

17 Annex - Economic and monetary policy

148. STATUTE OF THE CENTAL BANK OF MONTENEGRO

Pursuant to Article 17 paragraph 1 point 5 of the Central Bank of Montenegro Law (Official Gazette of the Republic of Montenegro 52/00) the Council of the Central Bank of Montenegro, at its meeting held on 3 and 4 July 2001, passed the following

**STATUTE OF THE
CENTRAL BANK OF MONTENEGRO**

**(Official Gazette of the Republic of Montenegro 34/01, 44/03, 57/04, 47/06, 74/06, 81/06 and
Official Gazette of Montenegro 03/07, 15/08, 34/08)**

I. GENERAL PROVISIONS

Article 1

The Central Bank of Montenegro (hereinafter: the Central Bank) is established pursuant to the Central Bank of Montenegro Law (hereinafter: the Law).

The Central Bank is an independent organization of the Republic of Montenegro (hereinafter: the Republic).

The Registered Office of the Central Bank is in Podgorica.

The Central Bank may have regional organizational units.

Article 2

The Central Bank is a legal person with rights, obligations and responsibilities laid down in the Law and this Statute.

The Central Bank shall be independent in exercising its powers.

The Central Bank shall submit the report on its operations to the Parliament of Montenegro (hereinafter: the Parliament), at least once a year.

The Central Bank shall be responsible for obligations arising from its operations.

Article 3

This Statute regulates in more detail:

- the Central Bank governance,
- the organization of the Central Bank's operations,
- the rights, obligations and responsibilities of the Central Bank employees and officials holding special powers,
- the drafting, passing and signing of documents,
- the relationship with other bodies and organizations,
- revenues and expenditures, and
- other issues related to the operations of the Central Bank.

Article 4 (Official Gazette of the Republic of Montenegro 44/03)

The Central Bank shall have its own seal, stamp and logo.

The seal of the Central Bank of Montenegro shall be round, with the diameter of 30 and 20 mm, which shall bear the following title: "The Central Bank of Montenegro, Podgorica" and the coat of arms of the Republic of Montenegro in the middle of the seal and the ordinal number of the seal below.

The stamp of the Central bank shall be round and bear the following title: "The Central bank of Montenegro, Podgorica" and the coat of arms of the Republic of Montenegro in the middle of the stamp.

The logo of the Central bank shall be rectangular and shall bear the title with the registered office of the Central Bank.

The manner of using, handling, keeping and the number of seals, stamps and logos shall be regulated in more detail in a decision to be passed by the Council of the Central Bank.

II. MANAGEMENT OF THE CENTRAL BANK

Article 5

The Council of the Central Bank (hereinafter: the Council) shall govern the Central Bank pursuant to the Law and this Statute.

Article 5a (Official Gazette of Montenegro 15/08)

The Council shall define all necessary measures for exercising of the Central Bank functions under the Law.

Article 6 (Official Gazette of the Republic of Montenegro 44/03)

The Council shall consider macroeconomic analyses and accordingly decide on the policy in line with the Law.

The Council shall decide on the policy for the following year, no later than by 31 December of the current year.

Article 7 (Official Gazette of the Republic of Montenegro 44/03, Official Gazette of Montenegro 34/08)

The Council shall pass regulations governing the operations of banks and financial institutions, payment systems, settlements and interbank settlements in the Republic, and other regulations in accordance with its authorities established under the law.

The Council shall decide on the request for granting and revoking licences for banks, financial institutions and payment systems and shall regulate the manner of performing foreign exchange dealer operations.

The Council shall decide on granting and revoking approvals within its authority under the Banking Law.

Article 8 (Official Gazette of the Republic of Montenegro 44/03)

The Council shall pass the Statute and define the general performance guidelines of the Central Bank.

The Council shall pass general acts of the Central Bank.

The Council shall pass the rules of procedure to regulate the operations of the Council.

Article 8a (Official Gazette of the Republic of Montenegro 74/05)

The Council may form commissions, committees and other permanent and temporary bodies, which establishment and operations shall be regulated in a separate act.

