

LAW OF GEORGIA ON THE NATIONAL BANK OF GEORGIA

(as amended to October 13, 1998)

(With the amendments and additions specified in the Laws of Georgia No.805-II s of September 19, 1995 and No.245-II s of May 28, 1996)

Chapter I. General Provisions

Article I. The National Bank of Georgia *

1. The National Bank of Georgia (hereafter "the National Bank") is the central bank of Georgia, the bank of banks, the banker and fiscal agent of Georgian Government, shall have the capacity of a juridical person. The National Bank proceeding from the rules and customs of international banking practice and following directions of the Constitution of Georgia, this Law, and the Georgian legislation is entitled to enter into agreements, to acquire, to hold and to

Article 3. Independence of the National Bank

1. Within the limits of authority established by this Law, the National Bank shall be independent in its operations. No legislative or executive body shall have the right to interfere in its activities, except the cases specified by this Law.
2. The National Bank is economically independent and shall cover all expenses by its own incomes. The National Bank shall not be responsible for the liabilities of the Georgian Government, likewise the Georgian Government shall not be responsible for the liabilities of the National Bank, except the cases when the National Bank and the Government commit themselves for such liabilities.
3. The assets of the National Bank, its property and incomes, as well as its activities and operations shall be exempted from all taxes.

Article 4. International Cooperation

1. The National Bank shall represent Georgia in all international meetings, councils and organizations concerning monetary policy, bank licensing and supervision, and the other matters that are within its fields of competence.
2. The National Bank may provide banking services for the benefit of foreign governments, foreign central banks and monetary authorities, and for the benefit of international organizations in which it or the Government of Georgia participates.
3. The National Bank may participate in international organizations that pursue financial and economic stability through international monetary cooperation*.
4. As agent of Georgia, the National Bank may undertake responsibilities and perform transactions concerning Georgia's participation in international organizations.

3. Members of Council must be citizens of Georgia; they must be persons of recognized integrity and professional experience in monetary and banking matters.
4. The President of the National Bank shall chair the Council. The Council of the National Bank shall be composed besides the Chairmen of three vice-presidents and five other members.
5. Members of the Council of the National Bank are elected by the Parliament of Georgia by a simple majority of the votes according to the list of its members at the suggestion of the President of Georgia for a seven year term.
6. According to Article 64 of the Constitution of Georgia members of the Council of the National Bank shall be removed only by a resolution of the Parliament of Georgia.
7. Council members shall be eligible for reappointment. In the event of prematurely termination of a member's commission instead of him a new member shall be elected.
8. Of the members of the Council of the National Bank the President of Georgia appoints to and dismisses from their posts the President of the National Bank, at the suggestion of the Council of the National Bank, and the Vice-presidents, at the suggestion of the President of the National Bank.

* As specified by the Law of Georgia No.245-III of May 28,19969

The President of the National Bank shall be dismissed if he:

- a) according to Article 64 of the Constitution of Georgia is removed from the Council of the National Bank by a resolution of the Parliament of Georgia.
- b) becomes ineligible to serve on the Council pursuant to Article 10 of this Law;
- c) has engaged in serious misconduct in the office, substantially prejudicing the interests of the National Bank.
- d) is unable to perform the official functions because of an infirmity of body or mind;
- e) has become insolvent or has been declared bankrupt and has not been rehabilitated;

Analogous regulation shall be used to relieve the vice-president of the National Bank of his post.

Article 7. Functions of the Council

1. The Council shall perform the management and supervising of the National Bank's activities.
2. In carrying out its functions, the Council must periodically assess the monetary and economic situation. To that end, the management of the National Bank shall report, not less than once every quarter, to the Council on the operations of the National Bank, on the conduct of its monetary policy, on the soundness of the financial system including stability of the national currency, and on the state of the money, capital and foreign exchange markets.

Article 8. Powers of the Council of the National Bank

The Council shall have the following powers:

- a) to determine the monetary and exchange rate policy of Georgia (including open markets) the

Article 14. Meetings of the Council

1. The President, or, in his absence, the vice-president acting as a President, must chair the meetings of the Council.
2. The Council shall meet as often as the business of the National Bank may require but not less frequently than three times in each calendar quarter.
3. Normally, meetings of the Council are convened by the President or the vice-president, acting as a President. Council meetings may also be convened at the written request of any three Council members or, in the event of an emergency, any two Council members.
4. Council meetings shall be convened by communicating the time, venue and agenda of the meeting to all Council members at least five working days before the date set for the meeting, except that, in the event of an emergency, Council meetings may be so convened at shorter notice.
5. Each Council member shall have one vote. A quorum at any meeting of the Council shall consist of the presence of more than one half of the members of the Council, one of which shall be the President or the vice-president, acting as a President.

