

REPUBLIC OF CUBA

COUNCIL OF STATE

PRESIDENCY

I, FIDEL CASTRO RUZ, President of the Council of State of the Republic of Cuba,

HEREBY LET IT BE KNOWN that the Council of State has resolved the following:

WHEREAS: in the current perspectives of the country's economic development, it is absolutely necessary to separate the central bank functions of Banco Nacional de Cuba from its commercial bank functions;

WHEREAS: it is necessary to create an entity which is exclusively responsible for the functions proper to a central bank, which can contribute effectively to the economic and financial transformations which are taking place in the country; and

WHEREAS: it is necessary to repeal or modify all of the provisions of Decree-Law 84 on the National Banking System and Banco Nacional de Cuba, of October 13, 1984, now in effect, which are related to the central bank functions which that Decree-Law attributes to Banco Nacional de Cuba ,

THEREFORE: the Council of State, availing itself of the powers invested in it by Article 90, paragraph c, of the Constitution of the Republic of Cuba, resolves to issue the following

DECREE-LAW 172

ON BANCO CENTRAL DE CUBA

CHAPTER I

GENERAL PROVISIONS

Article 1: An institution is created under the name of Banco Central de Cuba as the authority governing, regulating and supervising the financial institutions and representative offices established in the country, including the offshore banking center, duty free zones and industrial parks. As the State Central Bank, it has organic autonomy, an independent legal status and capital of its own and will cover its expenses with its income; it is not responsible for the obligations of the State or of its agencies, bodies, enterprises and other economic entities, except in those cases in which it expressly assumes them.

As soon as this Decree-Law goes into effect, Banco Central de Cuba will take over the central bank functions which Banco Nacional de Cuba has handled since its constitution in 1948.

For the purposes of this Decree-Law, the generic term *financial institution(s)* includes national and foreign banks and nonbanking financial institutions. The term *representative office(s)* includes the representative offices of foreign banks and nonbanking financial institutions.

Article 2: Banco Central de Cuba is governed by the Constitution of the Republic, by the provisions of this Decree-Law, by all other legal provisions which may be applicable to it and by its by-laws.

The by-laws will be drawn up by Banco Central de Cuba and approved by its Board of Directors.

Article 3: The objectives of Banco Central de Cuba are to look for the stability of the national currency's purchasing power, to contribute to archive the macroeconomic equilibrium of the economy and to its orderly development, to have custody of and administer the country's international reserves, to ensure the normal functioning of internal and external payments, to exercise functions related to the discipline and supervision of the financial institutions and representative offices whose establishment is authorized in the country and to carry out any other functions which the laws entrust to it.

For the purposes of this Decree-Law, the country's international reserves are considered to be those international assets over which Banco Central de Cuba has direct and effective control.

Banco Central de Cuba proposes the country's monetary policy and, after it is approved, directs its application in an independent way.

Within its functions, Banco Central de Cuba acts as fiscal agent and advisor of the State and the government.

Article 4: Banco Central de Cuba is empowered to regulate the financial institutions' accounting and statistical system, taking into account the general regulations and principles of the Ministry of Finances and Prices.

In accord with the legislation in effect, Banco Central de Cuba has its own accounting system, computerized processes and informatics system, auditing system and supervisory system.

Article 5: Banco Central de Cuba has its place of business in the city of Havana and may open or close branches, agencies, offices, subsidiaries and other dependencies; as well as appoint agents; or correspondents, both inside and outside the national territory.

Article 6: The capital of Banco Central de Cuba consists of capital contributed by the Cuban State and its legal reserve, which should reach a minimum equal to its capital.

The capital may be increased by additional contributions made by the Cuban State or by the express decision of the President of Banco Central de Cuba, by capitalizing the reserves and by making monetary correction adjustments.

Article 7: Banco Central de Cuba will distribute its net profits annually, as follows:

- a) one part to increase its legal reserve, create and develop a monetary stabilization fund and other investment and contingency funds; and
- b) the rest will go into the National Treasury.

Article 8: The seal of Banco Central de Cuba will have the characteristics determined by its Board of Directors.

