuer of banknotes and coins of Central Bank of Turkmenistan on the territory of Turkmenistan;
7) the organization of cash circulation on the territory of Turkmenistan;
8) the establishment of rules governing the accounting, storing, transportation and collection of banknotes, coins, other assets;
9) the creation of state reserve funds of banknotes, coins other assets ;
10) the registration and licensing of lending institutions in accordance with the legislation of Turkmenistan;
11) the establishment of rules governing settlements and payments in Turkmenistan and the monitoring thereof;
12) the servicing of the accounts of Ministry of Finance of Turkmenistan, the accounts of lending institutions and other customers;
13) the safeguarding and servicing of international reserves (gold and foreign exchange assets) of Turkmenistan, including the state's gold reserve;
14) the regulation of the system of accounting and financial reporting in lending institutions registered in Turkmenistan, according to the legislation of Turkmenistan and the international standards of financial reporting;
15) the establishment of general rules of opening of bank accounts and conduction of bank operations;
16) the establishment of procedures governing settlements with international institutions and foreign states, as well as legal entities and individuals of the foreign states;
17) bank refinancing and the role of creditor of last resort for banks;
18) compilation of the balance of payments of Turkmenistan;
19) the regulation and supervision of the operations of lending institutions;
20) the control of measures of lending institutions on counteraction of the legalization of criminal proceeds and the financing of terrorism;
21) the acceptance of deposits from foreign correspondent banks and other lending institutions on contractual conditions;
22) the registration of securities issued by lending institutions in accordance with the legislation of Turkmenistan;
23) the participation in training of personnel for the banking system of Turkmenistan;
24) the execution of all types of banking operations and transactions;
25) the performance of other functions in accordance with the legislation of Turkmenistan.
2. Central Bank of Turkmenistan shall be authorized:
1) to establish provisions (reserves) against problem or bad debts;
2) to issue debt instruments on its own behalf.

Article 7. Right of Central Bank of Turkmenistan of recourse to the courts

Central Bank of Turkmenistan, for the purpose of protecting its interests, shall have the right to file suit in the courts of Turkmenistan and in international judicial authorities.

Chapter 3. Capital of Central Bank of Turkmenistan

Article 8. Capital of Central Bank of Turkmenistan

1. The capital of Central Bank of Turkmenistan shall consist of the authorized capital, as well as funds and reserves established according to the legislation of Turkmenistan.
2. Central Bank of Turkmenistan may not alienate or pledge its capital as collateral.

Article 9. Authorized capital of Central Bank of Turkmenistan

1. The authorized capital of Central Bank of Turkmenistan shall be assembled in an amount defined by a legal act of President of Turkmenistan.
2. The authorized capital of Central Bank of Turkmenistan cannot be an object of collection (an object of claims) on the part of creditors.

Article 10. Net earnings of Central Bank of Turkmenistan

1. The net earnings of Central Bank of Turkmenistan shall be calculated as the difference between the bank operation earnings and expenses (including the expenses for creation of loan loss provisions and other reserves) connected with implementation by Central Bank of Turkmenistan of the functions established by this law.
2. The net earnings of Central Bank of Turkmenistan shall be distributed to create (augment) the funds and reserves in compliance with Article 11 of this law, and also to increase the authorized capital of Central Bank of Turkmenistan.
3. The amount of net earnings used to increase the authorized capital of Central Bank of Turkmenistan and (or) create (augment) the funds and reserves shall be determined by the Board of Central Bank of Turkmenistan.
4. The net earnings portion remaining after the distribution indicated in part 3 of this Article shall be used by the decision of the Cabinet of Ministers of Turkmenistan.
5. Should the funds of the basic reserve fund and the reserve fund for coverage of banking risks be insufficient to offset the fiscal year losses, the losses of Central Bank of Turkmenistan connected with a) crediting and financing of expenses of Government of Turkmenistan; b) losses arisen from alteration of exchange rates of gold, special drawing rights and foreign currencies in relation to manat shall be compensated from the sources determined by the Cabinet of Ministers of Turkmenistan.

Article 11. Funds and reserves of Central Bank of Turkmenistan

1. The funds of Central Bank of Turkmenistan shall include the basic reserve fund, the reserve fund for coverage of banking risks and other funds stipulated by the legislation of Turkmenistan.
2. The basic reserve fund and the reserve fund for coverage of banking risks shall be formed in amounts not less than the amount of the authorized capital of Central Bank of Turkmenistan.
The basic reserve fund shall be used solely to offset and compensate for losses incurred during the operations of Central Bank of Turkmenistan in accordance with procedures established by the Board of Central Bank of Turkmenistan.
3. The reserves of Central Bank of Turkmenistan shall include the asset revaluation reserve and other reserves stipulated by the legislation of Turkmenistan.
The asset revaluation reserve shall take into account changes in the value of Central Bank of Turkmenistan's assets.
4. Central Bank of Turkmenistan may by permission of President of Turkmenistan establish other funds and reserves of special purpose.

Article 12. Taxation of Central Bank of Turkmenistan

The taxation of Central Bank of Turkmenistan shall be implemented according to the tax laws of Turkmenistan.

Article 13. Exemption of Central Bank of Turkmenistan from state duties and charges

Central Bank of Turkmenistan shall be exempted from payment of state duties and charges, except for the types of local charges subject to payment according to the tax laws of Turkmenistan.

