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Bank of Estonia (Eesti Pank) Act

Passed 18.05.1993
RT I 1993, 28, 498
Entry into force 18.06.1993

Amended by the following acts

Passed	Published	Entry into force
05.04.1994	RT I 1994, 30, 463	07.05.1994
18.06.1998	RT I 1998, 64, 1006	16.07.1998
26.01.1999	RT I 1999, 16, 271	28.02.1999
06.06.2001	RT I 2001, 58, 353	12.07.2001
13.06.2001	RT I 2001, 59, 358	01.01.2002
12.06.2002	RT I 2002, 57, 356	01.08.2002
22.01.2003	RT I 2003, 15, 88	27.02.2003, partially upon Estonia's accession to the European Union
29.01.2003	RT I 2003, 21, 121	15.03.2003
07.06.2006	RT I 2006, 29, 219	08.07.2006, partially 01.01.2011 enters into force on the date provided in the Decision of the Council of the European Communities on the abrogation of the derogation of the Republic of Estonia on grounds prescribed in Article 140 (2) of the Treaty on the Functioning of the European Union, Council Decision of 13.07.2010 No. 2010/416/EU (OJ L 196, 28.07.2010, pp 24-26).
25.01.2007	RT I 2007, 16, 77	01.01.2008
12.03.2008	RT I 2008, 14, 93	06.04.2008
22.04.2010	RT I 2010, 22, 108	01.01.2011, enters into force on the date provided in the Decision of the Council of the European Communities on the abrogation of the derogation of the Republic of Estonia on grounds prescribed in Article 140 (2) of the Treaty on the Functioning of the European Union, Council Decision of 13.07.2010 No. 2010/416/EU (OJ L 196, 28.07.2010, pp 24-26)
28.10.2010	RT I, 12.11.2010, 1	15.11.2010
15.12.2011	RT I, 23.12.2011, 9	24.12.2011
19.02.2014	RT I, 13.03.2014, 2	23.03.2014 partially on 01.01.2015, 01.01.2017 and 01.01.2019
16.04.2014	RT I, 09.05.2014, 2	19.05.2014
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, official titles of ministers replaced in accordance with § 107 ³ (4) of the Government of the Republic Act starting from the version in force on 1 July 2014

Chapter 1

General Provisions

§ 1. Legal foundations of the Bank of Estonia (*Eesti Pank*)

(1) The Bank of Estonia (*Eesti Pank*) – subsequently in this translation, ‘the Bank of Estonia’ – is the central bank of the Republic of Estonia and a member of the European System of Central Banks. The Bank of Estonia is the legal successor to the Bank of Estonia which was established as the central bank of the Republic of Estonia in 1919.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(2) The Bank of Estonia is a legal person with its own statute, seal, coat of arms and other insignia permitted by the law.

(3) The Bank of Estonia operates under the Constitution of the Republic of Estonia, the Constitution of the Republic of Estonia Amendment Act, the Treaty on the Functioning of the European Union, the Statute of the European System of Central Banks and of the European Central Bank, legislation of the European Central Bank, this Act, other Acts and its Statute.

[RT I 2010, 22, 108 – entry into force 01.01.2011]

(4) The legal status of the Bank of Estonia may only be changed by the passage of a Bank of Estonia Act Amendment Act.

(5) In order to perform the functions of the Bank of Estonia, the Supervisory Board adopts resolutions and the Governor of the Bank of Estonia makes regulations and administrative decrees.

(6) The Bank of Estonia and its divisions are registered in the national register of institutions of the state and of local authorities in accordance with the rules provided in the constitutive regulations of that register.

§ 2. Aim and functions of the Bank of Estonia

(1) The primary aim of the Bank of Estonia is to maintain price stability. The Bank of Estonia also supports the achievement of other economic policy objectives in accordance with the Treaty on the Functioning of the European Union.

[RT I 2010, 22, 108 – entry into force 01.01.2011]

(2) The functions of the Bank of Estonia are:

1) to help define the monetary policy of the European Community and to implement the monetary policy set by the Governing Council of the European Central Bank;

2) to hold and manage official reserves of foreign currency;

3) to promote the stability of the financial system and to exercise macro-prudential supervision (below, ‘*macroprudential supervision*’) over the financial system;

[RT I, 09.05.2014, 2 – entry into force 19.05.2014]

4) to promote the efficient operation of payment systems, to exercise oversight of payment systems and to participate in the development of the clearing environment;

[RT I, 09.05.2014, 2 – entry into force 19.05.2014]

5) to regulate the circulation of money, to facilitate the issuance of euro banknotes and to issue euro coins;

6) to compile the balance of payments of Estonia;

7) to collect and publish the statistics necessary for the performance of its functions;

8) other functions vested in the Bank of Estonia by law which are not incompatible with the aims specified in subsection 1 of this section and the functions specified in clauses 1–7 of this subsection.