CHAPTER II

NATIONAL CURRENCY AND ITS ISSUANCE

Article 9: The monetary unit of the Republic of Cuba is the Cuban peso, divided in one hundred (100) centavos.

Article 10: Banco Central de Cuba has the exclusive right to issue the national currency and the responsibility for printing the bank notes, minting the coins and supervising these activities.

Article 11: The bank notes and coins designed and issued by Banco Central de Cuba should express their value in the monetary unit in effect, including multiples and divisions thereof, and have the characteristics established by Banco Central de Cuba.

Article 12: The bank notes and coins issued by Banco Central de Cuba are the only ones which are legal tender throughout the national territory and constitute the only legal tender for purposes of payment, to be received at their face value. Within the national territory, all acts of measuring values, the prices of the goods and services produced and sold and payments through agreements or contracts that are effected among residents in Cuba or should be effected in Cuba must be stated and carried out in terms of the national currency unless Banco Central de Cuba expressly determines otherwise.

Banco Central de Cuba may issue other means of payment which are different from the national currency, if this is to the country's advantage; in this case, those means of payment will be legal tender during the period of time and in the transactions approved by Banco Central de Cuba.

Article 13: Worn and deteriorated bank notes and coins will be withdrawn from circulation in accordance with the rules issued by Banco Central de Cuba.

Article 14: Bank notes or coins definitively withdrawn, will cease to be legal tender and will be made useless and destroyed in the way determined by Banco Central de Cuba.

Banco Central de Cuba guarantees that uniform systems will be applied in making useless and destroying the bank notes and coins which are definitively withdrawn, and it will adopt the control and security measures which it deems necessary to safeguard the correctness of said process.

Article 15: The Ministry of Finances and Prices and Banco Central de Cuba will supervise jointly the process in which the bank notes and coins which are definitively withdrawn from circulation are made useless and destroyed.

CHAPTER III

OPERATIONS OF BANCO CENTRAL DE CUBA

FIRST SECTION

OPERATIONS WITH THE BANKS AND NONBANKING FINANCIAL INSTITUTIONS

Article 16: Banco Central de Cuba may grant

- a) financing and refinancing only to banks;
- b) credits or loans to development, investment and other funds, for purposes that are of social interest to promote;
- c) rediscounts and advances to banks for reasons of temporary illiquidity, but always for terms not exceeding sixty (60) days.

The rediscounts and advances should be fully backed by securities or other assets acceptable to Banco Central de Cuba, and which can be turned into cash easily, or by duly supported guarantees. The maturity dates of the rediscounts and advances may not exceed the term of the documents which guarantee them, and the amounts received by the banks for those purposes may not be used for the expansion of their credits.

The banks receiving rediscounts and advances for reasons of temporary illiquidity will be subject to continuous special inspection by Banco Central de Cuba.

Article 17: Banco Central de Cuba is empowered to

- a) regulate the amount of money in circulation and of credit; for this purpose, it may
- 1) open lines of credit to banks;
 - 2) grant banks refinancing, discount and rediscount bills of exchange, promissory notes and other documents which are negotiable in national currency or foreign exchange and are acceptable to Banco Central de Cuba, always under the responsibility of the assigner;
 - 3) transfer credits obtained in international markets to banks;
 - 4) establish the obligatory reserve requirements which the banks should keep against the total amount of their deposits and liabilities and regulate aspects related to the partial repayment of the obligatory reserve requirements;
 - 5) open bank accounts and make deposits in national currency and foreign exchange for and in national banks;
 - 6) open bank accounts and hold deposits on behalf of foreign banks in national currency and foreign exchange, acting as their agent;
 - 7) open accounts and hold deposits in foreign banks in cash, securities or other negotiable documents denominated in foreign exchange;
 - 8) open bank accounts for and receive deposits from the State;
 - 9) issue stocks or other securities in national currency or foreign exchange;
 - 10) buy and sell securities; movable property and real estate; and commercial documentary bills, stocks or securities issued by financial institutions;
 - 11) regulate the system of interest rates in national currency, commissions and other conditions applicable to the operations of financial mediation carried out by the other financial institutions;
 - 12) regulate credit levels according to the monetary and financial policy;
 - 13) establish credit policy and issue the rules and regulations pertinent at each economic juncture;
 - 14) regulate everything concerning the financial institutions' system of investments; and
 - 15) carry out other operations of financial mediation according to the monetary and financial policy.
- b) regulate relations with financial markets; for this purpose, it should
- 1) issue the rules and regulations and state the conditions under which financial institutions operate;
 - 2) authorize banks to pay interest on bank accounts;
 - 3) establish limits on the interest rates that banks may pay for deposits;
 - 4) issue rules and regulations which the financial institutions should obey concerning guarantees and accommodation endorsements in national currency and foreign exchange;