Article 9

The Council shall adopt the annual financial plan and the annual financial statements of the Central Bank, in accordance with the Law.

Article 10

In accordance with the Law and this Statute, the Council shall appoint officials to hold special powers and responsibilities.

Article 11

The Council shall adopt the Central Bank reports to be submitted to the Parliament in accordance with the Law.

The President of the Council shall represent the Central Bank in the Parliament.

Article 12

On the basis of analyses under Article 6 paragraph 1 of this Statute, the Council shall tender economic policy recommendations to the Government of the Republic of Montenegro (hereinafter: the Government).

The Council shall approve guidelines and advices which the Central Bank communicates to the Government and other bodies and organizations of the Republic in line with the Law and other regulations.

Article 12a (Official Gazette of the Republic of Montenegro 57/04, Official Gazette of Montenegro 15/08)

The Council shall establish the Audit Committee (hereinafter: the Committee) to be in charge of monitoring, analysing and improving the efficiency and effectiveness of the systems of internal controls and internal audit, the monitoring and analysing of financial reporting, the auditing of accounts, records and financial statements of the Central Bank conducted by internationally recognized external auditor, as well as the compliance of the Central Bank operations with the Law, other regulations, and general acts.

The Council shall set up the Financial Stability Committee with the purpose of monitoring, analyzing and assessing the financial system as a whole, including the adequacy, timeliness and completeness of exercising the supervisory function of the Central Bank and the efficiency of payment system.

Article 12b (Official Gazette of Montenegro 15/08)

The Committee under Article 12a paragraph 1 of the Statute shall consists of three Council members, of which one shall be an executive officer of the Central Bank.

The Committee under Article 12a paragraph 2 of the Statute shall consists of three members, of which two shall be the Council members.

The Council shall appoint presidents of the Committees under paragraphs 1 and 2 among their members.

Article 12c (Official Gazette of Montenegro 15/08)

General acts shall regulate in more details the scope of work, the modus operandi, as well as other issues relevant for the work of the Committee under Article 12a paragraphs 1 and 2 of the Statute.

Article 12d (Official Gazette of Montenegro 15/08)

In case of absence or inability to perform the duty of the Deputy Director General , the Council shall perform duties that fall within the competence of the Deputy Director General for Banking Supervision and the Deputy Director General for payment systems in accordance with the Law and this Statute.

The Council may pass a special decision to delegate the performance of certain duties under paragraph 1 of this Article to an executive officer of the Central Bank.

Article 13 (Official Gazette of the Republic of Montenegro 44/03)

The Council shall establish the manner of cooperation of the Central Bank with international financial organisations and other organisations and bodies.

Article 13a (Official Gazette of the Republic of Montenegro 44/03)

The Council shall decide on granting approvals to a Council member and the Inspector General to perform other functions, services, business or duties during their term of office.

The Council may allow the performing of other functions, services, business or duties if it estimates that such performance is not conflicted with the function of the Council member and/or the Inspector General.

Article 14

The Council may, in accordance with the Law, submit a request for relieving of duty a Council member.

Article 15 (Official Gazette of the Republic of Montenegro 44/03)

A Council member may tender his/her written resignation to the Council, upon the minimum one month notice thereof.

The resigning Council member is obliged to perform his/her function until the appointment of a new Council member.

Article 16 (Official Gazette of the Republic of Montenegro 44/03)

Members of the Council shall receive remuneration for their work in the Council.

Remunerations under paragraph 1 above shall be established by the Council.

III. EXECUTIVE OFFICERS OF THE CENTRAL BANK

Article 17

The President of the Council shall hold powers, perform tasks, and have obligations within the competences established under the Law and this Statute.

Article 18 (Official Gazette of the Republic of Montenegro 44/03)

The President of the Council shall act for and represent the Central Bank.

The President of the Council is the main executive officer responsible for of the exercising of the Central Bank functions.

The President of the Council shall take care of the legality and enforcement of the Council decisions and shall be responsible for taking the necessary measures for their enforcement.

