

# Unofficial translation and consolidation of the Central Bank of Cyprus Laws of 2002-2007

**NB:** This unofficial English text is for information purposes only and the Central Bank shall not be responsible for its content.  
The official legally binding text is in the Greek language.

## PART I

### INTRODUCTORY PROVISIONS

Short title.

138(I) of 2002  
166(I) of 2003  
34(I) of 2007.

1. This Law may be cited as the Central Bank of Cyprus Laws of 2002 to 2007.

Interpretation.

48 of 1963  
10 of 1979  
35 of 1990  
233 of 1991  
74(1) of 1992  
66(1) of 1993  
100(I) of 1994  
99(1) of 1995  
116(I) of 1996  
107(I) of 1997  
97(1) of 1998  
92(1) of 1999  
148(I) of 1999  
124(I) of 2000  
166(I) of 2000  
147(I) of 2001.  
95 of 1989  
106(I) of 1996  
115(I) of 1996  
104(I) of 2002.

2. In this Law, unless the context otherwise requires –

“Bank” means the Central Bank of Cyprus which was established under section 3 of the Central Bank of Cyprus Laws of 1963 to 2001, in accordance with Articles 118 to 121 of the Constitution of the Republic of Cyprus;

2(b) of  
34(I) of 2007.

“bank” has the meaning assigned to this term by the provisions of the Banking Law;

67(I) of 1997  
74(I) of 1999  
94(I) of 2000  
119(I) of 2003  
4(I) of 2004  
151(I) of 2004  
231(I) of 2004  
235(I) of 2004  
20(I) of 2005.

“Board” means the Board of Directors of the Bank provided under this Law;

2(b) of  
34(I) of 2007.

“co-operative credit society” has the meaning assigned to this term by section 2 of the Co-operative Societies Law;

22 of 1985  
68 of 1987  
190 of 1989

8 of 1992  
22(l) of 1992  
140(l) of 1999  
140(l) of 2000  
171(l) of 2000  
8(l) of 2001  
123(l) of 2003  
124(l) of 2003  
144(l) of 2003  
5(l) of 2004  
170(l) of 2004  
230(l) of 2004  
23(l) of 2005  
49(l) of 2005  
76(l) of 2005  
29(l) of 2007.

2(b) of  
34(l) of 2007.

“credit institution” means:

- (a) a bank;
- (b) a co-operative credit society;
- (c) an electronic money institution.

“Deputy Governor” means the Deputy Governor of the Bank;

“director” means a member of the Board of Directors other than the Governor and the Deputy Governor;

86(l) of 2004.  
2(b) of 34(l) of  
2007

“electronic money institution” has the meaning assigned to this term by section 2 of the Electronic Money Institutions Law;

“European Central Bank” means the European Central Bank which operates in accordance with the Treaty establishing the European Community;

2(b) of  
34(l) of 2007.

“European System of Central Banks” or “System” means the European System of Central Banks referred to in the Treaty;

2(c) of  
34(l) of 2007.

“foreign exchange” means securities or any other asset denominated in foreign currency or unit of account;

“Governor” means the Governor of the Bank;

“Minister” means the Minister of Finance;

“remuneration” includes salary, wages, fee and allowance of any kind whatsoever;

2(b) of  
34(l) of 2007.

“Statute” means the Statute of the European System of Central Banks and of the European Central Bank, which is annexed to the Treaty;

2(b) of  
34(l) of 2007.

“Treaty” means the Treaty establishing the European Community, as amended.

**PART II**  
**CONTINUATION OF OPERATION,**  
**OBJECTIVES AND TASKS OF THE BANK**

Operation of the Bank.

- 3.** The Bank shall continue to function as a corporate body with perpetual succession and the same common seal, ability to appear in court as plaintiff or defendant and with power to acquire, hold and dispose of property, enter into contracts, sue and be sued and take any action required for the objectives of this Law.

Seat, agents of the Bank.

- 4.** (1) The Bank shall have its seat and head office in Nicosia.
- (2) The Bank may at any time establish and close regional branch offices in the Republic, according to its needs.
- (3) The Bank may at any time appoint and revoke the appointment of agents or correspondents in the Republic or elsewhere.

Objectives of the Bank.

3(b) of 34(I) of 2007.

3(c) of 34(I) of 2007.

- 5.** (1) The primary objective of the Bank shall be to ensure price stability.
- (2) Without prejudice to this primary objective and subject to the fulfilment of its obligations under Article 105 paragraph (1) of the Treaty, the Bank shall support the general economic policy of the State.

The Bank as an integral part of the European System of Central Banks.

- 5A.** (1) The Bank is an integral part of the European System of Central Banks and shall act, within the fields of competence of the System, in accordance with the guidelines and instructions of the European Central Bank.
- (2) The Bank shall contribute, as an integral part of the European System of Central Banks, to the performance of the tasks and the exercise of the competences entrusted to or conferred upon the latter in accordance with the provisions of the Treaty or of the Statute.

Tasks of the Bank.

6 of 34(I) of 2007.

- 6.** (1) The Bank shall perform all tasks required for the achievement of its objectives including any tasks performed by central banks.
- (2) Without prejudice to the generality of subsection (1) and to the obligations resulting from the participation of the Bank to the European System of Central Banks, the main tasks of the Bank shall be the following:
- (a) the contribution, as an integral part of the System, to the definition and implementation of the monetary policy of the Community;
- (b) the holding, keeping and management of the official reserves of the Republic, including the foreign exchange and gold reserves of the Bank and of the State;
- (c) the conduct of foreign exchange operations and the management

of foreign reserves that may be held with the Bank for management, subject to the provisions of Article 111 of the Treaty;

(d) the supervision of banks, without prejudice to the provisions of the Banking Law;

(e) ensuring the stability of the financial system;

(f) the provision of services or performance of the tasks of banker and financial agent of the Republic in financial matters;

(g) the promotion, regulation and oversight of the smooth operation of the payment, clearing and/or settlement systems;

(h) the collection, compilation and distribution of statistical data, including the data required for the fulfillment of the tasks of the Bank, as an integral part of the System vis-à-vis the European Central Bank;

(i) its participation as a member in international monetary and economic organizations, subject to the approval of the European Central Bank, in accordance with Article 6.2 of the Statute.