- 5) issue rules and regulations which must govern the operations dealing with assets and liabilities to be carried out by the financial institutions.
- 6) issue rules and regulations governing the issuance and operation of credit cards, debit cards and any other advanced systems and means of payment;
- 7) see to the smooth functioning and stability of the payment systems, issuing rules and regulations as required;
- 8) issue rules and regulations on the functioning of compensation for the handling of checks and other securities issued by banks;
- 9) contribute to the stable, sound development of the financial institutions, adopting whatever measures are justified; and
- 10) issue rules, regulations and procedures governing the financial institutions' relations with international financial markets.

SECOND SECTION

OPERATIONS WITH THE BUDGET AND AS FISCAL AND FINANCIAL AGENT OF THE STATE

Article 18: As cashier for the State, Banco Central de Cuba should keep the State's current account in its books. The procedures governing the transactions in this account are established annually by means of an agreement between Banco Central de Cuba and the Ministry of Finances and Prices.

Article 19: Banco Central de Cuba acts as the State's agent for placing bond issues and other securities issuances, either directly or through other institutions, and in their redemption, the payment of interest and other operations related to them.

Article 20: Banco Central de Cuba may not issue national currency to meet deficits between the income and expenses of the national budget, except when empowered to do so by the Council of State, within the limits which that body establishes.

Banco Central de Cuba may not act as a direct purchaser of State securities.

Article 21: As fiscal agent, Banco Central de Cuba may act in everything related to the State's foreign debt service.

As fiscal agent, Banco Central de Cuba may represent the State in all negotiations, renegotiations or conversions of the foreign debt. With the approval of the Council of State, it may enter into agreements with creditors and sign contracts that are just as binding on the State as if it had signed them.

Article 22: The total amount of the government borrowing and loans which have been or are granted to the Cuban State, in which Banco Central de Cuba has acted as fiscal agent should be considered a debt of the State to the institution which granted the loan, even when all or part of those loans, according to the agreements involved, has been or is earmarked for financing activities compatible with the purposes of Banco Central de Cuba

In all cases in which Banco Central de Cuba acts as fiscal agent, the national budget should provide it with the funds needed for servicing the debt.

Article 23: For the purposes of computing the country's foreign debt, Banco Central de Cuba may require all of the country's entities, whether individuals or corporations, to provide it with the necessary information, which they are obliged to do.

Article 24: Banco Central de Cuba will enter all of the operations it carries out as fiscal agent of the State on its memorandum accounts balance sheet.

THIRD SECTION

INTERNATIONAL OPERATIONS

Article 25: In its international activities, Banco Central de Cuba has the following main powers and functions:

- a) to represent the Cuban State in dealings with international credit, monetary and banking institutions;
- b) to participate in the capital of international banks, representing the Cuban State when, at the proposal of Banco Central de Cuba, the State considers this advisable;
- c) to contract short-, medium- or long-term foreign credits;
- d) to buy and sell foreign exchange;
- e) to grant credits to foreign governments, after ratification by the Council of State;
- f) to grant credits to central banks or foreign financial institutions;
- g) to open bank accounts and hold deposits on account of foreign banks and foreign financial entities;
- h) to hold and manage, on an exclusive basis, the country's international reserves, which consist of
 - gold and other precious metals;
 - foreign exchange;
 - other assets which can be turned into foreign exchange; and
- i) to authorize the export and import of gold, other precious metals and precious stones.