[RT I 2006, 29, 219 – entry into force 01.01.2011]

§ 3. Independence of the Bank of Estonia

(1) The Bank of Estonia operates independently of other state agencies. The Bank of Estonia reports on its activities to the *Riigikogu* and is not subordinate to the Government of the Republic or any other executive agency of the state or to any third party.

(1¹) When performing the functions of the European System of Central Banks, the only body from which the Bank of Estonia and members of its governing bodies may request and receive instructions for execution is the European Central Bank.

(2) The Bank of Estonia is not liable for any financial obligations of the state and the state is not liable for any financial obligations of the Bank of Estonia.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 4. Co-operation between the Bank of Estonia and the Government of the Republic

(1) [Repealed – RT I 2006, 29, 219 – entry into force 08.07.2006]

(2) The Bank of Estonia advises the Government of the Republic in matters of economic policy. The Government of the Republic does not make any important economic policy decisions without hearing the opinion of the Bank of Estonia.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(3) The Bank of Estonia represents the Republic of Estonia in the International Monetary Fund. The positions of the Republic of Estonia in the International Monetary Fund are presented by the Bank of Estonia, having previously been approved by the Ministry of Finance. The terms of approving such positions are agreed in writing between the Bank of Estonia and the Ministry of Finance. The Bank of Estonia represents the Republic of Estonia in other international organizations when authorized by the Government of the Republic.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(4) [Repealed – RT I 2010, 22, 108 – entry into force 01.01.2011]

§ 4¹. Financial Supervision Authority

(1) The Financial Supervision Authority, established on the basis of an Act of the Estonian Parliament, operates as an agency affiliated to the Bank of Estonia.

(2) The Financial Supervision Authority possesses its own governing bodies, budget and reporting system and enjoys autonomous powers in the conduct of national financial supervision and the resolution of financial crises.

[RT I, 19.03.2015, 3 – entry into force 29.03.2015]

(3) The Financial Supervision Authority is entitled to obtain from the Bank of Estonia the information necessary for the performance of the Authority's functions.

[RT I 2001, 59, 358 – entry into force 01.01.2002]

§ 4². Fiscal Council

(1) The Fiscal Council is an advisory body whose task is to evaluate the economic forecasts which serve as foundations for the economic policy of Estonia, and to monitor compliance with internal budgetary procedures in Estonia. In performing its tasks, the Fiscal Council operates as an independent body which accepts no instructions from the Bank of Estonia, the Government of the Republic or any other private or public body.

(2) The Fiscal Council is composed of six members whose reputation must be unblemished and who must possess at least a Master's degree in an economic specialism or an equivalent degree, and the experience required for the performance of the Council's tasks.

(3) The members of the Fiscal Council are appointed to and removed from the Council by the Supervisory Board at the proposal of the Governor of the Bank of Estonia. A member of the Fiscal Council is appointed for a term of five years. A member of the Council may be recalled before the end of their term if they accepts an employment or service position, or is party to an activity, which adversely affects, or may adversely affect, the independence of the Council.

(4) The Charter of the Fiscal Council is approved by the Supervisory Board. The charter may specify details of the rules of procedure of the Council, of the requirements that are to be met by the members, of the grounds for inception and termination of membership, and of the rules governing reimbursement of the expenses of the Council or of its members.

(5) The evaluations and opinions of the Fiscal Council are published on the Council's homepage.

(6) The Fiscal Council is entitled to receive, from any ministry or any institution in the government sector or from the Bank of Estonia, the information which it needs for the performance of its tasks.

(7) The Bank of Estonia provides the Fiscal Council with the means required for the performance of its tasks. On the request of the Bank of Estonia, the Government of the Republic compensates to the Bank of Estonia any direct expenses which the bank has incurred in relation to the work of the Fiscal Council.

[RT I, 13.03.2014, 2 – entry into force 23.03.2014]

§ 5. Seat of the Bank of Estonia

(1) The seat of the Bank of Estonia is in Tallinn.

(2) The Bank of Estonia may open, in Estonia or abroad, divisions and branch offices which are autonomous and which operate under their own charters.

Chapter 2

Oversight and Governing Bodies of the Bank of Estonia and their Powers

[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 6. Supervisory Board

(1) The oversight body of the Bank of Estonia is the Supervisory Board of the Bank of Estonia (subsequently in this translation, 'the Supervisory Board'), which consists of a Chairman, representatives of the factions of the *Riigikogu* and specialists of the field.

