

## **ARTICLES OF ASSOCIATION of the Interstate Bank**

The Interstate Bank, hereinafter referred to as the Bank, was established in accordance with the Agreement on Foundation of the Interstate Bank, signed on January 22, 1993 in the City of Minsk.

These Articles of Association of the Interstate Bank shall be an integral part of the above said Agreement.

### **Article 1 GENERAL PROVISIONS**

1. The founders of the Bank shall be the Contracting Parties of the above said Agreement, represented by the governments and the central (national) banks of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Republic of Kyrgyzstan, the Republic of Moldova, the Russian Federation, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan, and the Ukraine.

The members of the Bank shall include the founders of the Bank and the states having acceded to the Agreement on the Foundation of the Interstate Bank and having made their contributions to the Bank's authorized capital in accordance with the decision of the Council of the Bank.

2. The Bank shall be an international settlement, lending and financial institution.

3. The Bank shall be a legal entity. The location of the Bank shall be the City of Moscow.

4. The Bank shall have the right to conclude international agreements within the limits of its competence.

5. The relations between the Bank and the host state of the Bank, including the Bank's privileges and immunities, shall be determined by the appropriate agreement.

### **Article 2 GOALS AND OBJECTIVES OF THE INTERSTATE BANK**

1. The Bank shall ensure organization and effecting of multilateral interstate settlements among the central (national) banks on trade operations and other operations and completion thereof from time to time on the basis of multilateral clearing (offset of counter claims).

2. The Bank shall effect, within the limits of the powers delegated thereto by the legislative authorities of the Contracting Parties, coordination of the monetary policy of the participants in the Agreement, including organization of management

of the issue of cash rubles and loan issue by the banks of the Contracting Parties.

3. The Bank shall render assistance to effective and reliable functioning of the payment systems of all the member states. For that purpose, the Bank shall coordinate the work for standardization of accounting and reporting, of the payment documents, and of the practice of effecting settlements in all the member states of the Bank, and elaborate the proposals on ensuring the regimes of supervision over commercial banks.

4. The Bank shall effect short-term lending to the central (national) banks for the purpose of timely completion of settlements.

5. The Bank shall study and analyze the economies of the Contracting Parties and prepare proposals and recommendations to the central (national) banks on coordination of their monetary and foreign exchange policies.

6. To ensure performance by the Bank of its goals and objectives, the central (national) banks shall provide thereto their balance sheets, balances of payments and other data, in the form and with the frequency determined by the Council of the Bank.

The Bank shall consolidate the received data and disseminate them on a regular basis among its members.

7. By decision of the Council of the Bank, the Bank shall perform other banking operations that comply with the goals and objectives of the Bank, ensuring from the Agreement on Foundation of the Interstate Bank.

### **Article 3**

#### **CLEARING AND SETTLEMENTS CURRENCY**

1. Accounting for all the clearing and settlement operations performed by the Bank shall be effected in rubles issued by the Central Bank of the Russian Federation.

2. The central (national) banks may keep their assets in rubles with the Bank.

The Bank's available funds shall be kept in the correspondent account with the Central Bank of the Russian Federation.

3. The Bank's resources for settlement operations crediting shall be formed out of the assets of the central (national) banks with the Interstate Bank, and also at the expense of the credit facility opened in accordance with the established procedure with the Central Bank of the Russian Federation.

4. The central (national) banks shall have the right to transfer their assets with the Bank to their accounts with the Central Bank of the Russian Federation or to other accounts in rubles.

The rate of and the procedure for accrual of interest on the Bank's assets and liabilities shall be determined by the Council of the Bank.

5. In case of necessity the central (national) banks-members of the Bank shall declare on a daily basis the exchange rates of their currencies in respect to the ruble issued by the Central Bank of the Russian Federation, of which the Bank shall be informed.

The central (national) banks-members of the Bank shall express in rubles their payment obligations delivered to the Bank, using the declared exchange rate of each currency with respect to ruble under the quotation thereof by the members of the Bank issuing such currency as of the day of delivery of the payment obligations.