FOURTH SECTION

CONTROL OF THE EXCHANGE RATE

Article 26: In the sphere of controlling the exchange rate, Banco Central de Cuba is empowered to:

- a) establish the exchange rate in line with the country's balance of payments and economic situation,
- b) regulate the exchange operations carried out by the financial institutions authorized to engage in them; and
- c) propose and implement the Cuban peso's exchange rate system.

FIFTH SECTION

OTHER POWERS

Article 27: Banco Central de Cuba is empowered to:

- a) license the establishment of financial institutions and representative offices and suspend or cancel the licenses granted, in accordance with the provisions of this Decree-Law and the other laws and regulations in effect;
- b) register, in the General Registry of Banks and Nonbanking Financial Institutions, all of the financial institutions and representative offices which are authorized to be established in the country; and
- c) regulate that which is related to the employment of Cuban personnel in the representative offices established in the country.

Article 28: Banco Central de Cuba regulates the functioning of the offshore banking centers which are established in the country and also the functioning of the financial institutions in the duty free zones and industrial parks whose operation is authorized in the national territory.

Article 29: Banco Central de Cuba also has the following powers and functions:

- a) to register all of its operations in a reliable and timely way, following a system adjusted to the needs and fulfillment of its purposes;
- b) to publish its financial statements and the consolidated financial statement of the other financial institutions;
- c) to draw up reports on the national economy;
- d) to draw up its annual reports;
- e) to engage in research about banking and finances;
- f) to promote relations of cooperation with other central banks and encourage specialization of the technicians and other employees of Banco Central de Cuba; and
- g) to compile and publish the country's balance of payments, requiring all the necessary information for this purpose from those that are obliged to do it.

CHAPTER IV

ORGANIZATION, MANAGEMENT AND PERSONNEL

FIRST SECTION

ORGANIZATION

Article 30: Banco Central de Cuba is empowered to propose the organizational structure it deems appropriate for its activity, both in Cuba and abroad.

SECOND SECTION

MANAGEMENT

Article 31: Banco Central de Cuba is managed and governed by a President, assisted by its Board of Directors.

Article 32: The top management level of Banco Central de Cuba consists of the President, the First Vice-President, the other Vice-Presidents, the Auditor, the Superintendent and the Secretary.

The other management levels will be determined in its by-law.

Article 33: Anyone who is appointed as a member of the top management level of Banco Central de Cuba must:

- a) be a Cuban citizen;
- b) be at least 30 years old;
- c) be publicly acknowledged to have consistently conducted himself in accordance with revolutionary ethics and principles; and
- d) have legal capacity for the habitual exercise of business, banking and finances.

Article 34: The following may not be members of the top management level of Banco Central de Cuba: persons who are prohibited from engaging in business, banking and finances; who do not have full legal capacity; who lack sufficient funds to pay their overdue liabilities to a bank or credit institution; or who have been legally punished for a crime which makes them unworthy of the public's esteem.

The members of the top management level of Banco Central de Cuba may not engage as entrepreneur in financial, business or industrial activity or profession or any other activity of a business nature, either directly or through an intermediary.

The incompatibilities foreseen in this article do not apply to teaching or academic work. Those who are relatives within the fourth grade of consanguinity or second grade of affinity cannot be members at the same time of the top management level of Banco Central de Cuba.

THIRD SECTION

THE PRESIDENT OF THE BANK

Article 35: The President of Banco Central de Cuba is a Minister of the Government and is appointed by the National Assembly of People's Power or by the Council of State, after being proposed by the President of the latter.

The President of Banco Central de Cuba is the executive authority of the Bank, its legal representative and its highest-ranking official, and his duties, attributes and functions include complying with and seeing to it that others comply with the Constitution of the Republic, the laws, and the by-laws, regulations, Board of Directors' resolutions and other provisions of Banco Central de Cuba.