(2) The principle to govern the forming of the Supervisory Board is that each faction of the *Riigikogu* nominates one of its members and the Chairman of the Board nominates four specialists of the field.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

§ 7. Chairman of the Supervisory Board

(1) The Chairman of the Supervisory Board is appointed to office for a term of five years by the *Riigikogu* at the proposal of the President of the Republic.

(1¹) The Chairman of the Supervisory Board notifies their resignation from office to the President of the Republic at least four months in advance.
[RT I 2003, 21, 121 – entry into force 15.03.2003]

(1²) The Chairman of the Supervisory Board may be appointed to office for up to two consecutive terms.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(2) The Chairman of the Supervisory Board must be an Estonian citizen who holds a higher education qualification and possesses the knowledge and experience required to participate in the work of the Board and to preside over that Board, and in relation to whom the grounds provided for in subsection 1 of § 12 of this Act are not applicable. The Governor of the Bank of Estonia and the minister responsible for the area are not to be appointed Chairman of the Board.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(3) The Chairman of the Supervisory Board presides over the work of the Board, chairs meetings of the Board, monitors implementation of the Board's decisions, represents the Board and responds to interpellations concerning the work of the Board addressed to the Chairman in the *Riigikogu*.

§ 8. Members of the Supervisory Board

(1) Members of the Supervisory Board are appointed by the *Riigikogu* at the proposal of the Finance Committee.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(1¹) At the latest within four months following the registration of a faction of the *Riigikogu*, the faction transmits to the Finance Committee the name of a member of the faction to represent that faction in the Supervisory Board together with the member's written consent and written declaration stating that they fulfil the requirements established in this Act for members of the Board.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(1²) At the latest within four months following the entry into effect of the decision appointing the Chairman of the Supervisory Board to office, the Chairman transmits to the Finance Committee the names of four specialists of the field as candidates to the Board together with their written consent and written declaration stating that they fulfil the requirements established in this Act for members of the Board.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(1³) If a faction of the *Riigikogu* has not presented its candidate by the time limit, and using the method, mentioned in subsection 1¹ of this section, appointment of the faction's representative to the Supervisory Board is forgone. If the Chairman of the Board has not presented the Board membership candidates who are specialists of the field by the time limit, and using the method, mentioned in subsection 1² of this section or if the list of such candidates does not garner the support of a majority of the *Riigikogu*, the Board members who are specialists of the field are appointed by the *Riigikogu* at the proposal of the Finance Committee.

(2) Members of the Supervisory Board must be Estonian citizens who hold a higher education qualification and possess the knowledge and experience required to participate in the work of the Board and in relation to whom the grounds provided for in subsection 1 of § 12 of this Act are not applicable.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(3) Membership of the Supervisory Board must not include any member of the Government of the Republic or any employee of the Bank of Estonia.

(4) A member of the Supervisory Board must not be an employee of any asset management company, investment fund, investment company, credit institution, insurance company or other entity subject to financial supervision, or be a member of a governing body of any such entity.

(5) The mandate of a member of the Supervisory Board who is a specialist of the field commences at the time that the decision appointing the member to office enters into effect and lapses with the termination of the mandate of the Chairman of the Board. The mandate of a member of the Board who is a Member of the *Riigikogu* commences at the time that the decision appointing the member to office enters into effect and lapses with the suspension or termination of the mandate of the Member of the *Riigikogu*.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(6) The mandate of a member of the Supervisory Board terminates at the time provided for in subsection 5 of this section, at the time the member resigns or at the time they are removed from office following the rules provided in § 12 of this Act, or in the event of the member's death.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(6¹) A member of the Supervisory Board notifies the Chairman of the Board of their resignation from office at least four months in advance.

(7) Where a member of the Supervisory Board resigns, is removed following the rules provided in § 12 of this Act, dies, is appointed member of the Government of the Republic or commences employment at the Bank of Estonia, the *Riigikogu* appoints an acting member of the Board to replace such a member. In order to appoint an acting member to replace a member of the Board who is a Member of the *Riigikogu*, the faction that made the proposal to appoint that member transmits the information mentioned in subsection 1¹ of § 8 of this Act, and in order to appoint an acting member to replace a member of the Board who is a specialist of the field, the Chairman of the Board transmits the information mentioned in subsection 1² of § 8 of this Act, to the Finance Committee at the latest within four months from the need to appoint an acting member becoming apparent. If the faction concerned has not presented a candidate to be appointed acting member by the time limit, and using the method, mentioned in this subsection, appointment of the acting member is forgone. If the Chairman of the Board has not presented a candidate to be appointed acting member by the time limit, and using the method, mentioned in this subsection or if the candidate does not garner the support of a majority of the *Riigikogu*, the acting member to replace a Board member who is a specialist of the field is appointed by the *Riigikogu* at the proposal of the Finance Committee.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(8) The mandate of an acting member terminates following the rules provided in subsection 5 of § 8 of this Act. The mandate of an acting member replacing a member of the Supervisory Board who was appointed member of the Government of the Republic or employed by the Bank of Estonia terminates also when the member of the Board resigns the office precluding their membership of the Board.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(9) A member of the Supervisory Board may be appointed for up to two consecutive terms.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(10) Starting with the lapsing of the mandate of the Chairman of the Supervisory Board until the mandate of the new Chairman takes effect, the Board refrains from taking the decisions provided for in clauses 2, 4, 5 and 10 of subsection 2 of § 9 of this Act unless an unavoidable need to do so arises.
[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

