

## **AGREEMENT** **on the establishment of the Interstate Bank**

The states parties to this Agreement, hereinafter referred to as the Contracting Parties, pursuant to the Agreement on the Shared Monetary System and Coordinated Monetary and Foreign Exchange Policies of the States that have retained the ruble as legal tender and the Decision of the Council of Heads of State and the Council of Heads of Government of the Commonwealth adopted in Bishkek on October 9, 1992,

guided by the interests of preserving and developing multilateral industrial, trade and financial relations,

seeking to ensure stabilization of monetary circulation, recognizing the necessity and importance of coordination of banking structures,

in order to organize the system of multilateral interstate settlements, to strengthen the monetary and financial impact on the fulfillment of mutual interstate obligations and the influence of the payment and settlement mechanism on the expansion of direct relations of enterprises, organizations and commercial structures,

**have agreed as follows:**

### **Article 1**

1. To establish the Interstate Bank, hereinafter referred to as the Bank. The founders (members) of the Bank are the states of the ruble zone and the states having their own national currency and participating in the multilateral settlement system, represented by the governments and central (national) banks of the Contracting Parties.

2. The Bank supports organization and execution of multilateral settlements between central (national) banks in connection with trade and other operations.

The Bank shall, within the limits of the powers granted to it by the Contracting Parties, coordinate the monetary policy of the Parties to the Agreement in order to promote economic cooperation and economic development.

3. The governing body of the Bank is the Council of the Bank, which consists of one authorized representative from each member of the Bank. Resolutions of the Council of the Bank shall be adopted in accordance with the procedure determined by the Articles of Association of the Bank.

4. Settlements made through the Bank shall be made in rubles issued by the Central Bank of the Russian Federation.

Completion of clearing settlements on a certain date shall be made in Russian rubles or, upon decision of the Council of the Bank, in a freely convertible currency.

### **Article 2**

The Bank is a legal entity.

The Bank's registered office is in Moscow.

The Bank may participate in international financial and banking organizations and unions.

The Bank's activities shall be governed by this Agreement and the Bank's Articles of Association, which are an integral part hereof.

The relations between the Bank and the Bank's country of operation, including its privileges and immunities, shall be determined by the respective agreement.

### **Article 3**

The Bank shall perform the following functions:

arranging and effecting multilateral interstate settlements on trade and other transactions and their regular completion on the basis of multilateral clearing (offsetting of mutual claims);

organizing issuance of cash rubles and loan issuance by the central (national) banks of the Contracting Parties. This function shall be performed only if the legislative bodies of the Contracting Parties concerned delegate such authority to the Bank and conclude an agreement to that effect;

studying and analyzing the economies of the Contracting Parties and producing proposals and recommendations to the central (national) banks in order to coordinate their monetary and exchange rate policies;

coordinating activities of the central (national) banks of the Contracting Parties in the field of methodology of settlement and payment operations, organization of the accounting and reporting system for settlement and other operations, development of proposals for the approximation of supervision regimes for commercial banks;

technical and seasonal lending for central (national) banks in the process of mutual multilateral interstate settlements;

performing other operations in line with the goals and objectives of the Bank arising from this Agreement and the Bank's Articles of Association.

#### **Article 4**

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

2. Contributions to the authorized capital of the Bank may be made in rubles as well as in a freely convertible currency, buildings, structures, equipment, other tangible assets and property.

The founders of the Bank shall make contributions within one month after the entry of this Agreement into force.

3. The amount of the Bank's authorized capital may be changed by resolution of the Council of the Bank.

Upon admission of a new state as a member of the Bank, the amount of the authorized capital of the Bank shall increase. The amount, method and terms of contribution of a new member of the Bank shall be determined by the Council of the Bank in agreement with the Bank.

4. The Bank may have special funds, including reserve funds, established by resolution of the Council of the Bank.

#### **Article 5**

1. Current payments between economic entities of the Contracting Parties shall be made on a bilateral basis and shall be regulated by their national legislation.

Settlements between the central (national) banks of the Contracting Parties shall be finalized through the Bank by bank transfers on the basis of multilateral clearing.

2. Each central (national) bank shall have one correspondent account opened with the Bank.

3. The Bank performs multilateral clearing on a daily basis and determines the settlement position of each central (national) bank in its relations with all other central (national) banks.