The President of the Council shall be authorized to sign contracts on behalf of the Central Bank.

The President of the Council may authorize in writing another executive officer of the Central Bank to sign contracts.

The President of the Council may authorize other person to represent the Central Bank with a view to protecting its property and other interests.

Article 19 (Official Gazette of the Republic of Montenegro 44/03)

The Director General shall hold powers, perform tasks, and have obligations within the competences established under the Law and this Statute.

The Director General shall, at least once a month, report to the Council on the Central Bank operations in accordance with the methodology adopted by the Council.

The Director General Deputies, the Chief Economist and Managers of Departments are obliged to submit timely reports to the Director General on all facts of importance for the exercising of the Director General` powers.

Article 20 (Official Gazette of the Republic of Montenegro 44/03, 47/06)

As the executive officer of the Central Bank, the Director General shall be accountable to the President of the Council and shall be in charge of daily activities, organisation of efficient functioning, and taking all necessary measures for the improvement of the organization of the Central Bank.

In performing the tasks under paragraph 1 of this Article, the Director General shall be responsible for financial and banking operations, legal, financial, common affairs, security and the vault operations.

The Director General may, by way of a written act, transfer some of the authorities with regard to the organization of efficient functioning of the Central Bank to Director General Deputies and Managers of the Departments.

Article 21

Deputy Director General for Banking Supervision shall have the powers, obligations and responsibilities laid down in the Law and this Statute.

Article 22 (Official Gazette of the Republic of Montenegro 44/03, OGM 34/08)

The Deputy Director General for Banking Supervision shall be accountable to the President of the Council for granting licences for operation, regulation and supervision of banks and financial institutions.

Deputy Director General for Banking Supervision shall be authorized to: submit to the Council proposals for regulating operations of banks, financial institutions or persons engaged in credit-guarantee operations, decisions on requests for granting or revoking licences, and approvals pursuant to the Banking Law, to take measures and decide on cessation thereof pursuant to the Banking Law and regulations passed on the basis of the Law, to give authorisations for performing supervision, and to take all necessary measures for the regulation and supervision of banks, foreign bank branches, financial institutions and persons engaged in credit-guarantee operations, which do not fall within the authority of the Council according to the Law and this Statute.

Article 23

Deputy Inspector General for Payment Systems shall hold powers, have obligations and responsibilities established under the Law and this Statute.

Article 24a (Official Gazette of the Republic of Montenegro 44/03)

The Chief Economist shall hold powers, have obligations and responsibilities in line with the Law and this Statute.

The Chief Economist shall be responsible for the collection and processing of data for macroeconomic analyses, proposing economic policy recommendations to be communicated to the Government, proposing the Central Bank policy, and advising executive officers of the Central Bank on macroeconomic and monetary issues under the Central Bank's competence.

In performing tasks under paragraph 2 of this Article, the Chief Economist shall manage the Research and Statistics and IT Department.

Article 25 (Official Gazette of the Republic of Montenegro 44/03)

Executive officers of the Central Bank shall be the members of the Collegiate Council of the President of the Council (hereinafter: the Collegiate) which may be attended by other employees of the Central Bank upon invitation to attend.

The Collegiate shall hold meetings, as needed, with a view to coordinating activities of the Central Bank, introducing to the passed acts, the follow-up on the enforcement of the Council's decisions, and discussing the material prepared for the Council meetings.

IV. ORGANIZATION OF OPERATIONS

Article 26

The performance of operations within the Central Bank's competence shall be organized in such a manner to ensure their uniformity, integrity, efficiency and rationality.

Article 27 (Official Gazette of the Republic of Montenegro 74/06, 81/06)

With a view to performing operations within the Central Bank's competence, the following organizational units shall be organised:

- a) the main organisational units:
 - The President of the Council Office;
 - Internal Audit;
 - Banking Supervision Department;
 - Financial and Banking Operations Department;

- Research and Statistics and IT Department;
- Payment System Department;
- Directorate for International Cooperation and European Integration;
- Directorate for Legal Affairs and Operational Support;
- Accounting and Finances Directorate;
- Directorate for Payment System Regulation and Oversight.

b) specified organisational units:

- Human Resources Management Division;
- Security Division.