Independence of  
the Bank.

7 of  
34(l) of 2007.

7. When carrying out the tasks conferred upon them under this Law, neither the Bank nor any member of its decision-making bodies shall seek or take instructions from the Community institutions or bodies, from the Government or any government of a Member State or from any other body.

### PART III

#### ORGANISATION OF THE BANK

Organs of the  
Bank.

8 of  
34(l) of 2007

8. The organs of the Bank shall be the Board of Directors, the Governor and the Deputy Governor.

Establishment  
and functioning  
of the Monetary  
Policy  
Committee.

9 of  
34(l) of 2007.

9. Repealed.

Tasks of the  
Committee.

10 of  
34(l) of 2007.

10. Repealed.

Directives of the  
Committee.

11 of  
34(l) of 2007.

11. Repealed.

Board of  
Directors.

12. The Board of Directors of the Bank (hereinafter referred to as “the Board”) shall consist of the Governor, the Deputy Governor and five directors.

Directors.

- 13.** (1) The directors shall be appointed by the Council of Ministers and shall be citizens of the Republic of recognised professional qualifications, and / or recognised economic and business experience who are not disqualified for appointment under section 14.

(2) Each director shall be appointed for a term of office of five years which shall be renewable, and may be relieved from office by decision of the Council of Ministers, on a recommendation from the Minister and after hearing the views of the Governor, provided he no longer fulfils the conditions required for the performance of his duties or is guilty of serious misconduct:

Provided that, a person who holds at the date that this Law shall enter into force, the post of director, shall continue to hold such post, under the same conditions until the expiry of his term of office, unless otherwise provided by a subsequent law.

12(a) of  
34(l) of 2007.

(3) When a person ceases to be a director before the expiry of the period of his appointment, the Council of Ministers shall appoint as director a person having the qualifications provided in subsection (1), for a term of five years.

(4) The post of director, save for the Governor and the Deputy Governor, shall become vacant:

- (a) upon the death of the member, or the loss of his or her citizenship of the Republic; or
- (b) upon the written resignation of the member; or
- (c) if the member no longer fulfils the conditions required for the performance of his duties, or if he or she is guilty of serious misconduct; or
- (d) upon the occurrence of any of the events referred to in section 14.

(5) A director who has a personal interest in a matter under discussion shall not take part in the discussion or vote on it:

Provided that, in such case, the director shall be under a duty to disclose if he has any such interest.

(6) The remuneration of directors shall be determined by the Council of Ministers on their appointment for their whole five-year term.

Conflict of  
interest.

- 14.** A person shall not be qualified to be a director if he holds any position which may create a conflict of interest between his duties as director and that position and in particular if he:

- (a) is a Minister, or a member of the House of Representatives;
- (b) is a member of a Municipal Council, including a Mayor;
- (c) is a member of the armed or security forces of the Republic;
- (d) is the holder of a public office or office in a municipal authority or he is acting as a deputy in such post:

It is provided that, “public office” means any office with financial benefit in the service of the Republic, the emoluments of which are under the control of the Republic and includes any office in any public corporation or public utility body:

It is further provided that, no person shall be disqualified under this paragraph if he –

- (i) is a holder of a teaching post in a university or an equivalent educational institution in the Republic;
- (ii) is acting, without being a member of the public service, as representative of the Republic in an international monetary or financial organisation of which the Republic is a member;

(e) has been declared bankrupt and has not been discharged or against whom a receiving order has been made or who has made an arrangement or composition with his creditors;

(f) is a person certified to be insane or otherwise declared to be of unsound mind;

(g) is a director, officer or employee of any other bank or financial institution or their subsidiary or has as a shareholder a controlling interest in any other banking or financial institution or their subsidiary operating in the Republic, or controlled by an organisation operating in the Republic.

Tasks of the Board.

13 of  
34(l) of 2007.

- 15.** (1) The Board shall have the following main tasks:
- (a) to supervise the administration of the Bank;
  - (b) to define and implement the policy of the Bank, in accordance with sections 5 and 6, on all matters which concern the Bank, save for the matters which fall within the fields of competence of the European System of Central Banks.
- (2) For the achievement of the main tasks provided in subsection (1), the Board may perform all other tasks incidental thereto.
- (3) The Board may from time to time decide to delegate any of its tasks to the Governor for such periods and on such conditions, as the Board may determine.

Directives of the Board.

14 of  
34(l) of 2007.

- 16.** The Board may issue directives:
- (a) without prejudice to section 20 subsection (3) paragraph (b), for achieving the objectives laid down in section 5 and the tasks laid down in section 6 and/or regulating the performance of the tasks of the Bank, save for the tasks which fall within the field of competence of the European System of Central Banks;
  - (b) for its own organisation and operating procedure;
  - (c) on the recommendation of the Governor, for the organisation of the Bank, defining the schemes of service of all employees of the Bank and regulating their powers and duties, as well as matters of recruitments, promotions and the exercise of disciplinary control.

Functioning of  
the Board.

**17.** (1) A meeting of the Board shall be convened:

(a) by the Governor, by notice to all its members, or in his temporary absence or temporary incapacity by the Deputy Governor:

15(a) of  
34(l) of 2007.

Provided that, such meetings shall be convened as often as may be required for the transaction of business, and in any case six times per year.

(b) on a written request which is submitted to the Governor in this respect by two directors, specifying the subjects for which the meeting is being requested.

(2) The Governor shall preside at the meetings of the Board, or in his temporary absence or temporary incapacity the Deputy Governor, and in case of the absence of both from any meeting, the remaining members of the Board attending such meeting shall elect one of them to preside at such meeting.

(3) Four members of the Board shall form a quorum at any meeting and decisions shall be adopted by a simple majority of the members present. In the event of a tie, the chairman shall have the casting vote.

15(c) of  
34(l) of 2007.

