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## THE LAW OF THE KYRGYZ REPUBLIC

### On Operations In Foreign Currency

("Svobodnye Cory" N 44 as of July 15, 1995)

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The present Law consolidates authorities of the National Bank of Kyrgyzstan (hereinafter, Bank of Kyrgyzstan) to fulfill unified currency policy, establishes the procedure of operations in foreign currency, establishes market mechanism of currency exchange, proclaims freedom of transfer of foreign currency and securities in foreign currency from abroad to abroad.

#### Chapter 1 General Positions

##### Article 1. Basic Terms

In the presented Law, the terms mean the following:

"Plenipotentiary Banks" - banks, having got license of the Bank of Kyrgyzstan to conduct operations in foreign currency.

"Exchange Office" - changing offices, having got license to the right to fulfill exchange operations in foreign currency in cash.

"Means of Payment" - money in cash (banknote, coins, trip checks and other means of payments), and also clearing means of payment (payment commissions, letters of credit, payment request-commission and other means of payment, accepted in the international bank practice.)

"Current Payments" - payments for import of goods and service, including payment of interests according to loans and dividends on deposits.

"Current Entry" - payments for export of goods and service, including payment of interests according to loans and dividends on deposits.

"Transfer of Capital" - import and export of capital, including operations in deposits, loans and other investments, as well as all operations with foreign currency and securities in foreign currency.

"Spot - Exchange Rate" means the exchange rate at which foreign currency is sold to plenipotentiary banks for immediate and possible purchase within two days, and also accounts, maintained by means of immediate payment in cash and other means within the same term.

"Residents":

1) physical persons, permanently living in the Republic of Kyrgyzstan, including staying abroad. Foreign physical persons, permanently living in Kyrgyzstan, become residents after presenting notification of immigration to correspondent agencies;

2) legal persons, created in accordance with legislation of the Kyrgyz Republic, located in the Republic of Kyrgyzstan;

3) diplomatic and other official representations of the Kyrgyz Republic, staying abroad;

4) branches and representations of foreign legal persons, created in accordance with legislation of the Kyrgyz Republic, located in the Republic of Kyrgyzstan;

5) branches and representations of legal persons the Kyrgyz Republic, staying abroad.

"Non-residents" - persons, not being residents.

"Means" - money on accounts and deposits in banks.

"Currency Values" - gold and other precious metals, as well as other means, the owner of which can substitute currency by them.

## Article 2. Legislation on Operations in Foreign Currency

Legislation on operations in foreign currency consists of the present law and nominative acts of the Bank of Kyrgyzstan, established in accordance with operating law.

## Article 3. Publication of Nominative Acts of the Bank of Kyrgyzstan on Issues of Regulating Operations in Foreign Currency

The Bank of Kyrgyzstan publishes the resolved nominative acts on regulating operations in foreign currency in mass media.

## Chapter 2 Currency Transfer and Exchange

### Article 4. Transfer of Foreign Currency

Transfers of foreign currency from abroad to abroad are not restricted.  
Imports and exports of currency are not subject to any restrictions providing its declaration in customary control offices.

### Article 5. The National and Foreign Currency Exchange

Operations on the national and foreign currency exchange are not restricted.

### Article 6. Currency Values Transfer

Transfer of currency values, which are not currency, with introduction of necessary information in the customary declaration (lists), is maintained in accordance with customary legislation of the Kyrgyz Republic.

## Chapter 3 Organization of Exchange Operations

### Article 7. Exchange Rate

The official exchange rate is established and proclaimed by the Bank of Kyrgyzstan on the basis of market spot-exchange and other market rates.

Spot-exchange and other exchange rates are freely stipulated between a seller and a buyer.

Plenipotentiary banks present all necessary information to the Bank of Kyrgyzstan on operations in foreign currency in the form established by the Bank of Kyrgyzstan.