Chapter 4. Organizational structure of Central Bank of Turkmenistan

Article 14. Structure and governing authorities of Central Bank of Turkmenistan

1. Central Bank of Turkmenistan shall constitute an integrated system with a vertical structure of management.
The system of Central Bank of Turkmenistan shall include the central staff, structural subdivisions (branches, representative offices , enterprises, organizations and institutions).
2. The Board shall be the governing authority of Central Bank of Turkmenistan.

Article 15. The Board of

Central Bank of Turkmenistan 1. The Board of Central Bank of Turkmenistan shall consist of an odd number of members.
The Board shall include Chairman of Central Bank of Turkmenistan who simultaneously is Chairman of the Board of Central Bank of Turkmenistan , and members of the Board of Central Bank of Turkmenistan.
2. Members of the Board of Central Bank of Turkmenistan shall be appointed to their positions and relieved of their duties by President of Turkmenistan.
3. Members of the Board of Central Bank of Turkmenistan shall bear responsibility within their powers according to the legislation of Turkmenistan.

Article 16. Powers of the Board of

Central Bank of Turkmenistan 1. The Board of Central Bank of Turkmenistan shall exercise overall management of the operations of Central Bank of Turkmenistan.
2. The Board of Central Bank of Turkmenistan shall:
1) submit to President of Turkmenistan for consideration:
a) the draft of main directions of integrated state monetary policy of Turkmenistan;
b) the annual report of Central Bank of Turkmenistan;
c) the proposals on management of the international reserves (gold and foreign exchange assets) of Turkmenistan , including the state's gold reserve;
d) in case of necessity, the proposals on increase of amount of the authorized capital of Central Bank of Turkmenistan, creation of funds and reserves of special purpose according to part 4, Article 11 of this law;
2) define:
a) the measures on realization of main directions of integrated state monetary policy of Turkmenistan;
b) the quotas for and conditions of access of foreign capital to the banking system of Turkmenistan;
c) the face value, appearance and other characteristics of the banknotes and coin placed in circulation , as well as conditions for withdrawal of banknotes and coin from circulation, informing the public about it through the mass media;
3) approve:
a) the plan of work of the Board of Central Bank of Turkmenistan;
b) the annual financial report of Central Bank of Turkmenistan, expense estimates, and the use of net earnings;
c) the organizational structure of Central Bank of Turkmenistan, the regulations (charters) on its structural subdivisions;
d) the terms and conditions, system and sizes of labor remuneration, as well as social-welfare benefits within the structure of Central Bank of Turkmenistan according to the legislation of Turkmenistan;
e) the instructions to agents of Central Bank of Turkmenistan;
f) the regulations governing the formation and use of the funds and reserves of Central Bank of Turkmenistan;
4) adopt decisions:
a) to establish, reorganize or liquidate divisions of the head office and structural subdivisions of Central Bank of Turkmenistan;
b) to create, reorganize or liquidate committees of Central Bank of Turkmenistan, including the monetary and foreign exchange committees, as well as working groups and commissions needed to conduct the activity of Central Bank of Turkmenistan;
c) to establish restrictions (limits) on open market operations;
d) to apply direct quantitative limits;
e) to set refinance rates;
f) to set prudential standards for lending institutions;
g) to manufacture, procure and deliver valuable gifts, orders and medals made of precious metals and precious stones based on sketches approved by President of Turkmenistan and intended for use in government events ;
h) to issue the new series banknotes and coin of Central Bank of Turkmenistan, including anniversary, commemorative and numismatic coins, to withdraw from circulation the banknotes and coin of Central Bank of Turkmenistan of old series;
i) to take measures on social assistance to the employees;
j) to buy real estate for maintenance of activity of Central Bank of Turkmenistan and its structural subdivisions;
k) concerning the establishment of reserve requirements for lending institutions;
5) ensure management of the international reserves (gold and foreign exchange assets) of Turkmenistan, including the state's gold reserve;
6) consider the procedures of exchange rates determining;
7) hear reports from the directors of structural subdivisions of Central Bank of Turkmenistan;
8) exercise other powers in accordance with this law.

Article 17. Meetings of the Board of Central Bank of Turkmenistan

1. Meetings of the Board of Central Bank of Turkmenistan shall be held in accordance with the approved work plan of the Board of Central Bank of Turkmenistan at least once per quarter.

2. If necessary, a meeting may be convened by Chairman of Central Bank of Turkmenistan.

A meeting of the Board of Central Bank of Turkmenistan may be convened upon the written request of at least three members of the Board of Central Bank of Turkmenistan, and, in extraordinary circumstances, two members of the Board of Central Bank of Turkmenistan.

3. A meeting of the Board of Central Bank of Turkmenistan shall have a quorum if at least two-thirds of the members of the Board of Central Bank of Turkmenistan are present.

4. Chairman of Central Bank of Turkmenistan shall preside at the meetings of the Board of Central Bank of Turkmenistan, and in the Chairman's absence - the person doing duty for Chairman from among members of the Board of Central Bank of Turkmenistan.

5. Members of the Board of Central Bank of Turkmenistan shall be in writing notified of scheduled meetings of the Board of Central Bank of Turkmenistan.