Directorates, services, divisions and units may be organized as parts of the main organisational units,.

Article 27a (Official Gazette of Montenegro 03/07)

Organisational units under Article 27 paragraph 1 shall be managed by managers.

Exceptionally from the paragraph 1 of this Article:

- the Inspector General shall manage the Internal Audit;
- the Chief Economist shall manage the Research and Statistics and IT Department
- the Secretary of the Council shall manage the Directorate for Legal Affairs and Operational Support.

Article 28

A general act on the organisation of operations, which shall adopted by the Council upon the proposal of the Director General, shall regulate in more detail the organisational structure and the internal organisation of the Central Bank.

The organisational units are obliged to mutually cooperate, harmonize their operations and act uniformly in performing the operations within the Central Bank competence.

Article 29 (Official Gazette of the Republic of Montenegro 44/03)

A general act on job organisation scheme, which shall be adopted by the Council upon the proposal of the Director General shall regulate the job titles, the job descriptions, the number of executing officers, and special job requirements.

V. DUTIES, OBLIGATIONS AND RESPONSIBILITIES OF EMPLOYEES AND OFFICIALS HOLDING SPECIAL POWERS

Article 30

The Central Bank employees shall have duties, obligations and responsibilities arising from their employment and in accordance with the general regulations.

Article 31

The Central Bank employees are obliged to inform the Director General on the employment of their family member or on the existence of financial interest in a legal person with which the Central Bank enters into business or in a legal person which is supervised by the Central Bank.

Article 32

To be deleted (Official Gazette of the Republic of Montenegro 44/03)

Article 33 (Official Gazette of the Republic of Montenegro 44/03)

A general act of the Central Bank shall prescribe the operations representing a group of operations, the value of these operations, and the manner of calculation of employees' salaries and other personal incomes and benefits.

On the basis of the act from paragraph 1 above, the Director General shall decide on individual amounts of employees' salaries.

Article 34 (Official Gazette of the Republic of Montenegro 44/03)

According to the Law and this Statute, officials holding special powers and responsibilities shall be:

- 1) the Chief Economist
- 2) the Secretary of the Council (hereinafter: the Secretary)
- 3) the Inspector General
- 4) the Advisors to the President of the Council
- 5) Managers of the Departments and Directorates
- 6) Heads of Divisions.

Persons under paragraph 1 points 1) 2) and 3) of this Article shall be appointed in accordance with the Law.

Persons under paragraph 1 points 4) and 5) of this Article shall be appointed by the Council, upon the proposal of the competent executive officer of the Central Bank.

Persons from paragraph 1 point 6) shall be appointed by the Director General upon the proposal of the competent executive officer.

Persons from paragraph 1 of this Article shall become employees of the Central Bank as of the day of their appointment, unless otherwise prescribed by the act on appointment.

Article 35 (Official Gazette of the Republic of Montenegro 44/03)

After their relieve of duty, persons under Article 34 paragraph 1 of hereof shall be delegated with task and duties in the Central Bank in accordance with their professional qualifications and working experience.

If the person under paragraph 1 above does not accept the offered reassignment, his/her employment shall terminate.

Articles 36-42

To be deleted (Official Gazette of the Republic of Montenegro 44/03)

VI. PREPARATION, PASSING AND SIGNING OF ACTS

Article 43

Regulations and other Central Bank acts shall be prepared by competent organizational units and proposed by the executive officers of the Central Bank to be passed by the Council.

Article 44 (Official Gazette of the Republic of Montenegro 44/03)

Regulations and other general acts passed by the Council shall be signed by the President of the Council, and in case of the President's absence, by the person chairing the Council meeting.