(4) When exercising the duties and tasks in pursuance of the objectives laid down in section 5, the members of the Board shall take due account of the Governor's capacity as a member of the Governing Council and General Council of the European Central Bank.

(5) Unless the Board otherwise directs, the minutes of the meetings of the Board shall be confidential unless the Board determines otherwise and shall be kept in such form as the Board may determine, but its decisions shall be recorded verbatim.

(6) No act or proceeding of the Board shall be deemed to be invalid by reason of any vacancy in the Board.

Governor  
and Deputy  
Governor.

**18.** (1) Subject to paragraph 1 of Article 118 of the Constitution, the Governor and the Deputy Governor shall be appointed by the President and the Vice-President of the Republic.

(2) The Governor and the Deputy Governor shall be citizens of the Republic and shall be fit and proper persons of recognised experience in economic and financial matters.

(3) The Governor and the Deputy Governor shall be appointed for a renewable term of office of five years:

Provided that, a person who holds at the date that this Law shall enter into force, the post of Governor or Deputy Governor, shall continue to hold such post, under the same conditions until the

expiry of his term of office, unless otherwise provided by a subsequent law.

(4) Subject to paragraph 4 of Article 118 of the Constitution, the Governor and the Deputy Governor may be relieved from office, only if in the opinion of the Council established under paragraph 8 of Article 153 of the Constitution, they no longer fulfil the conditions required for the performance of their duties or they are guilty of serious misconduct.

(5) The remuneration and other terms and conditions of service of the Governor and the Deputy Governor shall be laid down in the instruments of their appointment:

Provided that, the remuneration of the Governor and the Deputy Governor shall be determined for the whole of their five-year term.

Exclusive occupation of Governor and Deputy Governor in the service of the Bank.

**19.** (1) The Governor and the Deputy Governor shall, while in office, devote their entire time exclusively to the service of the Bank and shall not engage in any other business, profession or undertaking.

(2) The Governor and Deputy Governor shall not take in the Republic any office or accept interest in any banking or other financial institution or their subsidiary operating in the Republic or controlled by an organisation operating in the Republic and which is supervised by the Bank or receive therefrom any remuneration whatsoever for a period of two years after the termination of their appointment.

Tasks of the Governor.

**20.** (1) Subject to Article 119 of the Constitution, the Governor as the chief executive officer of the Bank, shall have the following tasks:

- (a) to carry out the policy of the Bank;
- (b) to manage and control the business of the Bank;
- (c) to act in connection with the conduct of the business of the Bank, in all matters which are not reserved for the Board;
- (d) to appoint, suspend or dismiss any employees of the Bank.

(2) The Governor in carrying out his tasks under paragraph (d) of subsection (1), shall act in accordance with the advice of the Personnel Committee as provided in section 22.

16(d) of 34(l) of 2007.

(3)(a) The Governor shall participate, ex officio, as an independent personality, in the General Council and the Governing Council of the European Central Bank and shall have the exclusive competence to-

- (i) carry out the tasks and exercise the powers conferred upon the Bank by or in accordance with the provisions of the Treaty or the Statute; and
- (ii) oversee the payment, clearing and/or settlement systems.

(b) Without prejudice to the powers of the European System of Central Banks and of the European Central Bank and subject to the



provisions of the Treaty and of the Statute, the Governor may issue directives for the achievement of the tasks referred to in paragraph (a).

(4) The Governor, as the chief representative of the Bank, shall have the following tasks:

- (a) to represent the Bank in all its relations with other persons, including the Government;
- (b) to represent the Bank, either personally or through counsel, in all legal proceedings to which the Bank is a party;
- (c) to sign contracts, concluded by the Bank, and the annual reports, financial statements, correspondence and other documents of the Bank;
- (d) to delegate the exercise of any of his powers provided for in paragraphs (a), (b) and (c) to other employees of the Bank upon his own responsibility.

16(e)  
of 34(l) of 2007.

(5) Without prejudice to the provisions of subsection (3) and subject to the provisions of the Treaty and of the Statute, the Governor shall keep the Board informed on all current matters which require its attention and shall, as far as practicable, provide it with such data and information as will facilitate it in the formulation of its decisions and policies:

Provided that the Governor shall, furthermore, submit to the Board, for adoption, draft measures or resolutions which in his view are necessary to make the objectives and policies of the Board effective.

Deputy  
Governor.

**21.** The Deputy Governor shall assist the Governor in the performance of his tasks and, in the absence or temporary incapacity of the Governor, shall perform all the tasks of the Governor as provided by the Constitution or under this Law.

Personnel  
Committee.

17 of  
34(l) of 2007.

**22.** (1) (a) The Personnel Committee shall consist of the Governor as Chairman, the Deputy Governor and four other members nominated by the Board to hold office for three years, unless they are removed before the expiry of their term of office by the Board, after a reasoned recommendation from the Governor and provided it is found that they do not fully perform their duties:

Provided that, in the temporary absence or temporary incapacity of the Governor, the Deputy Governor shall preside at the meetings of the Personnel Committee.

(b) In case of temporary absence or temporary incapacity of the Governor and the Deputy Governor, the remaining members of the Personnel Committee attending such meeting shall elect one of their peers to preside over such meeting.

(c) In case any member of the Personnel Committee is unable to attend a meeting for whatever reason, the Personnel Committee may, on the recommendation of the Governor, nominate in

advance another person to attend in his place.

(2) The quorum of the Personnel Committee shall be met only if a minimum of three members are present at meetings and decisions shall be adopted by simple majority. In the event of a tie, the chairman shall have the casting vote.

(3) The Personnel Committee may, on the recommendation of the Governor, delegate any of its tasks provided under subsection (2) of section 20 of this Law, as the Personnel Committee may determine, to a sub-committee consisting of not less than three persons.

(4) The Personnel Committee, on the recommendation of the Governor, shall decide its organisation and its operating procedure as well as those of any sub-committee to which any of its tasks may be delegated under subsection (3).

Employees.

**23.** (1) For the purpose of carrying out the tasks of the Bank under this Law, there shall be appointed, as in this Law provided, such employees as may be necessary.