In the exercise of his functions, he may grant those powers which he deems pertinent and delegate his authority to other officials of Banco Central de Cuba—without those delegations implying any cessation of his own responsibility or empowering the recipient of the delegated powers to delegate them, in turn.

The President may claim or reserve for himself knowledge or decisions about any subject, in whatever condition, even though it has been submitted to other employees of Banco Central de Cuba.

Article 36: In the exercise of his executive functions and within the framework of the legislation in effect, the President of Banco Central de Cuba may establish as many provisions for the Bank's employees as he deems necessary and suitable for the adequate development of the institution's operations. Without impairment of other functions which this Decree-Law and the by-laws entrust him, he will:

- a) issue resolutions, instructions and whatever other provisions may be necessary for executing the functions of Banco Central de Cuba, which will be binding on all State economic entities, companies, bodies and agencies; economic organizations and associations of another nature; cooperatives; the private sector; and the population;
- b) issue provisions whose fulfillment will be obligatory for all financial institutions and representative offices;
- c) issue resolutions, instructions and other provisions which will be binding on Banco Central de Cuba and its branches;
- d) appoint the officials and other employees of Banco Central de Cuba whose appointment is not reserved to other authorities of a higher level;
- e) assign responsibility for the departments and independent areas of the main office to the various Vice- Presidents, reserving for himself those for which he will be personally responsible; and
- f) preside over the sessions of the Board of Directors and convene extraordinary sessions when this is required.

The functions listed in paragraphs a) and b) and d) may not be delegated to other officials of Banco Central de Cuba.

FOURTH SECTION

THE FIRST VICE-PRESIDENT

Article 37: The First Vice-President is appointed by the Council of State after being proposed by the President of Banco Central de Cuba. He will stand in for the President in case of the President's temporary absence or when the position is vacant. In addition, he will assume the powers delegated to him by the President and as many others as may be entrusted to him by the Bank's by-laws.

The President of Banco Central de Cuba may appoint another Vice-President to stand in for the First Vice-President during temporary absences of the latter.

FIFTH SECTION

THE VICE-PRESIDENTS

Article 38: The Vice-Presidents are appointed by the Executive Committee of the Council of Ministers after being proposed by the President of Banco Central de Cuba. They are in charge of top management and supervision of the areas assigned to them by the President and are responsible for their results.

They will also carry out the functions assigned to them by the by-laws of Banco Central de Cuba, the Board of Directors and the President.

SIXTH SECTION

THE SECRETARY

Article 39: The Secretary, who must be a lawyer, is appointed by the Executive Committee of the Council of Ministers after being proposed by the President of Banco Central de Cuba. He keeps the seal of the bank and the General Registry of Banks and Nonbanking Financial Institutions and is in charge of issuing certificates attesting that entities have been registered in

the General Registry and of issuing certificates related to the documents of Banco Central de Cuba for whose custody he is responsible.

The Secretary is a member of the Board of Directors, serving as its Secretary and being in charge of the Board's Minutes Book.

Article 40: The Secretary directs the legal activities of Banco Central de Cuba and represents it in lawsuits and proceedings which are undertaken in the courts of the Republic of Cuba or in foreign courts and in any proceeding related to those lawsuits which it may be necessary to undertake before authorities, agencies, individuals or bodies corporate in the national territory or abroad.

Article 41: The Secretary may delegate the powers of representation with which he is invested to other lawyers of Banco Central de Cuba or to lawyers outside the institution after being authorized to do so by the President of Banco Central de Cuba.

SEVENTH SECTION

THE AUDITOR

Article 42: The Auditor is appointed by the Executive Committee of the Council of Ministers after being proposed by the President of Banco Central de Cuba.

Article 43: The Auditor is responsible for making the internal audit of all the dependencies of Banco Central de Cuba, including the one subordinated to the Superintendent, and, in doing so, will keep in mind the rules of auditing that are in effect in the country whenever they are applicable.

In the exercise of his functions, he has full autonomy and freedom of action with regard to any official of Banco Central de Cuba except its President, to whom he will report on his activities and the irregularities detected, making appropriate recommendations.