#### **Article 4**

### **ORGANIZATION OF MULTILATERAL CLEARING**

1. The Bank shall ensure performance of clearing and completion at certain time intervals of settlements on interstate obligations of the central (national) banks.

Transmission of all information related to payments between the central (national) banks and the Bank shall be effected via telephone, telex, cable, or via electronic communication means.

2. The sending central (national) bank shall send to the Bank payment orders expressed in rubles, with conversion into rubles, in case of necessity, of the currency of payment by the commercial bank.

3. The Bank shall calculate on a daily basis net obligations to be paid or received by each of the central (national) banks and represent such calculations in the respective accounts of the central (national) banks.

4. The Bank shall inform each of the central (national) banks on a daily basis of its net position on current clearing and also of the numbers of the payment orders from the respective bank that are accepted for clearing.

5. The central (national) bank of the recipient state shall debit the account of the sending central (national) bank and credit the account of the recipient commercial bank only after receiving the Bank's clearing acknowledgement.

6. Any central (national) bank having exceeded its additional lending limit during the clearing period shall remove such excess in full within one week from the date of occurrence thereof. A member of the Bank may use for this purpose special access to the clearing credit funds, as determined in Clause 7, Article 5.

7. Netting by the Bank at adjustment of settlement positions of the central (national) banks during the settlement period shall release the central (national) banks from their respective gross obligations to each other and replace them with their net obligations or net obligations thereto.

The central (national) banks shall be only held liable with respect to the balanced net obligations, or shall be entitled to the balanced net obligations thereto.

8. Each of the central (national) banks shall be obliged to take measures for facilitating the transfers of interstate payments within the territory of its own state and to process promptly and without delay both incoming and outgoing payments. The Bank shall exercise supervision over timely transfer of payments between the central (national) banks and shall propose measures for facilitation thereof.

## **Article 5**

### **SETTLEMENTS ON MULTILATERAL OBLIGATIONS**

1. Settlements between the central (national) banks on the results of clearing shall be effected at certain time intervals on their accounts with the Bank.

2. Initially, the settlement period shall be equal to fifteen days. The duration of the settlement period may be reviewed by the Council of the Bank taking into account the Bank's experience.

3. The Bank shall effect settlement of claims and obligations of the central (national) banks as of the date of completion of clearing settlements. The balanced net claims for the benefit of the central (national) banks shall be applied, first and foremost, towards repayment of the existing settlement loans. The remainder of the balanced net obligations for the benefit of the central (national) banks shall be placed as a deposit to the settlement account of the respective central (national) bank. The central (national) banks with balanced net obligations shall take measures for covering their obligations to the Bank not later than the date of settlements, including by way of using their deposits with the Bank, borrowing, or purchasing rubles from other members of the Bank.

4. Settlements shall be effected when all the members of the Bank have fulfilled their obligations with respect to the Bank.

The central (national) banks – members of the Bank shall repay their obligations to the Bank within three days from the date of receiving a notice from the Bank stating that such obligations have arisen.

If any member of the Bank does not effect settlements, the Bank shall cease acceptance of its payment orders and deliver to all the members of the Bank a notice to this effect. If a member of the Bank fails to fulfill its obligations upon expiration of two settlement periods, sanctions shall be imposed thereon up to and including expulsion from the membership of the Bank.

Settlement credits to the central (national) banks shall be granted through four credit lines of equal volume. The first two lines, accounting for up to 50 percent of the lending limit on the member state, as specified in Clause 8 of this Article, shall be at the base interest rate, established by the Council of the Bank. Interest on the two additional credit lines shall be charged on higher rates, increasing from one credit line to the other.

5. Access of a central (national) bank to the funds of the Bank's settlement credit shall be restricted by the lending limit on the state and the additional lending limit.

The lending limit on a state shall be understood as the maximum amount of lending provided by the Bank to the central (national) bank; it shall be determined by the Council of the Bank in the amount not exceeding the average monthly amount of proceeds for the benefit of such state.

The additional lending limit shall be understood as the maximum amount of additional lending that may be obtained by each central (national) bank in the period between two settlement dates. The additional lending limit shall be equal to one eighth of the lending limit on the respective state.