Article 45 (Official Gazette of the Republic of Montenegro 44/03)

Individual acts passed on the basis of the Law, decisions and general acts of the Council shall be signed by:

- the President of the Council, in case of acts from his competence,
- the Director General, in case of acts related to rights, obligations and responsibilities of employees and acts on the organization of the Central Bank's operations,
- the Deputy Director General for Banking Supervision, in case of measures for the exercising of powers under Article 20 paragraph 2 of the Law and Article 22 of this Statute.
- the Deputy Director General for Payment Systems, in case of measures for the exercising of powers under Article 21 of the Law and Article 24 of this Statute.

VII. RELATIONSHIP WITH OTHER AGENCIES AND ORGANIZATIONS

Article 46 (Official Gazette of the Republic of Montenegro 44/03)

Pursuant to the Law, the Central Bank shall act as the banker, advisor, and fiscal agent of the Government, in the manner laid down in the agreement to be signed by the President of the Council.

Article 47

The Central Bank shall be authorized to request the state agencies and organizations in the Republic to submit data and information necessary for the exercising of the Central Bank powers.

The request under paragraph 1 above shall be submitted in a hard copy and contain the methodology for the submission of these data and information.

Article 47a (Official Gazette of the Republic of Montenegro 44/03)

In the performance of international cooperation, the Central Bank shall:

- establish relations with other central banks and international financial organizations;
- conclude cooperation agreements with central banks and other regulatory authorities,
- exchange data and information based on the concluded agreements.

VIII. REVENUES AND EXPENDITURES

Article 48 (Official Gazette of the Republic of Montenegro 44/03)

The Central Bank shall earn revenues in accordance with provisions of Articles 51 and 55 of the Law.

The revenues from paragraph 1 above shall be paid in the giro-account of the Central Bank.

Article 49

Pursuant to the Law, revenues and expenditures in a financial year shall be planned in the annual financial plan of the Central Bank.

Cash flows shall be planned as a part of the plan from paragraph 1 above.

Funds designated in the financial plan for material expenditures over a year shall be used for the purposes established in the plan.

Article 50

In case the annual financial plan is not adopted, finances of the Central Bank shall be in line with the financial plan for the previous year, until the adoption of the financial plan for the current year.

X. PUBLICITY OF OPERATIONS AND INFORMING

Article 51

The Central Bank shall inform the public on its operations by providing timely information, disclosing its reports, issuing official publications, organizing press conferences, and the like.

Article 52

Data and information on the Central Bank's operations shall be communicated by the President of the Council or another authorized employee.

The President of the Council shall not disclose data and information deemed confidential or in case that such disclosure would be to the detriment of the Central Bank's interests.

Article 53

With a view to better informing of the public on its operations, the Central Bank may issue special publications or informative periodicals.

Programme concept of the publication or the informative periodical and the conditions for their publication shall be determined by the Council.

XI. CONFIDENTIALITY

Article 54 (Official Gazette of the Republic of Montenegro 44/03)

Confidentiality shall be considered documents and data which disclosing to unauthorised parties would inflict damage to the interests and reputation of the Central Bank.

Disclosure of data and information based on the concluded agreements with another central bank shall not be considered as confidential disclosure.

The Council's shall regulate in more detail in its general act which data and documents shall be considered confidential, the manner of treating such documents and data, the measures for their protection, and the procedure in case of their disappearance and/or disclosure.

Article 55

Members of the Council and employees of the Central Bank are obliged to confidentiality under Article 54 paragraph 2 of this Statute, regardless of the manner obtained these confidential documents and data.

XII. AMENDMENTS TO THE STATUTE

Article 56

Member of the Council may propose amendments to the Statute.

Article 57

The Council shall decide upon the proposed amendments in the manner and in line with the procedure prescribed for the passing of the Statute.

XIII. TRANSITIONAL AND FINAL PROVISIONS

Article 58

Payment systems operation and organization shall be temporarily regulated in special acts of the Council until their regulation in accordance with the law.

Article 59

This Statute shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

Ref.no. 13

Podgorica, 5 July 2001

Council of the Central Bank of Montenegro

President,

Ljubiša Krgović