(2) The appointment of any employee of the Bank shall be remunerated and under such terms and conditions as may be provided in any directives or the schemes of service, issued in this respect by the Board under section 16 of this Law.

(3) Subject to any directives, issued under this Law in this respect, no person shall hold any office in the Bank who, at the same time –

- (a) holds any office in any other banking or financial institution or their subsidiary operating in the Republic or controlled by an organisation operating in the Republic;
- (b) has any participation in the capital of such banking or financial institution or their subsidiary without disclosing this participation in advance and obtaining the permission of the Board:

Provided that the Board shall by directive determine the terms and conditions under which employees of the Bank may participate in the capital of such banking or financial institutions or their subsidiary.

Independent persons for the performance of special duties.

**24.** Subject to the provisions of this Law and to such terms and conditions as may in each case be determined by the Board, there may be employed independent persons to perform such special duties, as may be provided from time to time in the relevant agreement of employment.

Obligation for secrecy.

**25.** (1) Any director and employee of the Bank shall be bound to professional secrecy, even after they cease to exercise their duties, and shall, for the purposes of the Criminal Code, from time to time in force be deemed to be employed in the public service and the provisions of the Public Officers Protection Law shall apply

Cap. 154.

3 of 1962  
43 of 1963  
41 of 1964

to them as if they were public officers:

- 69 of 1964
  - 70 of 1965
  - 5 of 1967
  - 58 of 1967
  - 44 of 1972
  - 92 of 1972
  - 29 of 1973
  - 59 of 1974
  - 3 of 1975
  - 13 of 1979
  - 10 of 1981
  - 46 of 1982
  - 86 of 1983
  - 186 of 1986
  - 111 of 1989
  - 236 of 1991
  - 6(I) of 1994
  - 3(I) of 1996
  - 99(I) of 1996
  - 36(I) of 1997
  - 40(I) of 1998
  - 45(I) of 1998
  - 15(I) of 1999
  - 37(I) of 1999
  - 38(I) of 1999
  - 129(I) of 1999
  - 30(I) of 2000
  - 43(I) of 2000
  - 77(I) of 2000
  - 162(I) of 2000
  - 169(I) of 2000
  - 181(I) of 2000
  - 27(I) of 2001
  - 12(I) of 2002
  - 85(I) of 2002
  - 144(I) of 2002
  - 145(I) of 2002
  - 25(I) of 2003
  - 48(I) of 2003
  - 84(I) of 2003
  - 164(I) of 2003
  - 124(I) of 2004
  - 31(I) of 2005
  - 18(I) of 2006
  - 130(I) of 2006.
- Cap. 313

138(I) of 2002.

Provided that, persons who were members of the Monetary Policy Committee, which was established by and operated under the Central Bank of Cyprus Law of 2002, shall continue to have the obligation to maintain professional secrecy, even after the termination of their employment and/or the Committee has been abolished.

Cap.44.

- 37 of 1982
- 84 of 1983

Cap. 155.

- 93 of 1972
- 2 of 1975
- 12 of 1975
- 41 of 1978
- 162 of 1989
- 142 of 1991
- 9 of 1992.
- 10(I) of 1996
- 89(I) of 1997

(2) (a) Secrecy shall not apply against a Court of the Republic, Commission of Inquiry appointed and acting under the Commission of Inquiry Law, penal investigator carrying out an investigation under article 4 of the Criminal Procedure Law, the Unit for Combating Money Laundering under the Prevention and Suppression of Money Laundering Activities Law and Parliamentary Committee under the Submission of Data and Information to the House of Representatives and the Parliamentary Committees Law, provided that this section shall not be interpreted as adding any powers.

(b) The obligation to maintain professional secrecy shall not apply

54(l) of 1998  
 96(l) of 1998  
 14(l) of 2001  
 185(l) of 2003.  
 61(l) of 1996  
 25(l) of 1997  
 41(l) of 1998  
 120(l) of 1999  
 152(l) of 2000  
 118(l) of 2003  
 185(l) of 2004.  
 21 of 1985  
 12(l) of 1993.

to the provision of information to the European Central Bank in compliance with the provisions of the Treaty or the Statute.

Oath of fidelity and secrecy.

- 26.** Every person shall, before assuming the duties of Governor, Deputy Governor, director or employee of the Bank, subscribe and take the oath provided in the Schedule.

Schedule.

## PART IV

### THE MONETARY UNIT AND LEGAL TENDER MONEY

Monetary unit.

21(a) of  
 34(l) of 2007.  
 21(b) of  
 34(l) of 2007

- 27.** (1) The pound shall be the monetary unit of the Republic, until the time of its substitution by the euro as the national currency.
- (2) Repealed.

Monetary transactions in euro.

22 of  
 34(l) of 2007.

- 28.** (1) All monetary transactions taking place in the Republic shall be presumed to be expressed in euro, unless otherwise agreed upon by the parties to a contract.
- (2) All monetary transactions taking place in the Republic, shall be settled in euro, unless otherwise provided for in any public domestic or international law measure or unless otherwise agreed upon by the parties to a contract.

Issue of notes and coins.

23 of  
 34(l) of 2007

- 29.** (1) The Bank shall issue banknotes which circulate as legal tender in the Republic in accordance with the provisions of Article 106 paragraph (1) of the Treaty and Article 16 of the Statute.
- (2) The Bank shall issue coins which circulate as legal tender in the Republic. The volume of the coins issued shall be subject to approval by the European Central Bank. The denominations and technical specifications of the euro coins shall be determined in accordance with the provisions of Article 106 paragraph (2) of the Treaty.

Denomination and form of notes and coins.

24(a) of  
 34(l) of 2007

- 30.** (1) Repealed.

24(b) of  
 34(l) of 2007

- (2) The Bank shall communicate by a notice published in the Official Gazette of the Republic the denominations and other characteristics of notes and coins which the Bank issues from time to time under section 29.