If the existing volume of settlement loans granted to a central (national) bank exceeds 87 percent of the lending limit on the state, the limit of the fourth credit line shall be equal to the difference between the amount of the lending limit on the state and the amount of the existing settlement loans.

6. To facilitate to payments under major transactions in the clearing period, special access to the settlement credit funds may be applied. Special access to the funds shall be limited by 50 percent of the additional lending limit provided that the total amount of the settlement credit does not exceed the lending limit on the state, and the possibility of obtaining it shall be restricted for those members with whom no loan is already available, previously provided to them under the special access procedure. The loans provided under the special access procedure shall have the maturity equal to one settlement period.

7. The maximum limiting amount of the credit provided by the Bank to each of the central (national) banks shall be determined by the Council of the Bank, as a rule, not exceeding the monthly amount of proceeds for the benefit of such central (national) bank.

## **Article 6**

### **CAPITAL AND FUNDS OF THE BANK**

1. The initial authorized capital of the Bank in the amount of 5 billion rubles shall be formed out of the contributions of the members of the Bank in the amounts determined by the Council of the Bank.

2. Contributions to the authorized capital of the Interstate Bank may be made in rubles, in a freely convertible currency, or in the form of buildings, constructions, equipment or other tangible assets and property.

3. The founders of the Bank shall make their contributions within one month upon entry into force of the Agreement on Foundation of the Interstate Bank.

4. The amount of the Bank's authorized capital may be changed by decision of the Council of the Bank.

In case of admission of a new state to membership of the Bank, the amount of the Bank's authorized capital shall be increased. The amount and the method of and the time limits for the contribution to be made by a new member of the Bank shall be determined by the Council of the Bank by agreement with the new member.

5. The Bank may form out of its profit the reserve fund and other funds, the amount, the objectives and the procedure for formation and spending of which shall be determined by the Council of the Bank.

6. The Bank shall effect current spending at the expense of proceeds from interest on credits and commission fees for services provided to central (national) banks.

The rates of payment for the Bank's services, the interest rates, and the Bank's budget shall be approved by the Council of the Bank.

7. The Bank may raise credit resources and place them for the benefit of the members of the Bank.

## **Article 7**

### **STRUCTURE OF THE MANAGEMENT OF THE BANK**

1. The highest management body of the Bank shall be the Council of the Bank, which shall include one authorized representative from each Contracting Party. The members of the Bank shall inform all the Contracting Parties of appointment of their respective representatives to the Council of the Bank and also to deputies thereto who shall have the right to perform the duties of the authorized representative during his absence.

2. The Council of the Bank shall hold its meetings not less frequently than once in four months, in the city where the Bank is located. Special meetings of the Council of the Bank shall be convened on the request from President of the Bank when he considers it reasonable, or on a written request from any four members of the Council of the Bank. The resolutions of the Council of the Bank shall be adopted by a special majority of seventy-five percent of the total quantity of the votes.

The votes at the Council of the Bank shall be distributed as follows: the Russian Federation – 50 percent of the total quantity of the votes; other members of the Council – in proportion to the share of each state in the total volume of mutual foreign trade turnover for 1990.

3. The Council of the Bank shall have the following powers:

- to adopt resolutions on admission of new members to the Bank;
- to adopt resolution on increase or reduction in the authorized capital of the Bank;
- to hear and approve once in six months the report of President of the Bank;
- to approve on the proposal from President of the Bank the budget of the Bank and to hear the report on implementation thereof;
- to approve the maximum limiting amounts of settlement credits to the central (national) banks, the applicable interest rates and the rates of payment for the Bank's services, and the internal rules and regulations of the Bank;
- to adopt resolutions on sanctions and fines and also on the measures to be applied to the members not observing the rules and principal provisions of the Agreement, the Articles of Association and the Protocols applicable to the Bank.