6. Resolutions of the Board of Central Bank of Turkmenistan shall be adopted by simple majority of votes of the Board members present at the meeting. Each member of the Board of Central Bank of Turkmenistan shall have one vote. In case of tied vote, the vote of Chairman of Central Bank of Turkmenistan shall be the deciding one.

7. The minutes shall be taken at meetings of the Board of Central Bank of Turkmenistan by the secretary of the Board of Central Bank of Turkmenistan who shall be appointed by Chairman of Central Bank of Turkmenistan from among the employees of Central Bank of Turkmenistan.

The secretary of the Board of Central Bank of Turkmenistan shall not be a member of the Board of Central Bank of Turkmenistan.

The minutes of meetings of the Board of Central Bank of Turkmenistan shall be the documents intended for official use only and shall be signed in a single copy by the officer who presided over the meeting, the Board members who were present and the secretary of the Board of Central Bank of Turkmenistan.

8. Relevant officers of Central Bank of Turkmenistan, of its structural subdivisions, lending institutions and other organizations may be invited to meetings of the Board of Central Bank of Turkmenistan.

Article 18. Chairman of Central Bank of Turkmenistan

1. Chairman of Central Bank of Turkmenistan shall carry out the general management of activity of Central Bank of Turkmenistan, act on behalf of Central Bank of Turkmenistan and represent without a power of attorney its interests in relations with the public administration bodies, local authorities, lending institutions, the organizations of foreign states, international and other organizations in Turkmenistan and abroad.

2. Chairman of Central Bank of Turkmenistan shall:

1) appoint the head of the auditing service of Central Bank of Turkmenistan to his position and relieve him of his duties;
2) designate agents of Central Bank of Turkmenistan and correspondent banks;
3) approve regulatory legal acts of Central Bank of Turkmenistan;
4) sign agreements and contracts that Central Bank of Turkmenistan enters into;
5) issue binding directives and orders to all services of the head office of Central Bank of Turkmenistan and its structural subdivisions;
6) approve the staff schedule, official salaries and duty regulations of employees of Central Bank of Turkmenistan;
7) hire, dismiss employees of Central Bank of Turkmenistan in accordance with the legislation of Turkmenistan;
8) appoint the directors of structural subdivisions of Central Bank of Turkmenistan to their positions and relieve them of their duties, except for cases when appointing and relieving of duties of directors of structural subdivisions of Central Bank of Turkmenistan is within competence of President of Turkmenistan;
9) exercise other powers set forth in this law.

3. Chairman of Central Bank of Turkmenistan shall have the right to delegate his powers to the Deputy Chairmen.

4. Chairman of Central Bank of Turkmenistan shall submit to President of Turkmenistan the proposal on a nominee to the post of a deputy chairman of Central Bank of Turkmenistan.

5. Chairman of Central Bank of Turkmenistan shall bear responsibility for the activities of Central Bank of Turkmenistan.

6. In the absence of Chairman of Central Bank of Turkmenistan or should the Chairman become unable to perform his official duties, his powers shall be exercised by one of his deputies.

Article 19. Structural subdivisions of Central Bank of Turkmenistan

1. Structural subdivisions of Central Bank of Turkmenistan shall conduct their operations within the scope of the powers set forth in the bylaws (charter) on them.

2. In its operations, a structural subdivision shall be independent of the local governmental authorities and shall not be liable for the obligations of the state, with the exception of instances in which such liability is placed on it by Central Bank of Turkmenistan.

Structural subdivisions of Central Bank of Turkmenistan that are legal entities shall bear responsibility under their obligations in accordance with the legislation of Turkmenistan.

Central Bank of Turkmenistan shall be liable for the obligations of structural subdivisions of Central Bank of Turkmenistan that are not legal entities.

3. The operations of a structural subdivision of Central Bank of Turkmenistan shall be supervised by its head.

The head of a structural subdivision of Central Bank of Turkmenistan that is not a legal entity shall act on the basis of a power of attorney issued by Central Bank of Turkmenistan.

4. The head of a structural subdivision of Central Bank of Turkmenistan shall be vested with powers in accordance with the bylaws on or charter of the structural subdivision.

5. The head of a structural subdivision of Central Bank of Turkmenistan shall bear responsibility for the operations of this structural subdivision in accordance with the legislation of Turkmenistan.

6. If necessary, Central Bank of Turkmenistan shall extend financing to its structural subdivisions to support their activities.

Article 20. Employees of Central Bank of Turkmenistan

1. Work relationship of employees of Central Bank of Turkmenistan, as well as their social security shall be governed by the legislation of Turkmenistan.

2. Officials of Central Bank of Turkmenistan shall bear responsibility for the activities of Central Bank of Turkmenistan within the scope of the powers assigned to them by the legislation of Turkmenistan.

3. Central Bank of Turkmenistan, in accordance with the legislation of Turkmenistan, shall have the right to take measures on rendering the social assistance to employees to improve their living conditions, including the real estate acquisition.

4. Central Bank of Turkmenistan shall take measures on advancement of qualification of its employees, in accordance with the legislation of Turkmenistan.

5. Employees of Central Bank of Turkmenistan may not disclose the bank secrecy or any confidential information that may become known to them in connection with the performance of their official duties, except for the cases specified in the legislation of Turkmenistan, as well as to use such information for personal purposes.