- Legal tender money.
- 25(a) and (b) of 34(l) of 2007.
- 25(c) of 34(l) of 2007.
- 25(d) of 34(l) of 2007.
- Directives for defaced notes and coins.
- 26 of 34(l) of 2007.
- 31.** (1) Subject to the European Community acts in force in the Republic and subsection (2), notes and coins, issued by the Bank, pursuant to the provisions of Article 106 of the Treaty shall be legal tender and accepted without limitation as to the amount, in the settlement of all debts, public or private.
- (2) The Bank may communicate by a notice, published in the Official Gazette of the Republic, that particular issues or denominations of notes or coins shall cease to be legal tender as of a certain date onwards:
- Provided that, by any such notice a time-limit shall be communicated, within which such notes or coins may be replaced at the Bank with other currently valid legal tender money.
- 32.** Subject to the provisions of Community law, the Bank shall issue directives which shall be published in the Official Gazette of the Republic, providing for the conditions on which mutilated, defaced or otherwise defective notes or coins may be replaced at the Bank.

## PART V

### FOREIGN EXCHANGE AND TRANSACTIONS IN PRECIOUS METALS

- Reserve of precious metals and foreign exchange.
- 27(a) of 34(l) of 2007.
- 27(b) and (c) of 34(l) of 2007.
- Transactions spot, forward or in any other form.
- 28(a) - (c) of 34(l) of 2007.
- 28(d) of 34(l) of 2007.
- Foreign exchange transactions.
- 29 of 34(l) of 2007.
- 33.** (1) Subject to the provisions of the Treaty and of the Statute, the Bank shall keep a reserve of precious metals as well as foreign exchange as part of its assets.
- (2) The Board may from time to time determine, subject to the provisions of the Treaty and of the Statute, the precious metals and the foreign exchange, which the Bank shall keep under subsection (1).
- 34.** (1) Subject to the provisions of the Treaty and of the Statute, the Bank may engage in transactions and accept deposits in foreign exchange as well as precious metals, spot or forward or in any other form.
- (2) Subject to the provisions of the Treaty and of the Statute, the Bank may engage in borrowing and lending operations in any currency.
- 35.** Subject to the provisions of the Treaty and of the Statute, the Bank may engage in transactions in foreign exchange and precious metals with:
- (a) banks and co-operative credit societies;
- (b) the Government, public corporations and other organisations dependent on the Government;
- (c) foreign central banks, foreign banks, or foreign financial

institutions;

(d) foreign governments and other organisations dependent on foreign governments;

(e) international economic organisations;

(f) other organisations specifically permitted to act in this respect by the Bank.

Dealers in foreign exchange.

**36.** (1) The Bank shall permit natural persons or legal entities to engage in transactions in foreign exchange as part of their business activity.

30 of 34(l) of 2007.

(2) The Bank shall issue directives, relating to the transactions and the reserves in foreign exchange of the natural persons and legal entities to which it permits to act under subsection (1).

Determination of rates of transactions in foreign currencies.

**37.** Repealed.

31 of 34(l) of 2007.

Exchange control legislation.

**38.** Repealed.

32 of 34(l) of 2007.

## PART VI

### MONETARY FUNCTIONS AND OPERATIONS OF THE BANK

Transactions and rights of the Bank.

**39.** (1) In order to conduct its operations, the Bank may open accounts for credit institutions, public entities and other market participants, and accept assets, including book entry securities, as collateral.

33(a), (b) of 34(l) of 2007.

(2) In order to achieve its objectives and carry out its tasks, the Bank may -

(a) operate in the financial markets, by buying and selling outright (spot and forward) or under repurchase agreement, and by lending or borrowing claims or securities in any currency as well as precious metals; and

(b) engage in lending and borrowing operations with credit institutions and other market participants with lending or other relevant financing operations being based on adequate collateral.

33(e) of 34(l) of 2007.

(3)(a) Subject to the provisions of Community law the Bank may determine the terms and conditions governing its transactions with credit institutions.

34(c) of 34(l) of 2007

(b) Repealed.

(4) Notwithstanding anything in any other law in force for the time being, the rights of the Bank to collateral security provided to it shall not be affected by insolvency proceedings against the counterparty to the Bank, which provided the collateral security,

which may be realised immediately for the satisfaction of these rights.

- |  |  |
|--|--|
| <p>Rate of Interest.</p> <p style="text-align: right; margin-right: 20px;">36 of<br/>34(I) of 2007</p>   | <p><b>40.</b> Repealed.</p>  |
| <p>Minimum reserves.</p> <p style="text-align: right; margin-right: 20px;">38 of<br/>34(I) of 2007.</p>  | <p><b>41.</b> Minimum reserves shall be held with the Bank in accordance with the provisions of Article 19 of the Statute.</p>   |
| <p>Securities.</p> <p style="text-align: right; margin-right: 20px;">39 and 40 of<br/>34(I) of 2007.</p>   | <p><b>42.</b> For the achievement of the objectives of the System and for the performance of its tasks, the Bank may issue securities for the purpose of intervening in the money market.</p>  |
| <p>Application of measures.</p> <p style="text-align: right; margin-right: 20px;">41 of<br/>34(I) of 2007.</p>   | <p><b>43.</b> All measures of general application prescribed by the Bank under the provisions of sections 40 and 41, shall be duly published and announced with their effective dates, in such manner as the Bank may determine and any directives, issued under these provisions, shall be published in the Official Gazette of the Republic.</p>   |
| <p>Advances or loans to banks.</p> <p style="text-align: right; margin-right: 20px;">43 of<br/>34(I) of 2007.</p>  | <p><b>44.</b> Repealed.</p>  |
| <p>Securities.</p> <p style="text-align: right; margin-right: 20px;">45 of<br/>34(I) of 2007.</p>  | <p><b>45.</b> Repealed.</p>  |
| <p>Deposits.</p> <p style="text-align: right; margin-right: 20px;">46(a) of<br/>34(I) of 2007.</p> <p style="text-align: right; margin-right: 20px;">46(b) of<br/>34(I) of 2007.</p> <p style="text-align: right; margin-right: 20px;">46(c) of<br/>34(I) of 2007.</p> | <p><b>46.</b> (1) The Bank shall accept deposits from, and may collect money for and on account of banks.</p> <p>(2) The Bank may at its discretion pay interest on specified deposits by banks, excluding reserves held with the Bank in accordance with the provisions of section 41.</p> <p>(3) Without prejudice to its obligations resulting from its participation to the European System of Central Banks and, in particular, Article 21 of the Statute, the Bank may grant advances against collateral security, or make loans against collateral security to banks for fixed periods and for purposes which the Bank may designate.</p> |
| <p>Services to Banks.</p> <p style="text-align: right; margin-right: 20px;">47 of<br/>34(I) of 2007.</p>   | <p><b>47.</b> The Bank may provide on such terms and conditions as the Bank may determine, appropriate services to banks.</p>  |

## PART VIII

### PAYMENT, CLEARING AND/OR SETTLEMENT SYSTEMS

Payment  
systems

48 of  
34(l) of 2007.