§ 9. Powers of the Supervisory Board

(1) The Supervisory Board exercises oversight over the entirety of the activities of the Bank of Estonia.

(2) The following powers are vested exclusively in the Supervisory Board:

1) [Repealed – RT I 2003, 15, 88 – entry into force 01.05.2004]

2) the making of a proposal to the President of the Republic concerning appointment of the Governor of the Bank of Estonia;

3) [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

4) appointing to office and releasing from office Deputy Governors of the Bank of Estonia, heads of autonomous divisions and branch offices of the Bank of Estonia, and the head of the internal audit department of the Bank of Estonia; and appointing to office and removing from office, at the proposal of the Governor of the Bank of Estonia, members of the Supervisory Board of the Financial Supervision Authority and members of the Fiscal Council;

[RT I, 13.03.2014, 2 – entry into force 23.03.2014]

5) approving the Statute of the Bank of Estonia, the Charter of the Fiscal Council, the charters of independent divisions and branch offices of the Bank of Estonia and the constitutive regulations of the internal audit department;

[RT I, 13.03.2014, 2 – entry into force 23.03.2014]

6) overseeing implementation of the budget of the Bank of Estonia;

7) appointing internal auditors of the Bank of Estonia and approving the work schedule of the internal audit;

7¹) appointing independent auditors of the Bank of Estonia under the procedure provided in subsection 1 of § 31 of this Act;

8) approving the annual report of the Bank of Estonia at the proposal of the Governor;

9) making decisions, following the procedure provided in the legislation of the European Union, on the design of the national side of new euro coins and on the nominal value and design of commemorative coins;

[RT I 2010, 22, 108 – entry into force 01.01.2011]

10) deciding, at the proposal of the Governor, the establishment, reorganization and liquidation of autonomous divisions of the Bank of Estonia;

11) reviewing and approving written proposals and other documents to be submitted to the *Riigikogu* in the name of the Bank of Estonia.

(2¹) The Supervisory Board receives, on a regular basis, information from the Governor concerning Estonia's economy and monetary policy, the situation of the financial sector and the implementation of the budget of the Bank of Estonia.

(3) Decisions on issues concerning the work of the Bank of Estonia are drawn up as resolutions of the Supervisory Board.

(4) Meetings of the Supervisory Board are held when necessary but not less frequently than eight times a year.

(5) Meetings of the Supervisory Board are held *in camera* unless otherwise decided by the Chairman of the Board. The Governor and Deputy Governors participate in meetings of the Board with the right to speak. The minister of the Republic of Estonia responsible for the area may participate in the meetings, in accordance with the provision in Article 130 of the Treaty on the Functioning of the European Union.

[RT I 2010, 22, 108 – entry into force 01.01.2011]

[RT I, 29.06.2014, 109 – entry into force 01.07.2014, in accordance with § 107³(4) of the Government of the Republic Act, as of 1 July 2014 the title 'the Minister of Finance' is replaced with the phrase 'the minister responsible for the area'.]

(6) The Supervisory Board adopts resolutions and issues statements. Responsibility for implementing the resolutions of the Board lies with the Governor.

(7) A meeting of the Supervisory Board is competent to transact business provided more than one half of its members participate in the meeting. In the absence of the Chairman, the meeting is presided over by a member of the Board elected from among those present.

[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(8) Decisions on issues specified in points 2, 5, 6 and 8 of subsection 2 of this section can only be taken by a majority of all members of the Supervisory Board. Other decisions are taken by a majority of the members present at the meeting. If the vote is equally divided, the Chairman's vote is decisive.

(9) Resolutions of the Supervisory Board which are of a regulatory nature are published in the *Riigi Teataja*.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 10. Governor of the Bank of Estonia

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(1) The Governor is appointed to office for a term of seven years by the President of the Republic at the proposal of the Supervisory Board. The Governor may not be appointed to office for more than one consecutive term.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(1¹) The Governor notifies their resignation to the Supervisory Board at least four months in advance.