6. The persons guilty of disclosure of the bank secrecy or any confidential information shall be held liable in a manner prescribed by the legislation of Turkmenistan.

Chapter 5. Monetary unit and currency notes of Turkmenistan
Cash circulation

Article 21. Monetary unit and currency notes of Turkmenistan

1. The monetary unit of Turkmenistan (national currency) shall be the manat. One manat shall equal 100 tenge.
2. Cash in circulation shall consist of banknotes and coin issued by Central Bank of Turkmenistan .
3. Manat shall be the sole legal tender on the territory of Turkmenistan.
4. Use of a foreign currency on the territory of Turkmenistan as the means of payment shall be regulated by the legislation of Turkmenistan.
5. Introduction of monetary units and issuance of currency notes not envisioned by the legislation of Turkmenistan shall be prohibited.

Article 22. Regulation of cash circulation

With a view to regulating the circulation of cash on the territory of Turkmenistan, Central Bank of Turkmenistan shall:

1) devise and approve procedures governing the execution of cash transactions by lending institutions and their customers;
2) determine the needs of the state for issuance of banknotes and coin and place the orders for their manufacture;
3) establish security features of banknotes and coin;
4) arrange transportation and storage of the banknotes and coin of Central Bank of Turkmenistan, and provide creation of their reserve funds;
5) establish the solvency signs of the banknotes and coin of Central Bank of Turkmenistan;
6) issue banknotes and coin and withdraw banknotes and coin from circulation;
7) establish procedures for replacement of banknotes in circulation, as well as procedures for the destruction of damaged banknotes withdrawn from circulation;
8) exchange worn and damaged banknotes without limitation, in accordance with the established rules;
9) employ other means and techniques of regulating cash circulation.

Article 23. Requirements for acceptance of banknotes and coin

1. The acceptance of banknotes and coin issued by Central Bank of Turkmenistan at face value shall be mandatory throughout the territory of Turkmenistan for all types of payments and settlements, as well as for passing to accounts and deposits, and for executing transfers.

Banknotes and coin issued by Central Bank of Turkmenistan shall be exchanged without limitation by all banks of Turkmenistan.

2. Banknotes and coin issued by Central Bank of Turkmenistan shall constitute an unconditional obligation of Central Bank of Turkmenistan and shall be secured with all of its assets.

Article 24. Issue and withdrawal from circulation of banknotes and coin

1. Central Bank of Turkmenistan shall possess exclusive authority to emit cash funds (banknotes and coin), organize the circulation of cash funds and withdraw cash funds from circulation on the territory of Turkmenistan.
2. Central Bank of Turkmenistan shall have exclusive authority to announce exchanges of banknotes and coin issued by Central Bank of Turkmenistan, or to declare them null and void.

Article 25. Reform of monetary unit of Turkmenistan

Reform of monetary unit of Turkmenistan shall be carried out in accordance with the legislation of Turkmenistan.

Article 26. Conversion of manat

Conversion of manat shall be effected in a manner defined by the legislation of Turkmenistan.

Article 27. Prohibition on production and sale of counterfeit banknotes and coin of Turkmenistan

The production and sale of counterfeit Turkmen bills and coins shall be prohibited and prosecuted under law.

Chapter 6. Monetary policy

Article 28. Major instruments of monetary policy

The major instruments of monetary policy of Central Bank of Turkmenistan shall be as follows:

1) interest rates on transactions of Central Bank of Turkmenistan;
2) ratios for required reserve to be deposited with Central Bank of Turkmenistan (reserve requirements);
3) open market operations;
4) refinancing of lending institutions;
5) foreign exchange interventions;
6) establishment of guidelines for money supply growth;
7) establishment of direct quantitative limits;
8) other instruments of monetary policy.

Article 29. Interest rates on transactions of Central Bank of Turkmenistan

1. Central Bank of Turkmenistan shall have the right to set one or more interest rates on various types of transactions or to conduct an interest rate policy that does not entail fixed interest rates.
2 . Central Bank of Turkmenistan shall use the interest rate policy to rig the market interest rates.

Article 30. Reserve requirements

1. Required reserves shall be the funds of lending institutions deposited with Central Bank of Turkmenistan for the purposes of regulating the overall liquidity of the banking system of Turkmenistan.
2. The reserve requirement ratio, as well as procedures for depositing the reserves with Central Bank of Turkmenistan shall be established by regulatory legal acts of Central Bank of Turkmenistan.
3. The reserve requirement ratio may not exceed 20 percent of liabilities of a lending institution and may be differentiated for different lending institutions.
4. In instances of violation of reserve requirement ratio, Central Bank of Turkmenistan shall have the right to collect without recourse the amount of the shortfall from the lending institution's correspondent account with Central Bank of Turkmenistan.
5. Levy of execution shall not be applied to the required reserves.
6. Should a lending institution cease operations, Central Bank of Turkmenistan shall in due manner refund to this lending institution the deposited required reserves.

Article 31. Open market operations

1. The open market operations shall imply buying and selling by Central Bank of Turkmenistan the government securities, securities issued by Central Bank of Turkmenistan, including debt securities, as well as executing the short-term transactions with these securities with the right of reverse repurchase.