- 48.** (1) Subject to the provisions of any other law in force for the time being, the Bank may -
- (a) manage, participate in, or become a member of any payment, clearing and/or settlement system;
  - (b) place under its oversight payment, clearing and/or settlement systems operating in the Republic.
- (2) Subject to the provisions of section 5A and the rules in force from time to time within the framework of the European System of Central Banks, the Bank may issue directives, regulating the functions and the operating procedure of payment, clearing and/or settlement systems under its oversight:

Provided that, such directives may be of a general nature having effect on all systems or of a specific nature having effect on particular systems or group of systems and may be amended by the Bank whenever the Bank shall deem this necessary for the proper functioning of such systems.

- (3) The Bank may suspend the operation of any payment, clearing and/or settlement system or terminate the participation of any member in any payment, clearing and/or settlement system under its oversight by letter to the members of such system, under the terms specified by the Bank, which shall be included in the aforesaid letter.

Provided that the relevant decision shall be published in the Official Gazette of the Republic.

- (4) (a) Where it is found that a member or manager of a payment, clearing and/or settlement system under the oversight of the Bank fails to comply with any of the terms relating to the operation of such system, the Bank shall have the power to impose an administrative fine not exceeding 170.860,00 euro according to the seriousness of the infringement.
- (b) In case of a second non-compliance event, the Bank may, according to the seriousness of the infringement, impose an administrative fine not exceeding 341.720,00 euro.
- (c) In case of non-payment of the administrative fine imposed by the Bank under this section, the Bank shall take judicial measures and shall collect the amount owed as a civil debt owed to the Republic.

## PART IX

### RELATIONS WITH THE GOVERNMENT

Prohibition of  
credit facilities.

49 of  
34(l) of 2007.

- 49.** (1) (a) Subject to the provisions of subsection (3) and in accordance with the provisions of Article 101 of the Treaty and Council Regulation (EC) 3603/93 of 13 December 1993 as amended from time to time –



(i) overdraft facilities or any type of credit facility with the Bank in favour of Community institutions or bodies, the Government, regional, local or other public authorities, public corporations or public undertakings

(ii) the purchase directly from the institutions or agencies referred to in paragraph (i) by the Bank of debt instruments at their issue shall be prohibited.

(2) The provisions of subsection (1) shall not apply to publicly-owned banks which shall be given by the Bank the same treatment as the other banks which are not publicly-owned.

(3) The total claims of the Bank on the Government outstanding on the date that this Law shall enter into force, shall be converted to a long-term loan with a maturity of thirty years, with the first five years being a grace period with regard to the capital and with an annual interest rate of three per cent (3%), on the basis of a formal agreement between the Bank and the Ministry of Finance.

The Bank as banker and financial agent of the Government.

**50.** (1) Save where the Minister in respect of certain financial transactions otherwise determines, the Bank shall act as banker of the Government and its agent in financial matters.

(2) The Bank may at its discretion perform the tasks of agent in financial matters and banker for any municipality or public corporation in the Republic in accordance with, and within the scope determined by, special arrangements between the Bank and the municipality or public corporation concerned.

Tasks of the Bank as banker and financial agents of the Government.

**51.** The Bank in its capacity as banker to the Government and its agent in financial matters shall:

(a) be the depository of the Government and shall accept deposits and effect payments for the account of the Government:

Provided that the Bank may, after consultation with the Minister, select banks to act in its name and for its account as depositories of the Government;

(b) be the administrator of public funds, in accordance with arrangements between the Bank and the Minister;

(c) manage the public debt including the issue of securities of the Government, unless the Council of Ministers otherwise determines: Provided that, the management of public debt shall be carried out within the framework of general arrangements between the Bank and the Minister:

Provided further that, for the removal of the duties of managing the public debt from the Bank, the Council of Ministers shall give the Bank notice of at least twenty four months before its pertinent decision takes effect;

(d) pay, remit, collect funds or act as a depository of funds in the Republic or abroad;

(e) purchase, sell or transfer securities of any kind, precious metals and foreign exchange or act as their depository;

(f) collect for the account of the Government all proceeds accruing to the Government as the owner of securities or other

50(a)(b) of 34(l) of 2007.

property.

No interest paid  
by the Bank.

**52.** (1) The Bank shall pay no interest on the deposits which it holds pursuant to paragraph (a) of section 51.

(2) The Bank shall not receive any payment for services rendered to the Government, unless otherwise agreed.

Advice to  
Government.

**53.** (1) The Bank may render advice to the Government and to the Minister on any matter which in its opinion is likely to affect the attainment of the objectives of the Bank as defined in section 5.

(2) The Government and the Minister may request from the Bank to provide them with data on the prevailing economic conditions or advice on any particular measures which may be taken and information on the general conditions of money and the banking system.

Meetings  
of the  
Council of  
Ministers.

**54.** (1) Without prejudice to section 7, the Governor may be invited and may attend meetings of the Council of Ministers or competent committees of the Council of Ministers whenever the issues discussed pertain to the objectives and tasks of the Bank.

51 of  
34(l) of 2007.

(2) Without prejudice to the provisions of Article 105 paragraph 4 of the Treaty, the Bank shall be consulted on any draft legislative provision concerning its tasks:

Provided that, the Bank may submit proposals to the Government on matters in its fields of competence.