4. To chair the meetings of the Council of the Bank, Chairman of the Council of the Bank shall be elected on an annual basis from among the members of the Council of the Bank. Nobody may perform the duties of Chairman for more than two years in succession; however, such person may be again elected Chairman after a one-year interruption. If the office of Chairman becomes vacant, a new Chairman shall be elected at the following meeting of the Council of the Bank.

5. The Council of the Bank shall appoint President of the Bank and the deputy thereto. President of the Bank shall be responsible for operational management of the Bank and preparation of materials for consideration at the meetings of the Council.

President of the Bank shall be personally responsible to the Council of the Bank for the results of the Bank's current activity. President shall determine the quantity and the duties of the regular employees of the Interstate Bank and shall hire and discharge the employees.

6. President of the Bank shall establish, as and when needed, the standards and rules to be observed at the Bank in respect of all the issues falling beyond the scope of the Agreement on Foundation of the Interstate Bank, these Articles of Association, or applicable Protocols.

7. President of the Bank may engage experts for performance of specific works.

8. Salary and other forms of remuneration of President of the Bank and the deputy thereto shall be determined by the Council of the Bank.

## **Article 8 OTHER ISSUES**

1. Liability of the Bank. The Bank shall not be held liable for bilateral payments between the central national banks.

2. Expulsion. No member of the Bank may be expelled from the Bank unless it has violated any Articles of the Agreement or the Articles of Association of the Bank. If the above said Articles have been violated, a member of the Bank may be expelled from the Bank upon recommendation of President of the Bank by a special majority of 75 percent of the votes of the members of the Council of the Bank.

3. Withdrawal. Any member of the Bank may withdraw from the Bank, with at least six months' notice of its intention to the Council of the Bank. During the above said period, the relations between the Bank and the respective Contracting Party shall be settled with respect to their mutual obligations.

4. Observance of the Agreement. The Council of the Bank, President of the Bank, and all the employees thereof shall observe the Agreement, these Articles of Association and the applicable Protocols.

5. In case of violation of the rules and the principal lines of activity determined in the Agreement on Foundation of the Interstate Bank, these Articles of Association and the applicable Protocols, fines shall be imposed on the members of the Bank, as determined by the Council of the Bank. In case of a repeated violation, a member of the Bank shall be obliged to submit its explanations to the Council of the Bank.

6. The audit of the Bank's activity. Each year, the Bank shall be subject to an audit in accordance with the international standards.

7. The procedure for consideration of disputes. Claims to the Bank may be brought within two years from the date of accrual of the right of claim.

Any disputes between the Bank and its members shall be considered, by agreement of the Contracting Parties, by the court of law or by the commercial court.

8. The privileges and immunities shall be additionally determined by the Contracting Parties.

9. The financial year of the Interstate Bank shall begin on January 1 and end on December 31.

10. The Bank's annual balance sheets shall be approved by the Council of the Bank and published in accordance with the established procedure.

11. Distribution of profit. Upon approval of the annual report, the Bank's profit shall be distributed by decision of the Council of the Bank and may be allocated for replenishment of the reserve capital or for other purposes.

12. Winding-up of the Bank. The Bank may be wound up by decision of the Contracting Parties.

13. Additions or amendments to these Articles of Association may be made in the form of special protocols on consent of all the Contracting Parties.

14. The Articles of Association of the Bank shall be registered in accordance with the law of the host state. The Articles of Association of the Bank shall enter into force at the time of its registration.

Executed in the City of Minsk **on January 22, 1993** in one original counterpart in the Russian language. The original counterpart shall be kept in the Archive of the Government of the Republic of Belarus, who will send a certified copy of these Articles of Association to each state having signed the same.

for the Republic of Armenia  
L. Ter-Petrosyan

for the Russian Federation  
B. Yeltsin

for the Republic of Belarus  
S. Shushkevich

for the Republic of Tajikistan  
E. Rakhmonov

for the Republic of Kazakhstan  
N. Nazarbaev

for Turkmenistan  
S. Niyazov

for the Republic of Kyrgyzstan  
A. Akaev

for the Republic of Uzbekistan  
I. Karimov

for the Republic of Moldova  
M. Snegur

for the Ukraine  
L. Kravchuk