2. Central Bank of Turkmenistan, for purposes of regulating the money supply volume shall conduct open market operations within established limits to buy and sell in its own name directly or through repurchase agreements the securities mentioned in part 1 of this Article.

Article 32. Lending institution refinancing

1. The procedures and terms governing the refinancing of lending institutions (including the setting of limits) shall be established by Central Bank of Turkmenistan.
2. Central Bank of Turkmenistan shall perform refinancing only in special circumstances resulting from the need to maintain the liquidity of a lending institution.

Article 33. Direct quantitative limits of Central

Bank of Turkmenistan 1. Direct quantitative limits of Central Bank of Turkmenistan shall mean the establishment of limits on lending institutions refinancing and on conduction of certain types of banking operations by them.
2. Central Bank of Turkmenistan shall regulate the overall volume of credits extended in accordance with the effective integrated state monetary policy of Turkmenistan.
3. In exceptional cases and with the concurrence of the Cabinet of Ministers of Turkmenistan, Central Bank of Turkmenistan shall have the right to employ direct quantitative limits equally relating to all lending institutions.

Article 34. Foreign exchange interventions by Central Bank of Turkmenistan

Foreign exchange interventions by Central Bank of Turkmenistan shall be regulated by the legislation of Turkmenistan.

Article 35. Establishment of guidelines for money supply growth

Central Bank of Turkmenistan may establish the growth guidelines for one or several parameters of money supply on the basis of main directions of the integrated state monetary policy.

Article 36. Banking operations and transactions of Central Bank of Turkmenistan

1. Central Bank of Turkmenistan for the purposes envisioned in this law shall have the right to carry out the following bank operations and transactions:
1) to give credits under security of financial instruments and other assets unless otherwise provided for by the legislation of Turkmenistan;
2) to buy and sell government securities in open market;
3) to buy and sell debt instruments issued by Central Bank of Turkmenistan, and certificates of deposit;
4) to buy and sell foreign currency, and also payment documents and obligations in foreign currency made out by the lending institutions of Turkmenistan and foreign states;
5) to buy, store, sell precious metals and other kinds of foreign exchange assets according to the legislation of Turkmenistan;
6) to effect settlement, cash and deposit operations, to accept securities and other assets for custody and management;
7) to carry out operations with financial instruments used for financial risk management;
8) to open accounts in lending institutions of Turkmenistan and foreign states;
9) to draw checks and bills in any currency;
10) to carry out other bank operations and transactions on its own behalf in accordance with the international banking business practice;
Central Bank of Turkmenistan shall have the right to carry out banking operations and transactions on a commission basis, except for the cases stipulated by the legislation of Turkmenistan.
2.Central Bank of Turkmenistan shall have no right:
1) to provide financial aid in a form of direct loan, unrecoverable loan, contingent liability or in any other form, except for a case stipulated by part 6, Article 19 of this law;
2) to participate in capitals of lending institutions, other commercial and noncommercial organizations, unless otherwise provided for by the legislation of Turkmenistan;
3) to be engaged in commercial activity;
4) to acquire real rights to possession of real estate or some shares of it, except for the cases when it is necessary for maintenance of activity of Central Bank of Turkmenistan, and also for training, recreation, social support of employees of Central Bank of Turkmenistan.

Chapter 7. Foreign economic relations
Foreign exchange transactions

Article 37. Foreign economic relations

1. Central Bank of Turkmenistan shall represent the interests of Turkmenistan in the relations with central banks of foreign states, international banks and other international financial organizations, and develop cooperation with them.
2. Central Bank of Turkmenistan, in the cases stipulated by the legislation of Turkmenistan and the international agreements of Turkmenistan, on behalf of the Cabinet of Ministers of Turkmenistan shall:
1) participate in the name of Turkmenistan in interstate meetings, intergovernmental conferences, councils and represent its interests in the area of monetary policy;
2) in its capacity as representative of Turkmenistan, assume the obligations and perform at expense of finance sources specified in the legislation of Turkmenistan the operations connected with Turkmenistan's participation in the work of international organizations.

Article 38. Foreign exchange regulation and foreign exchange control

Central Bank of Turkmenistan shall be the foreign exchange regulatory and foreign exchange control authority and shall perform these functions in accordance with the legislation of Turkmenistan.

Article 39. The international reserves of Turkmenistan

1. Central Bank of Turkmenistan shall manage, maintain and service the international reserves of Turkmenistan.
2. Central Bank of Turkmenistan shall maintain the international reserves of Turkmenistan at a level ensuring implementation of the state's monetary and foreign exchange policies and prompt execution of the state's settlements for international transactions.
3. In the event of a decline in the level of the international reserves of Turkmenistan or a threat that they could fall to a level that would deprive Turkmenistan of the ability to conduct its effective state monetary and foreign exchange policies, and also to execute promptly the settlements for international transactions, the Central Bank of Turkmenistan shall submit to President of Turkmenistan a report on the state of the international reserves of Turkmenistan and the factors that have led or could lead to a reduction in the reserves; and present proposals for remedying the situation.
4. Central Bank of Turkmenistan shall present President of Turkmenistan with proposals regarding the structure and placement of the international reserves of Turkmenistan.