(2) The Governor must be an Estonian citizen who holds a higher education qualification. A Deputy Governor must be an Estonian citizen and hold a higher education qualification.

[RT I 2008, 14, 93 – entry into force 06.04.2008]

(2¹) Deputy Governors are appointed to office by the Supervisory Board at the proposal of the Governor for a term of five years.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(3) The Governor and Deputy Governors are independent in the performance of their functions. They may not hold any other office, be employed in the public service, or be party to any activities which, by their nature, restrict or may restrict the independence of the Bank of Estonia or which, by their nature, adversely affect or may adversely affect attainment of the aim or performance of the functions of the Bank of Estonia.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

(4) In the absence of the Governor, the Governor's duties are performed by a Deputy Governor in whom the Governor has by administrative decree temporarily vested the Governor's authority. If it is not possible to vest the authority in a Deputy Governor, the Supervisory Board designates the person to act for the Governor from among the Deputy Governors. If the Board has not designated a person to act for the Governor, the Governor's duties are performed by the eldest Deputy Governor. During the period for which the authority of the Governor is vested in the person acting for the Governor, that person holds the entirety of the authority of the Governor.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 11. Powers of the Governor of the Bank of Estonia

(1) The following powers are vested exclusively in the Governor:

- 1) determination of Estonia's banking policy, overall management of the activities of the Bank of Estonia and the making of arrangements for performance of the tasks of the European System of Central Banks;
- 2) the making of arrangements for the implementation of resolutions of the Supervisory Board and the application of measures (including sanctions) necessary to ensure the implementation of such resolutions;
- 3) [Repealed – RT I 2003, 15, 88 – entry into force 01.05.2004]
- 4) representation of the Bank of Estonia without special authorization in all matters and before all instances in Estonia as well as abroad;
- 5) the granting of authorization to represent the Bank of Estonia in certain cases or in certain matters;
- 6) the making of proposals to the Supervisory Board for appointment to office and release from office of Deputy Governors, the head of the internal audit department and heads of the autonomous divisions of the Bank of Estonia, and for the appointment to office and removal from office of members of the Supervisory Board of the Financial Supervision Authority and of members of the Fiscal Council;
- 7) approval of the budget of the Bank of Estonia.

[RT I, 13.03.2014, 2 – entry into force 23.03.2014]

(1¹) The Governor represents, *ex officio*, the Republic of Estonia as a member of the International Monetary Fund in the Board of Governors of the Fund.

[RT I, 23.12.2011, 9 – entry into force 24.12.2011]

(2) The Governor reports to the *Riigikogu* and responds to interpellations concerning the activities of the Bank of Estonia which are addressed to him or her in the *Riigikogu*.

(3) If the Governor does not agree with a resolution of the Supervisory Board, the Governor must report this to the President of the *Riigikogu* within not more than three working days and make a proposal to address an interpellation in the matter to the Chairman of the Board.

(4) The Governor reports on their work to the Supervisory Board on a regular basis.

(5) The Governor makes regulations and administrative decrees.

(6) Regulations of the Governor of the Bank of Estonia are published in the *Riigi Teataja*.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 11¹. Access of the Governor of the Bank of Estonia and Chairman and members of the Supervisory Board to state secrets and classified information of a foreign state

(1) By virtue of their office, the Governor of the Bank of Estonia and the Chairman and members of the Supervisory Board are entitled to have access to state secrets and to classified information of a foreign state in order to perform duties which have been entrusted to them by the Constitution or Acts of the Parliament of the Republic of Estonia and by legislation issued on the basis of the Constitution and such Acts.

(2) If, by virtue of an international agreement, the performance of security vetting is a mandatory requirement for granting the right of access to classified information of a foreign state, the Governor of the Bank of Estonia, the Chairman and members of the Supervisory Board, with the exception of any member of the *Riigikogu* who is a member of the Board, are also subject to security vetting.

(3) Security vetting of the Governor of the Bank of Estonia, the Chairman and members of the Supervisory Board is performed by the Internal Security Service as provided in the State Secrets and Classified Information of Foreign States Act.

(4) In order to pass the security vetting specified in subsection 2 of this section, the Governor of the Bank of Estonia, the Chairman or the member of the Supervisory Board completes the questionnaire for applicants for security clearance for access to state secrets and signs a consent form in which they authorize the agency responsible to conduct the security vetting to obtain, as part of the security vetting, information on him or her from natural and legal persons and from institutions and bodies of the state and of local authorities, and submits these forms to the Internal Security Service.