Article 44: The Auditor's powers of making the audit extend to the systems and operations of all the areas and to the officials and other employees of Banco Central de Cuba, as the case may be, at any time and without warning.

EIGHTH SECTION

THE SUPERINTENDENT

Article 45. The Superintendent is appointed by the Executive Committee of the Council of Ministers after being proposed by the President of Banco Central de Cuba.

Article 46: The Superintendent is responsible for supervision of the financial institutions and representative offices established in the country.

In the exercise of his functions, the Superintendent has full autonomy and freedom of action with regard to any official of the financial institutions and of the representative offices, except to the President of Banco Central de Cuba to whom he will report his activities and the irregularities detected, making appropriate recommendations.

The activities of financial mediation of any kind carried out by the insurance companies which have been or will be established in the country are included in those to be supervised by Banco Central de Cuba's Superintendent. For this purpose, the regulations of Banco Central de Cuba concerning those activities are applicable to them.

Article 47: The main purpose of the Superintendent is to see to it that the financial institutions and representative offices obey the laws, decree laws, regulations, by-laws and other provisions which govern them and to make a full inspection of all of their operations and transactions.

His main powers are

- a) to regulate and approve the financial institutions' accounting system and method of reporting, taking into account the general regulations and principles of the Ministry of Finances and Prices;
- b) to order that the financial institutions' periodic financial statements and other reliable reports that are used in making an analysis of the real situation and its main trends be published;
- c) to apply the sanctions established by this Decree-Law and the Decree-Law of the Banks and Nonbanking Financial Institutions and other regulations in force for violations committed by individuals or entities against their provisions;
- d) to select, from among the outside Auditors authorized by the Ministry of Finances and Prices, those who may certify the financial institutions' financial statements;
- e) to see to it that the outside Auditors meet the minimum prerequisites the established for certificates of the financial institutions' financial statements for the purposes of banking supervision; and
- f) to exercise the other powers granted to him by this Decree-Law and the Decree-Law of Banks and Nonbanking Financial Institutions.

Article 48: Within the framework of the general strategy and policies outlined by the President of Banco Central de Cuba assisted by his Board of Directors, and advising them of his decisions, the Superintendent has the following powers:

- a) to qualify the financial institutions, in accordance with the established rules and regulations;
- b) to assess, either with or without warning, all of the financial institutions' documentation of primary information, registers, books and financial statements, ordering that documents and other resources related to violations of the rules established by Banco Central de Cuba be seized;
- c) to propose and adequately apply plans for putting financial institutions on a sound footing;
- d) to bring charges in the pertinent courts for violations of the established financial and banking rules, to request temporary or definitive suspensions of licenses and to propose the imposition of fines or precautionary measures that are in accordance with the regulations in effect;
- e) to implement the information system, which makes it possible for him to exercise his powers correctly, and to send it to the organizational units of the central bank when required; and
- f) to implement and apply the rules and regulations issued by the President of Banco Central de Cuba.

Article 49: When so authorized by the President of Banco Central de Cuba, the Superintendent may order the temporary suspension of all or part of the operations of any financial institution for a maximum length of time which is periodically regulated by Banco Central de Cuba.

During the temporary suspension, all commitments by the supervised entity to increase its liabilities are null and void, and interest on the liabilities accepted by Banco Central de Cuba will not continue to accrue and will not be demandable.

In no case will the temporary suspension of operations give creditors the right to claim damages from Banco Central de Cuba.

The Superintendent may request the President of Banco Central de Cuba to cancel a financial institution's authorization to operate.

NINTH SECTION

REMOVAL FROM OFFICE

Article 50: The President, the First Vice-President, the Vice-Presidents, the Secretary, the Auditor and the Superintendent may be removed from their posts by the bodies which appointed them in case of noncompliance with the provisions contained in the legislation in effect, and especially if any or all of the causes for removal listed below are applicable to them:

- a) be included in any of the incapacities for being a member of the top management level of Banco Central de Cuba;
- b) conduct contrary to compliance with and the purposes of this Decree-Law and the by-laws of the Banco Central de Cuba;
- c) legal punishment for a crime;
- d) responsibility for illegal actions and operations; and
- e) conduct contrary to revolutionary ethics and principles.