### Article 8. Plenipotentiary Banks

Plenipotentiary banks maintain exchange operations in foreign currency on the basis of licenses issued by the Bank of Kyrgyzstan.

Conducting operations of their clients plenipotentiary banks provides their correspondence to the present Law.

Plenipotentiary banks freely buy and sell foreign currency in the Kyrgyz Republic and abroad.

Operations in foreign currency in the Kyrgyz Republic are fulfilled through plenipotentiary banks, excluding cases observed in Article 12 of the present Law.

### Article 9. Foreign Currency Purchasing and Selling

Residents and non-residents have the right to purchase and sell foreign currency without restrictions and unnecessary delay in plenipotentiary banks and exchange offices.

### Article 10. Purchase and Selling of Foreign Currency by the Government of the Kyrgyz Republic

The Bank of Kyrgyzstan has the right to purchase convertible currency and sell it to the Government of Kyrgyzstan at market rate, accounted according to paragraph 2 of Article 7 of the present Law.

#### Article 11. The role of the Bank of Kyrgyzstan in currency markets

The Bank of Kyrgyzstan fulfills currency operations with the goal of managing gold - currency reserves, and also with the goal of defending interests of the Kyrgyz Republic.

The Bank of Kyrgyzstan has the right to purchase foreign currency from the Government of the Kyrgyz Republic and commercial banks with the goal of replenishing gold-currency reserves, and also sell gold-currency reserves in currency markets.

#### Article 12. Restrictions in Currency Operations

Only plenipotentiary banks and exchange offices have the right to maintain operations in foreign currency with physical persons, fulfilled on the professional basis.

Single currency operations in national and foreign currency are not restricted.

### Chapter 4 Organization of Operation on External Payments

#### Article 13. Freedom of Transferring Means

Current payments, current entries and capital transfer from abroad to abroad are restricted.

The Bank of Kyrgyzstan has the right to restrict money transfers, with the goal of fulfilling international commitments of the Kyrgyz Republic, observed in UN Regulations.

#### Article 14. The Procedure of Registration of Residents Accounts, opened outside the Kyrgyz Republic

#### Article 15. The Right to Information

Residents are to present information on accounts and deposits being abroad of the Kyrgyz Republic as well as declarations, other documents and information connected with operation in foreign currency upon the request of the Bank of Kyrgyzstan.

#### Article 16. Subsidies

The Bank of Kyrgyzstan does not give subsidies to persons, having incurred losses due to changes in market exchange rates as well as restrictions, introduced by other states and international organizations.

### Chapter 5 Licensing activities of plenipotentiary banks and exchange offices

#### Article 17. Licensing activities of plenipotentiary banks

The Bank of Kyrgyzstan gives license to commercial banks for the right to fulfill exchange operations, according to the procedures and conditions established by them.

#### Article 18. Licensing Exchange Offices

The Bank of Kyrgyzstan gives licenses to exchange offices for the right to fulfill exchange operations, according to the procedures and conditions established by them.

#### Article 19. Withdrawal of Licenses

The Bank of Kyrgyzstan has the right to withdraw licenses or restrict fulfillment of operations in foreign currency in case of not observing demands of the present Law and normative acts by plenipotentiary banks and exchange offices.

## Chapter 6 Control Over Operations in Foreign Currency

### Article 20. Procedure of Arranging Conflicts

Plenipotentiary banks, exchange offices and other persons have the right to take an appeal in the court decisions, taken by the Bank of Kyrgyzstan.

### Article 21. Responsibility for Violation of the Law on Operation in Foreign Currency

For violation, or improper fulfillment of demands of the present Law and normative acts of the Bank of Kyrgyzstan judicial and physical persons bear responsibility according to the procedure, established by the Legislation of the Kyrgyz Republic.

For exceeding the limits of their authorities on the control, the Bank of Kyrgyzstan, plenipotentiary banks bear responsibility according to the procedure, established by the Legislation of the Kyrgyz Republic.

President of the Republic of Kyrgyzstan A.Akaev