(5) The Internal Security Service performs the security vetting of the Governor of the Bank of Estonia, the Chairman or member of the Supervisory Board within three months of receiving the documents specified in subsection 4 of this section. A Security Clearance Certificate for Access to Foreign Classified Information is issued following the procedure provided in the State Secrets and Classified Information of Foreign States Act. [RT I 2007, 16, 77 – entry into force 01.01.2008]

§ 11². Security vetting of candidates for the office of Governor of the Bank of Estonia or of Chairman or member of the Supervisory Board

(1) A candidate for the office of Governor of the Bank of Estonia, or of Chairman or member of the Supervisory Board must pass security vetting before being appointed to office, except when they hold a valid security clearance classified as 'top secret' or when, at the time of becoming a candidate, they hold an office which entitles its incumbent to access to state secrets of all levels of secrecy. [RT I 2007, 16, 77 – entry into force 01.01.2008]

(2) The status of candidate for the office of Chairman of the Supervisory Board is acquired by a person whom the President of the Republic invites to apply for that office and who has given their corresponding consent in writing. The status of candidate for the office of member of the Board is acquired by a person whom the Chairman of the Board invites to apply for that office and who has given their corresponding consent in writing. The status of candidate for the office of Governor of the Bank of Estonia is acquired by a person whom the Board invites to apply for that office and who has given their corresponding consent in writing.

(3) The security vetting of candidates for the office of Governor of the Bank of Estonia or of Chairman or member of the Supervisory Board is performed by the Internal Security Service following the procedure provided in the Security Authorities Act. [RT I 2007, 16, 77 – entry into force 01.01.2008]

(4) In order to pass the security vetting, the candidate for the office of Governor of the Bank of Estonia, or of member of the Supervisory Board submits through the Bank of Estonia, and the candidate for the office of Chairman of the Board submits through the Office of the President of the Republic, to the Internal Security Service a completed questionnaire for applicants for security clearance for access to state secrets and a written consent form in which they authorize the agency responsible to conduct the security vetting to obtain, as part of the security vetting, information on him or her from natural and legal persons and from institutions and bodies of the government and of local authorities. [RT I 2007, 16, 77 – entry into force 01.01.2008]

(5) Within three months of receiving the documents specified in subsection 4 of this section, the Internal Security Service presents the information gathered from the security vetting of a candidate for the office of Governor of the Bank of Estonia to the Supervisory Board, the information gathered from the security vetting of a candidate for the office of Chairman of the Board to the President of the Republic and the information gathered from the security vetting of a candidate for the office of member of the Board to the Chairman of the Board, and gives an opinion on how well the candidate fulfils the conditions for issue of a security clearance for access to state secrets.

(6) In the event of premature termination of the mandate of the Chairman of the Supervisory Board or of the Governor of the Bank of Estonia, security vetting of a candidate for the office of Chairman of the Board or Governor of the Bank of Estonia has to be performed within one month following receipt of the documents specified in subsection 4 of this section. With the permission of the Security Committee of the Government of the Republic, the time permitted for performing the security vetting may be extended by one month if circumstances specified in clause 1 or 2 of subsection 4 of § 33 of the State Secrets and Classified Information of Foreign States Act arise or if it is possible that circumstances specified in clause 3 or 4 of that subsection will arise within one month. [RT I 2007, 16, 77 – entry into force 01.01.2008]

(7) On the basis of the data collected in the security vetting, a candidate may be appointed to office within nine months of the security authority the communicating the information collected in the security vetting to the authority or constitutional institution responsible. A candidate may be appointed to office later than this only after they submit to a new security vetting. [RT I 2007, 16, 77 – entry into force 01.01.2008]

§ 11³. Extension of mandate

(1) If the new Governor of the Bank of Estonia or Chairman or member of the Supervisory Board has not been appointed by the time on which the term of the mandate of the Governor or Chairman or member is due to lapse, the mandate of the incumbent holder of the respective office extends until the entry into effect of a decision on the appointment to office of the new Governor or Chairman.

(2) When the term of the mandate of the Chairman of the Supervisory Board lapses, the mandate of the members of the Board who are specialists of the field is extended until the decision on the appointment of new Board members to replace them enters into effect.

(3) When the mandate of a composition of the *Riigikogu* terminates, the mandate of the members of the Supervisory Board who are Members of the *Riigikogu* is extended until the decision on the appointment to the Board of Members of the new composition of the *Riigikogu* enters into effect.

[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

§ 12. Removal from office

[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

(1) The *Riigikogu* removes the Chairman or a member of the Supervisory Board from office without delay and, following the rules provided by statute, appoints a new Chairman or member when:

- 1) a judgment of conviction rendered in a criminal case has entered into effect in respect of the incumbent holder of the office;
- 2) a bankruptcy order, a decision disqualifying the incumbent holder of the office from holding a directorship or other position of business responsibility or a decision that is imposed under a statute and that disqualifies such a holder from tradership has entered into effect;
- 3) the incumbent holder of the office does not fulfil the requirements established in this Act or has submitted false information concerning fulfilment of those requirements;
- 4) the incumbent holder of the office has, to a material extent, neglected the duties of a member of the Board, has harmed the interests of the Bank of Estonia, or when another valid reason is present which makes the member unfit to perform their duties.