Article 40. Operations to manage the international reserves

Central Bank of Turkmenistan, for purposes of managing the international reserves (gold and foreign exchange assets) of Turkmenistan, including the state's gold reserve, shall be authorized to carry out the following transactions:
1) to buy, sell or execute transactions with:
a) freely convertible foreign currency;
b) securities issued and guaranteed by the Cabinet of Ministers of Turkmenistan in foreign exchange, or by governments, central (national) banks of foreign states, or international financial organizations;
c) gold (monetary gold);
d) securities issued by issuers having a credit rating the minimum level of which shall be determined by the Board of Central Bank of Turkmenistan;

2) to open accounts with central (national) banks and other first- class banks and financial institutions of foreign states , as well as with international financial institutions;
3) to open and manage accounts for and act as a representative or correspondent of foreign central (national) banks, banks and other financial institutions so authorized by the laws of the states in which they are registered , foreign governments and agents thereof, and international financial institutions;
4) in keeping with the procedure established by the legislation of Turkmenistan to import precious metals and other foreign exchange assets into Turkmenistan, as well as export them abroad for placement in its accounts with foreign banks and with specialized financial institutions;
5) to carry out transactions with debt instruments issued by issuers having a credit rating the minimum level of which shall be determined by the Board of Central Bank of Turkmenistan;
6) to carry out transactions with derivative financial instruments with contracting parties whose credit ratings are not below the levels determined by the Board of Central Bank of Turkmenistan;
7) to conduct other transactions by decision of the Board of Central Bank of Turkmenistan.

Chapter 8. Relations of Central Bank of Turkmenistan with the State

Article 41. Relations of Central Bank of Turkmenistan with the public administration bodies, local authorities

1. Central Bank of Turkmenistan, for purposes of performing its assigned functions, shall participate in formulating the economic policy of the State.
2. Chairman of Central Bank of Turkmenistan shall have the right to attend the Cabinet of Ministers of Turkmenistan meetings, participate in the sessions of Mejlis of Turkmenistan during consideration of drafts of legal acts of Turkmenistan relating to economic, monetary, financial and banking policies.
3. Central Bank of Turkmenistan shall have the right to extend credits to the Cabinet of Ministers of Turkmenistan represented by Ministry of Finance of Turkmenistan, in keeping with the legislation of Turkmenistan.
4. Central Bank of Turkmenistan shall not be liable for the obligations of the state, and the State shall not be liable for the obligations of Central Bank of Turkmenistan, except for instances when Central Bank of Turkmenistan or the state assumes such liability.
5. Central Bank of Turkmenistan shall be independent of other public administration bodies and local authorities in performing the functions assigned to it by the legislation of Turkmenistan.

Article 42. Central Bank of Turkmenistan as the banker, adviser and fiscal agent of Turkmenistan

1. The funds of State Budget of Turkmenistan shall be stored with Central Bank of Turkmenistan, unless otherwise provided for by the legislation of Turkmenistan.
2. Central Bank of Turkmenistan shall at no charge basis provide banking services to the Cabinet of Ministers of Turkmenistan and execute operations with the proceeds of State Budget of Turkmenistan.

The above mentioned shall not involve:
a) the reimbursement of commission charges of foreign banks, which is done upon actual expenses;
b) the assignment of commission fee compensation to the contract party performing the works, rendering the services and delivering the goods for spending agencies.

3. Central Bank of Turkmenistan on behalf of the Cabinet of Ministers of Turkmenistan and at expense of the proceeds of State Budget of Turkmenistan shall provide the banking service of the domestic and foreign public debt.
4. Central Bank of Turkmenistan shall serve as adviser to the Cabinet of Ministers of Turkmenistan as regards the formulation and implementation of government borrowing policy, the formation of the state budget of Turkmenistan with respect to issues of monetary policy.
5. Central Bank of Turkmenistan shall serve as the fiscal agent of Turkmenistan in accordance with terms and regulations approved by President of Turkmenistan.

Article 43. Central Bank of Turkmenistan as a depositary bank

1. Central Bank of Turkmenistan shall be authorized to serve as the depository bank of and carry out transactions to service the Cabinet of Ministers of Turkmenistan.
2. Central Bank of Turkmenistan shall have the right to allow other lending institutions to accept deposits from the Cabinet of Ministers of Turkmenistan in accordance with the conditions prescribed by Central Bank of Turkmenistan.

Chapter 9. Relations of Central Bank of Turkmenistan with lending institutions and other customers

Article 44. Correspondent and other accounts opened with Central Bank of Turkmenistan

1. Central Bank of Turkmenistan shall be authorized to have correspondent and other accounts of banks and other clients on its balance sheet and to receive deposits from them in accordance with the rules established by Central Bank of Turkmenistan.
2. Lending institutions of Turkmenistan shall be obliged to open correspondent accounts with Central Bank of Turkmenistan.

Article 45. Organization of non-cash settlements

1. Central Bank of Turkmenistan shall establish the forms, rules and terms, as well as the standards of execution of non-cash settlements.
2. Central Bank of Turkmenistan shall effect the inter-bank non -cash settlements through its correspondent banks.

Chapter 10. Banking regulation and banking supervision

Article 46. Principles of banking regulation and banking supervision

1. Central Bank of Turkmenistan shall be the banking regulatory and banking supervision authority for lending institutions registered on the territory of Turkmenistan.
2. The exercising of banking regulation and banking supervision shall be aimed at maintaining the stability of banking system of Turkmenistan, safeguarding the interests of depositors and creditors, enforcing the legislation of Turkmenistan.