Subject to the quorum requirement of this Section, no act or proceeding of the Council shall be invalidated merely by reason of the existence of a vacancy or vacancies on the Council.

6. Except as otherwise provided by this Law, decisions of the Council shall be adopted by a simple majority of the votes cast by the Council members present. Only Council members present in person shall have the right to vote.

In the event of a tie, the President or, in his absence, the vice-president acting as a President, shall have the casting vote.

8. All acts done by a person acting in good faith as President, vice-president or other member of the Council shall be valid notwithstanding that some defect in his appointment is afterwards discovered (failure to meet some criteria of eligibility or qualification).

Article 15. Proceedings of Council Meetings and Council Decisions

1. The proceedings of the meetings of the Council shall be confidential. The Council may decide to make the outcome of all or part of its deliberations public.
2. There shall be minutes of each Council meeting signed by the person chairing the meeting, and by the Council Secretary.
3. The Council Secretary shall be appointed by the President from among the senior staff of the National Bank; he shall not be a Council member.
4. Decisions of the Council shall be signed by the Chairman of the Council or by a person acting in this capacity.

- c) to audit the periodic financial statements and related documents of the National Bank and, if these have been properly prepared, to issue certifications to that effect.

Article 20. Staff of the National Bank and Conflicts of Interest

1. The President of the National Bank shall appoint and terminate the appointment of the National Bank's employees. The President designate and dismiss the agents and correspondents of the National Bank in accordance with working conditions.
2. The Council shall adopt regulations of the structural units of the National Bank.
3. During their employment by the National Bank, staff of the National Bank shall not receive credit from any bank other than the National Bank.
4. During their employment by the National Bank, staff of the National Bank shall devote the whole of their professional services only to the National Bank, and none of them shall occupy any other office or employment, whether remunerated or not.
5. No member of the Council, management or staff of the National Bank shall accept any gift or credit for himself, or on behalf of any person with whom he has family, business, or financial connections.
6. No employee of the National Bank or member of his households shall have the right to be founder or shareholder of any banks.
7. No salary, fee, or other remuneration paid by the National Bank shall depend on its net income.

Article 21. Secrecy

1. No person who serves as an officer, employee, auditor, agent or correspondent or has served as a member of the Council of the National Bank shall permit access to confidential information, disclose or publicize such information or use it for personal gain.
2. Such persons may disclose nonpublic material information only to the Chamber of Control of Georgia. In connection with budget settlements such information may also be disclosed outside the National Bank by decision of the Council or the President of the National Bank, but only if such disclosure would serve to provide evidence of a legal act committed by a person requesting such disclosure from the National Bank in writing.
3. Statements about the operations and accounts of physical and juridical persons may be disclosed also to the judiciary and investigation bodies only on the grounds of the prosecutors

2. The National Bank may establish special reserves for specific purposes, into which funds may be transferred that are available after making the allocation required under Section I.
3. The amount of net income for the financial year remaining shall be used by the National Bank to redeem any securities issued by the Ministry of Finance of Georgia pursuant to Article 23 of this Law and held by the National Bank, before transfers to the Reserve Fund and any special reserve are made.

Article 26. Transfer of Net Profits

The net profits for the financial year remaining after the transfers and redemption made pursuant to Article 25 of this Law shall be paid to the Ministry of Finance of Georgia within four months after the end of the financial year of the National Bank.

Article 27. Restrictions on Allocation of Net Income

No transfer, redemption or payment pursuant to Article 25 or 26 of this Law shall be made if, as a result thereof, in the National Bank's opinion, the assets of the National Bank would be less than the sum of its liabilities and paid-up capital.

Chapter IV. Monetary Functions and Operations of the National Bank

Article 28. Monetary Policy

The National Bank shall be solely responsible for the formulation, adoption and execution of the monetary policy of Georgia, except for case specified by second paragraph of this Article.