(2) In the situations described in clauses 1 and 2 of subsection 1 of this section, the mandate of the Chairman or member of the Supervisory Board is terminated as of the entry into effect of the judgment of conviction or of the bankruptcy order or of the decision disqualifying the them from holding a directorship or other position of business responsibility or of the decision disqualifying them from tradership. Until the entry into effect of the decision on the appointment of the new Chairman of the Board, the duties of the Chairman are performed by the most senior of the members who are specialists of the field.

(3) If the representative of a faction of the *Riigikogu* in the Supervisory Board leaves the faction concerned, the *Riigikogu* may remove such a representative from office and appoint a new representative of the faction.

(4) The Governor or a Deputy Governor of the Bank of Estonia may be removed from office only on the grounds provided for in Article 14.2 of the Statute of the European System of Central Banks and of the European Central Bank.

(5) When a circumstance mentioned in subsection 1 of this section becomes apparent, the Bank of Estonia notifies this to the *Riigikogu* without delay.

[RT I, 22.04.2020, 2 – entry into force 02.05.2020]

§ 13. Executive Board of the Bank of Estonia

(1) The work of the Bank of Estonia is managed by the Executive Board whose chairmanship is vested in the Governor of the Bank of Estonia by virtue of his office. The Executive Board of the Bank of Estonia is composed of the Governor and the Deputy Governors.

(1¹) The Executive Board is responsible for planning and organizing the work of the Bank of Estonia. The Governor may assign additional functions to the Executive Board. To perform its functions, the Executive Board adopts resolutions.

(2) The principles for the division of tasks in and the organization of work of the Executive Board of the Bank of Estonia are set out in the Statute of the Bank of Estonia.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

Chapter 3

Monetary Policy and Currency Circulation

§ 14. Authority of the Bank of Estonia

Having regard to the competence of the European Central Bank and of the European System of Central Banks, the Bank of Estonia, in order to perform its duties, is authorized to:

[RT I 2010, 22, 108 – entry into force 01.01.2011]

- 1) borrow money and grant loans against adequate collateral;
- 2) make and accept deposits;
- 3) trade in securities, precious metals and foreign currency;
- 4) conclude other transactions in money, securities or foreign currency markets;
- 5) process payment instructions and clear payments;
- 6) own shares, other unit holdings and real property;
- 7) make rules to regulate the money market, and establish prudential standards in accordance with Acts of the *Riigikogu*;
- 8) make rules to regulate the handling of euro banknotes and coins;
- 9) impose sanctions on persons who violate the rules of currency circulation, except for the sanctions imposed by the European Central Bank under Article 34.3 of the Statute of the European System of Central Banks and of the European Central Bank;
- 10) receive information required for the performance of its functions from institutions of the state and of local authorities and from other persons and agencies;
- 11) perform other acts necessary for carrying out its functions.

[RT I 2006, 29, 219 – entry into force 01.01.2011]

§ 14¹. Euro banknotes and coins

- (1) With permission of the European Central Bank, the Bank of Estonia is authorized to emit euro banknotes.
- (2) The Bank of Estonia holds exclusive authority to emit euro coins in the Republic of Estonia. The quantity of euro coins to be emitted must be approved by the European Central Bank in advance.
- (3) The Bank of Estonia and the credit institutions authorized by the Bank accept mutilated or damaged euro banknotes and coins and replace them with new banknotes and coins following the procedure provided in the legislation of the European Union. The Governor of the Bank of Estonia is authorized to establish, by regulation, specific rules for the handling of mutilated or damaged euro banknotes and coins.

[RT I 2006, 29, 219 – entry into force 01.01.2011]

§ 15. Regulation of transactions in foreign currency

- (1) The procedure for transactions in foreign currency is set in the law.
- (2) On the basis of Acts of the *Riigikogu*, the Bank of Estonia makes rules for the import into and export from Estonia of foreign currency and for building and using foreign currency reserves.
- (3) The Bank of Estonia sets the conditions and makes rules for the performance of cross-border banking transactions by credit institutions and other legal persons.
- (4) [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]
- (5) [Repealed – RT I 2006, 29, 219 – entry into force 01.01.2011]

§ 16. [Repealed – RT I 2010, 22, 108 – entry into force 01.01.2011]

Chapter 4 Macroprudential Supervision and Oversight of Payment Systems

[RT I, 09.05.2014, 2 - entry into force 19.05.2014]

§ 17.–§ 18. [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

§ 19. Correspondent accounts and reserve accounts of credit institutions

The Bank of Estonia holds the correspondent accounts and reserve requirement accounts of credit institutions, monitors the balances of these accounts for compliance with established requirements and, should the latter be deviated from, takes measures to ensure that they are complied with.