Central Bank of Turkmenistan shall have no right to interfere with operative activity of lending institutions, except for the cases stipulated by the legislation of Turkmenistan.

3. For the purpose of exercising its banking regulation and banking supervision functions, Central Bank of Turkmenistan shall:

1) establish obligatory for lending institutions the general rules of carrying out of bank operations, accounting, drawing up and presentation of financial statements in accordance with the international standards of financial reporting, statistical reporting, internal control organization;
2) inspect lending institutions and examine accounting records, other documents;
3) establish licensing procedures and prudential standards for lending institutions, and also perform supervision over their observance;
4) establish qualifying requirements to heads and to certain positions of officials of lending institutions according to the legislation of Turkmenistan;
5) establish the order of formation of a household deposit insurance fund and the mechanism of using of this fund according to the legislation of Turkmenistan .
4. To provide the stability of lending institutions in accordance with paragraph 3, part 3 of this Article, Central Bank of Turkmenistan may establish the following prudential standards:
1) the minimal size of the authorized capital for newly created lending institutions, the size of equity capital/capital for obtaining by a non-lending institution of status of bank;
2) the limiting size of property (in kind) contribution to authorized capital of a lending institution;
3) the maximal risk per one borrower or group of associated borrowers;
4) the maximal size of large credit risk;
5) the liquidity ratios;
6) the capital adequacy ratios;
7) the ratios of using of own funds (capital) of a lending institution for purchase of stocks/shares of other legal entities;
8) the maximal size of credits, bank guarantees and sureties given by a lending institution to its shareholders/participants;
9) other standards of risk management, when necessary.
5. Central Bank of Turkmenistan shall develop and approve a methodology of calculation of own funds (capital) of a lending institution, assets, liabilities, asset risk for each standard in consideration of the international standards and consultations with lending institutions.
Central Bank of Turkmenistan shall have the right to establish differentiated ratios and methods of their calculation by types of lending institutions.
6. Central Bank of Turkmenistan shall at least one month before introduction announce officially on a forthcoming change in the prudential standards and methods of their calculation.

Article 47. Banking regulation and banking supervision

1. For the purpose of exercising its regulatory and supervisory functions, Central Bank of Turkmenistan shall inspect the activities of lending institutions.
2. In case of reveal of violations in activity of a lending institution, Central Bank of Turkmenistan shall direct to it obligatory directives on elimination of the revealed violations and apply to it the sanctions stipulated by this law.
3. The inspections can be carried out by the bank supervision service of Central Bank of Turkmenistan and its relevant territorial services.
The procedure of implementation of the inspection of a lending institution shall be approved by the Board of Central Bank of Turkmenistan.
4. When exercising the banking regulation and banking supervision functions, Central Bank of Turkmenistan shall have no right to inspect a lending institution more than once a year and to carry out more than one inspection on the same questions for the same reporting period of activity of a lending institution, except for the cases stipulated in part 5 of this Article.
5. A repeat inspection of a lending institution by Central Bank of Turkmenistan on the same questions for the same reporting period of activity of a lending institution shall be authorized:
1) if such inspection is carried out in connection with reorganization or liquidation of a lending institution;
2) to control the activity of a territorial service of banking supervision of Central Bank of Turkmenistan that had inspected a lending institution. The repeat inspection of a lending institution in the exercise of the abovementioned control shall be performed by Central Bank of Turkmenistan on the basis of a motivated decision of Chairman of Central Bank of Turkmenistan;
3) in other cases stipulated by the legislation of Turkmenistan.
6. For the purposes of exercising its bank supervision functions, Central Bank of Turkmenistan shall have the right to request and obtain from lending institutions the necessary information on their activities, including the information on a financial position, business reputation of shareholders/participants concerning particular operations, and to demand an explanation to information received.
7. Central Bank of Turkmenistan shall have no right:
1) to demand from lending institutions submission of not stipulated by the legislation of Turkmenistan non-banking information on customers of lending institutions and other third parties;
2) to establish expressly or by implication not stipulated by the legislation of Turkmenistan restrictions concerning the operations to customers of lending institutions;
3) to oblige lending institutions to demand from their customers the documents not stipulated by the legislation of Turkmenistan.

Article 48. Sanctions imposed by Central Bank of Turkmenistan on lending institutions