If, after consultation with the National Bank, the Parliament of Georgia or the President of Georgia is of the opinion that the monetary policies being pursued by the National Bank are not adequate for the achievement of main objective of price stability set forth in Article 2 of this Law, the Parliament of Georgia or the President of Georgia may submit a recommendation for a change in monetary policy and after consultation with the National Bank it shall be determined whether a change in monetary policy must be adopted by the National Bank. If the Parliament decides that a change in monetary policy must be adopted by the National Bank, the National Bank shall thereupon give effect to such change in monetary policy while the decision of the Parliament remains in effect. The decision of the Parliament shall be specifying the change in monetary policy, the essential policy reasons for the change in monetary policy and the period during which the change in monetary policy shall be effective unless withdrawn or amended by the Parliament.

In the event if the National Bank refuses to obey the Parliament's decision, the question of re-election of the Council of the National Bank ahead of schedule will automatically arise.

Article 29. Open Market Operations

In the conduct of its monetary policy, the National Bank has the right to operate in the open market by purchasing and selling, outright (spot and forward) or under repurchase agreements, debt securities issued by the Ministry of Finance of Georgia and securities issued by the National Bank; no other securities shall be used for this purpose.

Article 30. Minimum Required Reserves

1. In the conduct of its monetary policy, the National Bank shall determine the minimum required reserves for all banks and legal persons, who have the right to accumulate and allocate savings and deposits; such reserves shall be determined in percentage to accumulated sums and are subject to be maintained the National Bank.
2. The rules for the determination and calculation of minimum required reserves shall be established by the National Bank according to the country's economic situation.
3. The National Bank may take decision about the payment of interest on the amount of minimum reserves. No interest shall be charged on free reserves held in the National Bank.

Article 31. Failure to Maintain Required Reserves

The National Bank may impose on and collect from any legal person that fails to maintain required reserves at the minimum levels prescribed pursuant to Article 30 of this Law, a levy on the shortfall in such bank's required reserves, until the shortfall is corrected; or use the sanctions pursuant to Article 59 of this Law. The National Bank shall determine the rate of the fine.

Article 32. The National Bank Discount Operations

1. The National Bank may discount only the following instruments and only when they are presented by a bank account holder:
 - a) bills of exchange and promissory notes, denominated in the national currency and payable within the territory of Georgia, bearing the signature of at least three solvent parties of which at least one shall be a bank, and maturing within three months from the date of their acquisition by the National Bank. Provided, however, that in exceptional circumstances. Provided, however, that all gold

3. The National Bank may, without stating a reason, refuse to discount any of the before mentioned instruments.

Article 33. The National Bank Loans to Banks

1. The National Bank may, on such terms and conditions as it may determine, grant to banks that hold an account on the books of the National Bank, for periods not exceeding three months, loans that are secured by any of the following assets:
 - I. international reserve instruments as specified in Section 1 of Article 52 of this Law;
 - II. other debt securities issued or guaranteed by, and payable within the territory of Georgia, denominated in national currency, forming part of a public issue, and intended for sale to natural and legal persons;
 - III. warehouse receipts and documents of title issued in respect of raw materials or other goods duly insured against risk of loss or damage;
 - IV. deposits with the National Bank or with a depository acceptable to the National Bank of any assets which the National Bank is permitted to buy or sell or deal in under this Law, including without limitation gold and other precious metals.
2. Loans granted by the National Bank shall be made only to the head offices of banks.

Article 34. Rates for Discounts and Loans

The rates for discounts and loans of the National Bank, shall be established by regulation of the National Bank.

Article 35. Credit and Interest Rate Controls

1. In the conduct of its monetary policy, the National Bank may, by regulation, prescribe temporary conditions and restrictions within the limits determined by law with respect to the principal amount, of any type of credit or guaranty extended by financial institutions, guaranties, or the rate of interest, and other charges payable on any type of credit or guaranty extended or on any type of deposits received by these banks or financial institutions.

Such conditions and restrictions may be prescribed only if and to the extent that the National Bank's monetary policy objectives cannot be achieved with other instruments.

2. Regulations issued pursuant to Section 1 of this Article shall specify that they shall apply only to transactions concluded after the date of their publication.

Article 42. Unfit Currency *

I. Unfit currency shall be withdrawn from circulation, destroyed, and replaced with bank

* As specified by the Law of Georgia No.805-Is of September 19,1996

notes or coins by the National Bank.