TENTH SECTION

THE BOARD OF DIRECTORS

Article 51: The Board of Directors is composed of:

- a) the President of Banco Central de Cuba, who heads the institution and acts as its Chairman;
- b) the first Vice-President of Banco Central de Cuba, who will stand in for the President in case of his absence;
- c) the Vice-Presidents; and
- d) the Secretary.

Article 52: If he deems it advisable, the President of Banco Central de Cuba may invite other persons to attend the sessions of the Board of Directors, on a temporary or permanent basis.

The Auditor and the Superintendent will be invited to attend the sessions of the Board of Directors on a permanent basis.

Article 53: The Board of Directors examines and makes decisions on the monetary and financial policy proposal to be submitted to the government, how to control it once it has been approved and the relevant adjustments which stem from its going into effect.

It also examines and makes decisions on the policy concerning the exchange rate; management and supervision of the financial institutions' activities; and, in general, on issues related to the exercise of its functions, such as

- a) fulfillment of the aims and purposes of Banco Central de Cuba;
- b) the by-laws, regulations and all the administrative rules and regulations that governs the internal functioning of Banco Central de Cuba and their modifications, and in its condition as regulating body of the financial institutions, it controls their fulfillment of said regulations and also controls the by-laws of the State Banks and their modifications;
- c) the prospective development policy and strategy of Banco Central de Cuba and the financial institutions;
- d) the attainment of correct income-yield capacity and efficiency levels in the bank's work;
- e) the assessment and authorization of the financial statements and annual reports on activities carried out;
- f) the printing, issuance, withdrawal from circulation or incineration of bank notes and coins of national currency;
- g) the interest rate régime applicable to the operations dealing with assets and liabilities carried out by the financial institutions; the minimum obligatory reserve requirements; the quantitative or qualitative limits on their portfolios of financial resources to be placed or investments; and all the other prerequisites and conditions which they should meet, in accordance with the legal provisions in effect;
- h) the policy for setting the exchange rates, commissions, interest rates and rediscounts for the operations of Banco Central de Cuba;
- i) measures that help to keep the value and purchasing power of the national currency stable;
- j) credit policy;
- k) advice for the government concerning monetary and credit issues;
- l) the study of proposals for and the giving of criteria on the granting of licenses for the creation of financial institutions and the establishment of representative offices in the country;
- m) the opening or closing of branches, agencies, offices, subsidiaries and other dependencies of Banco Central de Cuba and of the financial institutions; and the exercise of the penalizing authority expressed in the powers of supervision assigned to Banco Central de Cuba as the body governing the financial institutions;
- n) the regular annual budget of Banco Central de Cuba and the extraordinary budgets;
- o) the Annual Report, the financial statements and the destination of profits, in accordance with the provisions of this Decree-Law;
- p) the denomination of posts, the listing of the personnel required, the regulations governing personnel and the general guidelines of the policy on their hiring and remuneration by the Banco Central de Cuba;
- q) the intervention of any other financial institution; and
- r) all of the other powers and duties that pertain to it, in accordance with this Decree-Law.

ELEVENTH SECTION

PERSONNEL

Article 54: Within the limits of the budget approved by its President, Banco Central de Cuba is empowered to decide what personnel is required to carry out its activities and to denominate those posts, adjusting them to international banking practice.

Article 55: All officials and other employees of Banco Central de Cuba must be Cuban citizens not disqualified by any of the incompatibilities or prohibitions established by law or by the provisions issued by Banco Central de Cuba.

Article 56: No official or other employee of Banco Central de Cuba may make public statements concerning the policy or activities of this institution or publicize or reveal data or information that he has not been authorized to so reveal.

Public statements made by officials or other employees that have been expressly authorized by the President of Banco Central de Cuba are exempted from the provisions of the preceding paragraph.

CHAPTER V

SANCTIONS

Article 57: According to the regulations in effect, financial institutions which violate the provisions of this Decree-Law as well as the ones issued by Banco Central de Cuba may be fined, the money going to the National Treasury.