## PART X

### REPORT TO THE PRESIDENT OF THE REPUBLIC

#### AND RELATIONS WITH THE HOUSE OF REPRESENTATIVES

Report on  
monetary policy  
to the President  
and the House of  
Representatives.

**55.** (1) Subject to paragraph 5 of Article 119 of the Constitution, the Bank shall lay before the President of the Republic and the House of Representatives an annual report on the monetary policy of the previous and the current year.

52 of  
34(l) of 2007.

(2) Subject to the provisions of Article 108 of the Treaty and Articles 10.4 and 38 of the Statute, the Governor, when duly asked in this respect, shall appear before the committees of the House of Representatives to report on matters relating to the fields of competence of the Bank.

## PART XI

### CAPITAL, RESERVES AND RELATED FINANCIAL STATEMENTS

Capital of  
the Bank.

**56.** (1) The capital of the Bank is wholly owned by the State. The paid-up capital is thirty million euro.

53 of  
34(l) of 2007

(2) The capital may be increased or altered by a decision of the Board:

Provided that any increase of the capital which entails additional payment by the State shall be made after agreement between the Bank and the Council of Ministers.

Annual  
financial  
statements.

**57.** (1) Within three months after the end of each financial year the Bank shall prepare the annual financial statements.

54(a) of  
34(l) of 2007.

(2) The Bank shall determine its net profit or net loss for each financial year according to approved accounting standards applying from time to time for the European System of Central Banks, as they are adopted by the European Central Bank.

54(b) of  
34(l) of 2007.

(3) The Bank shall prepare and publish, by the end of each month a summary balance sheet of the Bank as at the end of the preceding month.

General Reserve  
Fund.

**58.** (1) The Bank shall have a reserve called the "General Reserve Fund", which is created by withholding net profits of the Bank, the amount of which shall be determined by the Board, with a view to ensuring the continuous and proper functioning of the Bank and the financial independence necessary for the achievement of the objectives of the Bank.

(2) The General Reserve Fund, by a decision of the Board, may be used to:

- (a) issue new capital;
- (b) write-off accumulated losses;
- (c) meet extraordinary expenses related to the achievement of the objectives of the Bank.

Distribution of  
net profit

**59.** The net profit of the Bank shall be distributed as follows:

(a) An amount equivalent to twenty per cent (20%) of the net profits of the corresponding financial year, shall be transferred to the General Reserve Fund; if the General Reserve Fund falls below the capital of the Bank, then the Board may transfer to the General Reserve Fund an amount not exceeding fifty per cent (50%) of the net profits until the General Reserve Fund equals the capital of the Bank.

(b) the balance, after deducting the amount referred to in paragraph (a), shall be transferred into the Consolidated Fund of the General Government Account, unless the Board decides the further withholding of net profits, in case this is required in its opinion due to exceptional circumstances.

Audit of the  
annual financial  
statements

**60.** (1)(a) The annual financial statements of the Bank shall be audited in accordance with Article 27 of the Statute and, to this end, the Bank shall provide the auditors appointed in accordance with the said Article with all the information, books and other records necessary for the fulfilment of their task.

55 of  
34(l) of 2007.

(b) Without prejudice to Article 38 of the Statute, the Auditor General of the Republic may carry out financial and management audit of the activities of the Bank that are not related to its tasks and competences [of the Bank] emanating from the European System of Central Banks, and under the condition that his reports and audit activities do not touch upon the Bank's independence.

In order for the Auditor General to carry out the abovementioned task, the Bank provides to him all the necessary information, books and other records.

For the purposes of this paragraph "management audit" shall mean the audit of the operational efficiency of the activities of the Bank that are not related to its tasks and competences [of the Bank] emanating from the European System of Central Banks and which does not touch upon its independence.

(2) The auditors shall submit their report to the Board after the pertinent audit, and address a copy to the Minister for information.

Annual report.

**61.** The Board shall prepare and publish an annual report for the activities of the Bank in each financial year, which shall include the annual financial statements of the Bank.

Annual budget.

**62.** (1) The Board shall be responsible for the preparation and adoption of the annual budget of the Bank.

(2) The annual budget of the Bank shall be communicated to the House of Representatives.

## PART XII

### REPORTING OF DATA TO THE BANK

Obligation to report data to the Bank.

56 of  
34(l) of 2007.

**63.** Without prejudice to the obligation to report statistical information to the European Central Bank according to Article 5 of the Statute and the complementary European Union Legislation adopted in accordance with the said Article, banks, government services, public corporations, as well as any natural person or legal entity shall be required, without being entitled to invoke bank or other secrecy, to report to the Bank all the data and information in their possession which are necessary for the fulfilment of its objectives as laid down in section 5 and for the performance of its tasks in accordance with section 6.

Obligation to report data for the compilation of the balance of payments.

57(a)(b) of  
34(l) of 2007.

**64.** (1) (a) The Bank may require from the natural persons and legal entities referred to in section 63 to report to the Bank all the data and information in their possession, which shall be specified in directives, issued by the Bank under subsection (2), for the compilation of the balance of payments and the international investment position of the Republic as well as the financial accounts of the individual sectors of the economy.

(b) Natural persons and legal entities referred to in section 63 shall be required, without being entitled to invoke bank or other secrecy, to report to the Bank the data and information referred to in paragraph (a).

(2) The Bank may specify, by issuing pertinent directives, the data and information which the natural persons and legal entities referred to in section 63 are required to obtain and report in relation to their transactions and to their asset and liability position vis-à-vis residents or non-residents of Cyprus. The Bank may also determine the manner, time, procedure and every other relevant detail according to which these data and information are to be reported:

Provided that, the data and information shall be complete and reported to the Bank exactly as they were supplied to the aforementioned natural persons and legal entities.

(3) In order to meet the reporting requirement of data specified in directives issued by the Bank, banks and designated financial institutions carrying out transactions on behalf of residents with non-residents of Cyprus, shall be required to collect from the resident counterparties to such transactions these data or information.