2. The National Bank of Georgia shall determine the regulations for replacing of national currency, bank notes and coins unfit for circulation.

Article 43. Currency Inventory and Issue Plan

The National Bank shall directly administer the currency reserve inventory, make issue plans, and ensure the regular supply of bank notes and coins, in order to meet the currency requirements of the economy of Georgia.

Article 44. Accounting Treatment of Currency Issued

The aggregate amount of circulating bank notes and coins shall be noted in the accounts of the National Bank as a liability of the National Bank; such liability shall not include bank notes and coins in the currency reserve inventory.

Article 45. Currency Recall

1. The National Bank may decide to call in and withdraw from circulation any bank notes or coins that are circulating within the territory of Georgia, by issuing in exchange therefor other bank

Article 50. Official International Reserve

1. The National Bank shall own, hold and manage an official international reserve which shall consist of all or any of the following assets, excluding any such assets that are illiquid, encumbered, or otherwise unavailable for use within a short period of time by the National Bank:
 - a) gold;
 - b) foreign exchange in the form of notes and coins, bank balances held abroad in foreign currencies;
 - c) any other internationally recognized reserve asset, including the entitlement to make reserve tranche purchases from the International Monetary Fund and the holdings of the Government of Georgia of special drawing rights of the International Monetary Fund;
 - d) bills of exchange and promissory notes, denominated and payable in foreign currencies;
 - e) debt securities issued or guaranteed by, and forward purchase or repurchase agreements concluded with or guaranteed by, foreign States or Central Banks or international financial organizations, denominated and payable in foreign currencies.
2. The National Bank shall use its best endeavors to maintain its international reserve at a level which, in the National Bank's opinion, shall be adequate for the execution of the monetary and exchange rate policies of Georgia and for the prompt settlement of the country's international transactions.
3. If said international reserve has declined or, in the opinion of the National Bank, is in danger of declining to such an extent as to jeopardize the execution of the monetary or exchange rate policies of Georgia or the prompt settlement of the country's international transactions, the National Bank shall submit to the Parliament a report on the international reserve position and the causes which have led or may lead to such a decline, together with such recommendations as it considers necessary to remedy the situation.
4. Until such time as, in its opinion, the situation has been rectified, the National Bank shall make further such reports and recommendations to the Parliament as it shall deem advisable.

Article 51. Foreign Exchange Gains and Losses of the National Bank

Gains or losses arising for the National Bank in any financial year from changes in the valuation, recorded on the balance sheet of the National Bank, of assets or liabilities in, or denominated in, gold, special drawing rights, or foreign currencies and resulting from any change in the values or exchange rates of gold, or foreign currencies in terms of national currency, shall be treated as follows:

- a) the net aggregate amount of such foreign exchange gains or losses shall be offset by a corresponding amount in account named "Valuation Reserve Account" on the balance sheet of the National Bank;
- b) as long as the amount recorded in the Valuation Reserves Account corresponds to net foreign exchange losses, that amount shall be covered by debt securities, bearing interest at market

rates, issued by the Ministry of Finance to the National Bank and held by the National Bank in off-balance sheet "Reserve Securities Account". Within four months after each financial year, the aggregate principal account of such securities held by the National Bank shall be increased or decreased as required to restore the equivalency between that amount and the amount recorded in the Valuation Reserve Account as net foreign exchange losses as of the end of that financial year;

- c) neither net gains nor net losses referred to in this Article shall be included in the computation of annual net profits of the National Bank.

Chapter VII. Relations of the National Bank with the State

Article 52. National Banker, Adviser and Fiscal Agent

1. The National Bank shall act as banker and adviser to, and as fiscal agent of, the Government of Georgia, provided, however, that no transaction carried out by the National Bank may serve to extend financial assistance to or for the benefit of the Government of Georgia or any of its State agencies, except as authorized by Article 57 of this Law.
2. It shall be the duty of the National Bank to render advice to the President or Minister of Finance of Georgia, on all significant matters that relate to activities of the National Bank or that otherwise are within its fields of competence.*
3. Each year, the Minister of Finance of Georgia shall be consulted by the National Bank on the occasion of the preparation of the state budget and shall submit a written report to the Minister of Finance on economic and financial matters pertinent thereto.