Article 58: The officials or employees of Banco Central de Cuba that abuse the powers assigned to them; engage in misrepresentation in the documents and financial statements, violate the requirements set forth in the laws, this Decree-Law or the Bank's by-laws is, are under the legal provisions issued for this purpose, subject to disciplinary measures, without prejudice to the criminal liability which stems from their actions.

Article 59: All of the financial institutions and representative offices are obliged to be governed by the legal provisions issued by Banco Central de Cuba as central bank, and should they transgress these legal provisions Banco Central de Cuba may suspend their activities either temporarily or permanently.

Under the regulations in effect, any financial institution or representative office which prohibits, limits or hinders the auditing and supervisory activities of Banco Central de Cuba will be fined.

TEMPORARY PROVISIONS

FIRST: The national currency issued by Banco Nacional de Cuba that is now in circulation will continue to be legal tender and maintain its unlimited liberatory force.

SECOND: Banco Central de Cuba has a hundred and eighty (180) days from the time this Decree-Law goes into effect to propose the organic structure and to define the operations that correspond to each dependency.

THIRD: Within sixty (60) days from the time this Decree-Law goes into effect, Banco Central de Cuba will present the Executive Committee of the Council of Ministers with a proposal of modifications to be made in Decree-Law 84, of October 13, 1984, on the National Banking System and Banco Nacional de Cuba, to adapt that law to the functions assigned to Banco Nacional de Cuba.

SPECIAL PROVISIONS

FIRST: Banco Nacional de Cuba , created by Law 13, of 1948, retains all of the functions and attributes conferred to it by Decree-Law 84 of October 13, 1984, except for the functions and attributes of a central state bank, which are transferred to the new body created by this Decree-Law.

Banco Nacional de Cuba will continue to record, be in charge of, and service the foreign debt which the Cuban State and Banco Nacional de Cuba have contracted with foreign creditors prior to this date.

The legal force of the guarantees which the State issued concerning the foreign debt of Banco Nacional de Cuba is ratified.

SECOND: Banco Central de Cuba is exempt from the payment of taxes of any kind on its capital, profits, transactions and the buying and selling of all kinds of assets.

THIRD: In accordance with what is set forth in Article 21 of this Decree-Law, Banco Central de Cuba will act on behalf of and represent the Cuban State and Banco Nacional de Cuba in handling the continuation of the process of renegotiation of the foreign debt which the Cuban State and Banco Nacional de Cuba have contracted, respectively, with creditor governments and banks.

FOURTH: Banco Central de Cuba will supervise the activities of the Numismatic Museum.

FIFTH: Banco Central de Cuba will decide on and supervise the printing of bank notes and the minting of coins. It will also decide on and supervise the minting and marketing of commemorative coins for numismatic purposes. Banco Central de Cuba is empowered to regulate the free delivery of samples of bank notes, coins and medals to museums, as part of our national heritage.

The commemorative medals which form part of the system of honorary titles and decorations of the Republic of Cuba are exempted from the provisions of the preceding paragraph.

FINAL PROVISIONS

FIRST: The President of Banco Central de Cuba is empowered to issue as many legal provisions as may be necessary to ensure compliance with the provisions of this Decree-Law.

SECOND: The following articles and provisions of Decree-Law 84, of October 13, 1984, are expressly repealed, in accordance with the provisions of this Decree-Law: Articles 21, 22, 24, 28, 29, 30, 31, 32, 33, 34, 37, 38, 39, 42 and 67 and the First Special Provision.

THIRD: All other legal provisions which hinder compliance with the provisions of this Decree-Law—except Law 13, of December 23, 1948, as regards the creation and name of Banco Nacional de Cuba—are hereby repealed.

FOURTH: This Decree-Law will go into effect upon its publication in the *Official Gazette of the Republic of Cuba*.

Done at the Palace of the Revolution, in the city of Havana, on May 28, 1997.

FIDEL CASTRO RUZ
PRESIDENT OF THE

COUNCIL OF STATE

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