(4) Notwithstanding anything in any Law in force for the time being, data or information reported to the Bank for the purposes of this section shall be covered by professional secrecy and it shall be prohibited to be disclosed to any natural person or legal entity or to any public authority, either by a person acting or having previously acted on behalf of the Bank, or by a person which acquires knowledge of these data or information:

Provided that, this prohibition shall not apply to the disclosure, in aggregate form, of the abovementioned data and information, provided that the identity of the persons or entities to which such data and information refer is not revealed.

(5) For the purposes of this section, the Bank may define the concept of "resident of Cyprus" by issuing pertinent directives.

(6) (a) Any person who contravenes any of the provisions of this section shall be guilty of an offence and in case of conviction, he shall be punished by a fine not exceeding 85.430,00 euro and, in case of a continuing offence, by a further fine of 1.708,00 euro for each day during which the offence shall continue.

(b) A Court hearing an offence of contravention of the provisions of this section, may in case of conviction, in addition to any penalty imposed to the convicted person by virtue of paragraph (a), order the immediate reporting to the Bank of the data or information which the Bank asked.

- Imposition of administrative fine. 58 of 34(I) of 2007.
- 64A.** In the event that the Bank in exercising its task to collect data and information shall find out an infringement of the obligation for reporting data and information under this Part, and to the extent that there is no provision for the exclusive competence of the European Central Bank to impose sanctions, the Governor may, after having heard the person concerned, impose an administrative fine not exceeding 102.516,09 euro and, in case of a continuing infringement, impose, in addition, an administrative fine not exceeding 854 euro for everyday during which the infringement shall continue.

### PART XIII

#### MISCELLANEOUS

- Offences. 59 of 34(I) of 2007.
- 65.** Notwithstanding the provisions which specifically provide in this respect, and to the extent that there is no provision for the exclusive competence of the European Central Bank to impose sanctions, any person who infringes any of the provisions of this Law, shall be guilty of an offence and in case of conviction he shall be punishable with imprisonment for a term not exceeding two years or with a fine not exceeding 85.430,00 euro and, in case of a continuing offence, by a further fine not exceeding 1.708,00 euro for each day during which the offence shall continue.

- Criminal prosecution.
- 66.** No prosecution in respect of any offence under this Law shall be instituted except by or with the consent of the Attorney-General of the Republic.

- Sanctions. 60 of 34(I) of 2007.
- 66A.** (1) Notwithstanding the provisions which specifically provide in this respect, in the event that a person fails to comply with the provisions of this law and/or the directives issued under this law, the Governor may, to the extent that there is no provision for the exclusive competence of the European Central Bank to impose sanctions, and after having heard the party concerned, impose sanctions.

(2) For the purposes of this section, "sanction" shall comprise notice, warning, as well as imposition of an administrative fine not exceeding 170.860,00 euro.

- Exemption from the payment of taxes of any kind.
- 67.** The Bank shall be exempted from the payment of any government or municipal taxes, fees or duties whatsoever, including stamp duties, payable under any law or regulation in force from time to time.

- The Company Law does not apply.
- 68.** (1) The provisions of the Company Law shall not apply to the Bank.

Cap. 113.  
9 of 1968  
26 of 1977  
17 of 1979  
105 of 1985

198 of 1986  
 19 of 1990  
 41(I) of 1994  
 15(I) of 1995  
 21(I) of 1997  
 82(I) of 1999  
 149(I) of 1999  
 2(I) of 2000  
 135(I) of 2000  
 151(I) of 2000.

(2) No insolvency proceedings shall be instituted against the Bank except in accordance with legislation enacted to that effect.

Special Bank  
 Holidays.

13(I) of 1996.

**69.** Notwithstanding anything contained in the Bank Holiday Law in force for the time being, the Minister may, if he deems it that such action is in the public interest, declare by a notice published in the Official Gazette of the Republic that certain days shall be observed as special bank holidays or as days during which no transactions between the banks and the public shall take place.

Predominance  
 of the provisions  
 of this Law.  
 Cap. 197

**70.** (1) The Currency Law shall be read, construed and applied subject to the provisions of this Law.

(2) Any reference in any law or administrative acts to “pound” or “sterling” or any subdivision thereof shall, save where the context or the date of any matter or transaction in question otherwise require, be construed as references to the pound or any subdivision thereof as provided by this Law.

Repeal.

48 of 1963  
 10 of 1979  
 35 of 1990  
 233 of 1991  
 74(I) of 1992  
 66(I) of 1993  
 100(I) of 1994  
 99(I) of 1995  
 116(I) of 1996  
 107(I) of 1997  
 97(I) of 1998  
 92(I) of 1999  
 148(I) of 1999  
 124(I) of 2000  
 166(I) of 2000  
 147(I) of 2001.

**71.** Subject to section 72, the Central Bank of Cyprus Laws 1963- 2001 are hereby repealed.

Validity of  
 existing  
 regulations or  
 directives.

**72.** Any regulations, directives or other administrative acts issued under the laws repealed by this Law and which were in force immediately prior to the enactment of this Law, shall continue to be in force until they are repealed or replaced, to the extent that they are not incompatible with the provisions of this Law.

Validity of  
 regulations  
 issued by the  
 Monetary Policy  
 Committee.

138(I) of 2002  
 61 of  
 34(I) of 2007.

**72A.** Any directives, acts and decisions of the Monetary Policy Committee, which was established and operated under the Central Bank of Cyprus Law of 2002, issued until the date of abolition of the Committee shall continue to be in force until they are amended or repealed by the Board.

Continuation  
of service of  
employees.

- 73.** Any person who on the date of entry into force of this Law is an employee of the Bank, shall continue to hold the same post with the same remuneration and terms and conditions.



SCHEDULE

(Section 26)

Oath of Fidelity and Secrecy

I, ....., from..... do solemnly swear that I will faithfully, truly and to the best of my judgement, skill and ability, execute and perform the duties required of me as a Governor, Deputy Governor, director, or employee, as the case may be, of the Central Bank of Cyprus and which properly relate to the office or employment in the said Bank held by me.

I further solemnly swear that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs and tasks in general of the Bank, nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank and relating to the business and tasks in general of the Bank.