Article 53. Consultations and Reporting on Public Sector Borrowing

The Minister of Finance of Georgia shall consult with the National Bank on its plan for domestic and external public sector borrowing during the next following financial year, including the amounts to be contracted and disbursed under such borrowing and the expected terms and conditions of such borrowing. All borrowing transactions by State agencies shall be reported to the National Bank in such detail as the National Bank shall specify by regulation with the approval of the Minister of Finance.

Article 54. Depository Function

1. The National Bank shall accept deposits from such State agencies as the Minister of Finance of Georgia shall determine. As depository, the National Bank shall receive and disburse money and keep account thereof and provide other financial services related thereto. The National Bank shall pay to the limits of the deposited amounts against orders to pay from such accounts. The National Bank may agree to pay interest on such deposits.
2. The National Bank may authorize other financial institutions to receive such deposits in compliance with conditions prescribed by the National Bank.

of this Article "revenue" shall not include borrowings, grants and other forms of financial assistance.

6. Notwithstanding the foregoing, the National Bank may, in exceptional circumstances, grant by regulation a temporary waiver of the limit specified in Section 5 of this Article, but only if such waiver would not be inconsistent with the monetary policy objectives of the National Bank and only if such waiver would not cause the aggregate principal amount disbursed and outstanding on all the National Bank loans to exceed the equivalent of eight percent of the annual average of the State's revenue for the three financial years immediately preceding.
7. If, in the opinion of the National Bank, the limit provided in Section 5 of this Article is in danger of being exceeded, the National Bank shall submit to the Parliament a report on disbursed and outstanding loans to the Ministry of Finance of Georgia, and the causes that may lead to such excess, together with such recommendations as it may deem appropriate to remedy the situation. If the limit provided in Section 5 of this Article is exceeded in accordance with Section 6 of this Article, the National Bank shall make further such reports and recommendations as it may deem appropriate in order to remedy the situation and avoid its recurrence in the following financial year.

Article 58. Purchases of Government Securities by the National Bank

Purchases by the National Bank for its own account of debt securities issued by the Ministry of Finance of Georgia shall be treated as the National Bank loans to the Ministry of Finance and therefore be subject to the overall limits specified by Article 57 of this Law, except if and to the extent that such purchases are consistent with the monetary policy objectives of the National Bank or are required for investing assets of the staff retirement fund of the National Bank and then only if such purchases are made in the secondary market.

Chapter VIII. Relations of the National Bank with Banks

Article 59. Licensing and Supervision of banks

- I. The National Bank shall be exclusively responsible for issue of banking licenses and for the supervision of banks and other legal entities that operate under a license. To that end, the National Bank shall be empowered:
 - a) to issue such regulations, guidelines and instructions and to take such other action as it shall deem necessary or advisable in order to ensure, through proper licensing and supervisory standards and procedures, the soundness of the financial system in accordance with provisions of law;
 - b) to visit any bank offices and to examine any accounts, books, documents and other records of banks, and to obtain necessary information from them.
 - c) to exact from a bank fines amounting to additional income gained from improper operations, to rise the limits of required reserves, to stop active transactions, to suspend the signing right of an executive officer of a bank and demand his dismissal from the post, to annul the banking license.
2. In particular, the National Bank may call for and examine the accounts, books, documents and other records of any legal or physical person who, it has reason to believe, is engaged in the business of receiving money deposits or other repayable funds from the public and organizations without a license issued by the National Bank.

Article 60. Cooperation with Foreign Banking Supervisors

1. The National Bank shall closely cooperate with any foreign banking supervisory authority with respect to the supervision of banks that operate in both their respective jurisdictions.
2. As part of such cooperation, the National Bank may exchange with such foreign banking supervisory authority information concerning any bank that operates in both their respective jurisdictions, provided that such authority undertakes to respect the confidentiality of the information so received.

Article 61. Bank Accounts on the National Bank Books

The National Bank shall be authorized to maintain accounts on its books for, and to accept deposits from banks, on such terms and conditions as it may prescribe by regulation.

Article 62. Lender of Last Resort

The National Bank may, on such terms and conditions as it may determine, act as lender of last resort for bank account holders, by granting to them or for their benefit, for periods not exceeding three months, loans other than those authorized by Article 33 of this Law and contingent commitments. Each such loan or commitment must be secured by assets specified in Article 33 of this Law unless the National Bank decides that an unsecured loan or commitment would be

justified by exceptional circumstances. Provided, however, that no such loan or contingent commitment shall be made by the National Bank unless, in the opinion of the National Bank, such loan or commitment is dictated by the liquidity requirements of the account holder and by the public interest. The period for such loan or commitment may be extended by the National Bank on the basis of a program acceptable to the National Bank that specifies the measures to be taken by the bank concerned to satisfy the National Bank's liquidity requirements.