The frequency and procedure for completion of settlements based on the results of multilateral clearing shall be determined by the Council of the Bank.

#### **Article 6**

1. In order to complete settlements under multilateral clearing, the Bank may, at the first stage, extend loans to the members of the Bank in the amounts that are, as a rule, up to the monthly volume of receipts to the account of this member at the expense of the loan facility opened to the Bank by the Central Bank of the Russian Federation.

Thereafter, the limits of the Bank's admissible loans to central (national) banks shall be set by the Council of the Bank.

Central (national) banks shall repay their debts to the Bank by obtaining loans on a bilateral basis or in freely convertible currency.

Central (national) banks shall be required to regulate their payment relations bilaterally, so as to ensure compliance with the technical lending limits set for each of these banks by the Council of the Bank.

Loans shall be granted for the period until the next regulation of clearing accounts.

2. Interest shall be charged for the use of technical loans in the amounts established by the Council of the Bank.

3. Claims to the debtor central (national) bank exceeding the allowed amount of technical lending shall be repaid by it within five banking days after sending it a relevant notice from the Bank.

4. The Bank shall inform the relevant authorities of the Contracting Parties about arising breaches of payment obligations.

5. The Bank is authorized to limit or completely stop settlements for those central (national) banks that violate their payment obligations to the Bank.

#### **Article 7**

Each Contracting Party, when concluding trade and economic agreements for the next year and within the framework of the general turnover of goods, shall endeavor to ensure a balance of receipts and payments in rubles in general with all other Contracting Parties within a calendar year. This may take into account the creation (use) of possible reserve funds in rubles, as well as the receipt (repayment) of loans.

#### **Article 8**

Non-trade transactions will be settled on the basis of existing non-trade payment settlement agreements.

#### **Article 9**

The Bank may open correspondent accounts to central (national) banks of other states for their participation in multilateral settlements in rubles with central (national) banks that are members of the Bank, in accordance with the procedure and on terms determined by the Council of the Bank.

#### **Article 10**

In order to ensure the Bank's performance of the tasks and functions stipulated by this Agreement, the central (national) banks of the Contracting Parties shall submit balance sheets and other information to the Bank within the terms and in the amounts determined by the Council of the Bank.

#### **Article 11**

This Agreement may be acceded to by other states sharing the objectives and principles of the Bank's activities.

The procedure for admission of new members of the Bank shall be determined by its Articles of Association.

#### **Article 12**

This Agreement may be amended only upon consent of all the Contracting Parties.

#### **Article 13**

Each Contracting Party may withdraw from this Agreement with no less than six months' notice to the Council of the Bank. The relations between the Bank and the relevant Contracting Party on their mutual obligations shall be settled within the said period.

#### **Article 14**

This Agreement shall enter into force on the date of its signing and, for Contracting Parties whose legislation requires ratification of such agreements, on the date of deposit of the instruments of ratification with the depositary State.

Executed in Minsk on **January 22, 1993**, in one original copy in the Russian language. The original copy shall be kept in the Archives of the Government of the Republic of Belarus, which shall send a certified copy to the signatory States of this Agreement.

for the Republic of Armenia  
L. Ter-Petrosyan

for the Russian Federation  
B. Yeltsin

for the Republic of Belarus  
S. Shushkevich

for the Republic of Tajikistan  
E. Rahmonov

for the Republic of Kazakhstan  
N. Nazarbayev

for Turkmenistan  
S. Niyazov

for the Republic of Kyrgyzstan  
A. Akayev

for the Republic of Uzbekistan  
I. Karimov

for the Republic of Moldova  
M. Snegur

for Ukraine  
L. Kravchuk

The Agreement on Establishment of the Interstate Bank dated January 22, 1993, is effective for:

The Republic of Armenia	starting 16.03.94
The Republic of Belarus	starting 10.06.93
The Republic of Kazakhstan	starting 20.04.94
Kyrgyz Republic	starting 02.04.94
The Republic of Moldova	starting 24.05.94
The Russian Federation	starting 06.12.93
The Republic of Tajikistan	starting 26.08.93
Turkmenistan	starting 22.01.93
The Republic of Uzbekistan	starting 03.11.93
The Ukraine*	starting 19.09.93

\* Ukraine applies the terms and conditions of the Agreement provisionally pending ratification.