1. In cases of violation by a lending institution of the legislation of Turkmenistan, regulatory legal acts of Central Bank of Turkmenistan issued according to this legislation, non-presentation of information, presentation of incomplete or inaccurate information, Central Bank of Turkmenistan shall have the right to demand from the lending institution the elimination of the violation, to collect the penalty at a rate of up to 0.1 percent of the minimal size of authorized capital or to limit conduction by the lending institution of separate kinds of bank operations for the period up to six months.
2. In case of failure to comply within due time with the instructions of Central Bank of Turkmenistan on elimination of the found violations in activity of the lending institution and also in case when these violations or the operations or transactions carried out by a lending institution pose a real threat to the interests of its creditors, Central Bank of Turkmenistan shall have the right:
1) to collect from a lending institution the penalty at a rate of up to 0.1 percent of the size of the paid-in authorized capital, but no more than 0,1 percent of the minimal size of the authorized capital established by Central Bank of Turkmenistan;
2) to demand from a lending institution to:
a) take measures on financial recovery, including the change of its assets structure;
b) reorganize a lending institution;
3) to change for the period of up to six months the prudential norms established for a lending institution;
4) to prohibit for the period of up to one year the conduction by a lending institution of separate types of the banking operations mentioned in the license issued for conduction of banking operations and (or) for opening of a branch by it;
5) to forward to the duly empowered governing authority of a lending institution the recommendation that its managers or other officials be relieved of their duties or that a reassessment be conducted of the professional compliance of the persons subject to certification by Central Bank of Turkmenistan, and also to appoint the temporary administration of a lending institution for the term of up to six months in an order established by the legislation of Turkmenistan;
6) to prohibit reorganization of a lending institution, if as a result of such reorganization the reasons can arise for taking of measures on prevention of bankruptcy of a lending institution according to the legislation of Turkmenistan;
7) to suspend or revoke the license of a lending institution in accordance with the legislation of Turkmenistan.

3. Central Bank of Turkmenistan shall not be liable for the losses emerged from application of sanctions stipulated by this law.
4. The order of application of sanctions to a lending institution shall be established by Central Bank of Turkmenistan.
5. The penal sanctions collected according to parts 1, 2 of this Article shall be transferred to State Budget of Turkmenistan.
6. Central Bank of Turkmenistan shall carry out the analysis of activities of lending institutions with a view of identifying the situations threatening the legitimate interests of their depositors and creditors, stability of the banking system of Turkmenistan.

Article 49. Cooperation with the banking supervision authorities of foreign states

Central Bank of Turkmenistan shall engage in cooperation with the banking supervision authorities of foreign states on the basis of reciprocity including the exchange information concerning any lending institution and (or) the financial organization operating within their jurisdiction, provided that both parties maintain confidentiality of the information received.

Chapter 11. Accounting and Reporting by Central Bank of Turkmenistan. Auditing of Central Bank of Turkmenistan

Article 50. Accounting by Central Bank of Turkmenistan

Central Bank of Turkmenistan shall maintain its books of account in accordance with the legislation of Turkmenistan.

Article 51. Annual report

1. The fiscal year of Central Bank of Turkmenistan shall begin on January 1 and end on December 31(the calendar year).
2. Central Bank of Turkmenistan, annually, three months after the end of each fiscal year shall submit an annual report on the activities of Central Bank of Turkmenistan to President of Turkmenistan.
The annual report of Central Bank of Turkmenistan shall include:
1) a report on monetary policy and on position of the financial market;
2) a report on the activities of Central Bank of Turkmenistan over the past year;
3) an annual financial report of Central Bank of Turkmenistan.

3. Central Bank of Turkmenistan shall prepare and present the annual financial report according to the legislation of Turkmenistan.
The composition of the financial report of Central Bank of Turkmenistan shall be based on its accounting policy.
4. The annual financial report shall be published in the official press of Central Bank of Turkmenistan and placed at its official site.

Article 52. Collection, presentation and publication of information

1. For purposes of drawing up of the banking and monetary statistics, the balance of payments of Turkmenistan, the analysis of the economic situation in Turkmenistan, Central Bank of Turkmenistan shall have the right to request and receive without charge the necessary information from the public administration bodies, local authorities, legal entities, under the form and the terms established by Central Bank of Turkmenistan.
2. Central Bank of Turkmenistan shall present to Ministry of Finance of Turkmenistan the information necessary for planning (projecting) of State Budget of Turkmenistan and on its execution, under the form and the terms established by Ministry of Finance of Turkmenistan.
3.土库曼斯坦中央银行应公布关于土库曼斯坦银行系统的综合统计和分析资料。

Article 53. Audit and inspection of the operations of Central Bank of Turkmenistan

1. President of Turkmenistan shall designate an independent auditing organization that will perform the external audit of the annual financial report of Central Bank of Turkmenistan.
2. The auditing service of Central Bank of Turkmenistan directly subordinate to Chairman of Central Bank of Turkmenistan shall perform an internal audit of the operations of Central Bank of Turkmenistan and its structural subdivisions.
3. An inspection of the financial and economic operations of Central Bank of Turkmenistan and its structural subdivisions by state agencies of Turkmenistan shall take place with the consent or at the direction of President of Turkmenistan.

Chapter12. Final provisions

Article 54. Settlement of disputes

Disputes arising in the bank sphere shall be settled in an order established by the legislation of Turkmenistan.

Article 55. Liability for violation of this law

Violation of this law shall entail a liability established by the legislation of Turkmenistan.

Article 56. On entry into force of this law

1. This law shall enter into force on the date of official publication thereof.

2. The law of Turkmenistan “On Central Bank of Turkmenistan” adopted by Mejlis of Turkmenistan on 8 October 1993 (Bulletin of Mejlis of Turkmenistan, 1993, № 9-10, Item 86), as well as all amendments and supplements to it shall be declared null and void.

3. The laws and other regulatory legal acts of Turkmenistan that contravene this law shall be brought into conformance with this law within three months upon the date of its effectiveness.

Gurbanguly Berdimuhamedov
President of Turkmenistan

March 25, 2011
№ 167-IV

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