Article 63. Clearing and Settlement Facilities

The National Bank may assist banks in organizing facilities for the clearing and settlement of interbank payments, and may establish such procedures and issue such regulations relating thereto as it shall deem appropriate.

Chapter IX. Accounts, Financial Statements, Audit and Reports of the National Bank

Article 64. Financial Year of the National Bank

The financial year of the National Bank shall begin on the first day of January and end on the last day of December.

Article 65. Accounting Practices

The National Bank shall maintain at all times accounts and records adequate to reflect in accordance with sound accounting practices its operations and financial condition.

Article 66. Financial Statements of the National Bank

The National Bank shall prepare financial statements for each of its financial years. They shall include a balance sheet, a profit and loss statement, and related statements, which financial statements shall provide comparative figures for the previous financial year.

Article 67. Audit of the National Bank Accounts

The accounts and records of the National Bank shall be audited by external auditors appointed by the Parliament of Georgia.

Article 68. Transmittal and Publication of the National Bank Statements and Reports

1. The National Bank shall, within three months after the close of each of its financial years, submit to the Parliament of Georgia following documents:
 - a) a copy of its financial statements certified by its auditors;
 - b) a report of its operations and affairs during that year;
 - c) a report on the state of the economy.

2. The National Bank shall, as soon as possible after the last working day of each month, but in any event within 10 working days, prepare and submit to the Parliament of Georgia preliminary (reference) financial statements as of the end of that month.
3. Upon their submission, the National Bank shall publish the financial statements and reports referred to in Sections 1 and 2 of this Article; it may publish such other reports and studies on financial and economic issues as it may deem appropriate.

Article 69. Determining of General Directions of Monetary and Exchange Rate Policy and Reporting *

1. Three months before the beginning of its new financial year the National Bank shall submit to the Parliament of Georgia the draft general directions of monetary and exchange rate policies. The Parliament must determine by its decree the general directions of these policies for the next year. If the Parliament can not determine general directions of

* As specified by the Law of Georgia No.245-III of May 28,1996

monetary and exchange rate policies before the beginning of the new financial year, the National Bank shall operate in accordance with its draft project.

2. The general directions of monetary and exchange rate policy shall determine the level of inflation, the amount of international state reserves, the maximum amount of loans extended by the National Bank to the government, the mechanisms of monetary regulations to ensure these parameters, exchange rate and foreign currency regimes, the actions for improvement of regulatory framework and monetary system.
3. Annually, within three months after the close of its financial year, the National Bank shall submit to the Parliament of Georgia a statement on

2. The decisions of the National Bank taken pursuant to this Law shall be impartial and shall be motivated only by objective and rational considerations; they shall be executed in compliance with legal standards and serve formulated objectives.

Article 75. Definitions

Wherever used in this Law, the following terms shall have the following meanings:

- a) "bank" means any juridical person that is engaged in the business of receiving money deposits or other repayable funds from the public and institutions extending credits for its own account;
- b) "bank account holder" means any bank that holds an account on the books of the National Bank;
- c) "debt security" means any negotiable instrument of indebtedness and any other instrument equivalent to such instrument of indebtedness, whether in certificate or in book-entry form;
- d) "reservable liabilities" means those liabilities that are defined as such by the National Bank by regulation;
- e) "State agency" means any administrative or territorial subdivision or agency of the Government of Georgia.
- f) "deposit" means savings kept in a bank;
- g) "deposit sum" means amount of money, securities or other valuables kept in a banking or financial institution;
- h) "discount" means payment for the bill; interest deducted by payment for the bill;
- i) "emission" means to put money or securities into circulation;
- j) "credit" means any liability related to lending money on the principles of repayment, valuation, securing by collateral and maturity; *
- k) "clearing", "clearing agreement" means system of payments in written orders which is based upon mutual clearing of claims and obligations; is used in both domestic and international payments;

- q) "denomination" means an act of increasing the value of national currency through exchange of new bank notes against old ones by established proportion with the purpose to improve money circulation, accounting and facilitate financial settlements in a country. **

Chairman of Parliament,

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