§ 20. [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

§ 21. Confidential and public information

(1) The Bank of Estonia is obligated to ensure the secrecy (confidentiality) of information which contains banking secrets.

(1¹) The Bank of Estonia classifies as information intended for internal use any information which may damage price stability or financial stability if it is disclosed and any information to which access has been restricted by the European System of Central Banks.
[RT I 2008, 14, 93 – entry into force 06.04.2008]

(2) [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

(3) [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

(4) The Bank of Estonia is authorized to disclose the information of credit institutions which it has at its disposal provided that such information does not contain banking secrets.

(5) The Bank of Estonia periodically publishes information about its work and about the economy of Estonia and of the European Union.
[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 22.–§ 24.[Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

§ 24¹. Macroprudential supervision

(1) The purpose of macroprudential supervision is to promote the stability of the financial system as a whole by enhancing the resistance of the system to shocks and by reducing the accumulation of systemic risks, and thereby to ensure the sustainability of the contribution of the financial sector to economic growth.

(2) In exercising macroprudential supervision, the Bank of Estonia:

- 1) collects information that is needed for the exercise of macroprudential supervision;
 - 2) ascertains the participants and the financial structures whose actions may exert a significant influence on the formation of systemic risks;
 - 3) identifies systemic risks and assesses their significance;
 - 4) draws up and disseminates overviews and assessments concerning the stability of the financial system and risks in the system;
 - 5) cooperates with the Ministry of Finance and the Financial Supervision Authority in so far as is necessary for the exercise of macroprudential supervision;
 - 6) implements measures to reduce systemic risks as provided for in legislation;
 - 7) performs other acts that are necessary for achieving the aim set in subsection 1 of this section.
- [RT I, 09.05.2014, 2 – entry into force 19.05.2014]

§ 24². Oversight of payment systems

(1) The purpose of oversight of payment systems is to promote the structural and operational reliability of such systems.

(2) As the overseer of payment systems, the Bank of Estonia:

- 1) analyses the structure and operation of payment systems;
- 2) issues instructions to operators of payment systems;
- 3) in cases provided for in legislation, establishes specific requirements concerning operators of payment systems and their activities and structure;
- 4) in cases provided for in legislation, approves the rules and principles concerning the operation of payment systems.

[RT I, 09.05.2014, 2 – entry into force 19.05.2014]

Chapter 5

Assets and Reporting of the Bank of Estonia

[RT I 2003, 15, 88 - entry into force 27.02.2003]

§ 25. Capital and funds of the Bank of Estonia

(1) The own capital of the Bank of Estonia includes:

- 1) the base capital;
- 2) the reserve capital;
- 3) dedicated capital funds and funds for specific purposes.

(2) The base capital of the Bank of Estonia is 100,000,000 euros.
[RT I 2010, 22, 108 – entry into force 01.01.2011]

(3) [Repealed – RT I 2010, 22, 108 – entry into force 01.01.2011]

§ 26. Assets of the Bank of Estonia

(1) [Repealed – RT I 2003, 15, 88 – entry into force 27.02.2003]

(1¹) The Special Drawing Rights of the International Monetary Fund allocated to the Republic of Estonia belong to the Bank of Estonia.
[RT I, 13.03.2014, 2 – entry into force 23.03.2014]

(2) The Bank of Estonia possesses, uses and disposes of its assets autonomously.

(3) Immovable and movable property which was owned by the Bank of Estonia that was established as the central bank of the Republic of Estonia in 1919 and which was unlawfully expropriated in 1940 also belongs to the Bank of Estonia.

(4) The holding and management of official foreign currency reserves is organized in accordance with Acts of the *Riigikogu*, the Statute of the Bank of Estonia and guidelines of the Governing Council of the European Central Bank.
[RT I 2006, 29, 219 – entry into force 01.01.2011]

§ 27. Reserve capital, dedicated capital funds and funds for specific purposes of the Bank of Estonia

(1) Reserve capital, dedicated capital funds and funds for specific purposes are created from the profits of the Bank of Estonia and from other revenue provided in the Statute of the Bank and earmarked for specific purposes.

(2) When the amount of reserve capital becomes equal to the amount of base capital, the *Riigikogu* decides whether or not to continue increasing the reserve capital.

(3) The procedure for the creation and use of reserve capital, dedicated capital funds and funds for specific purposes is provided in the Statute of the Bank of Estonia.

§ 28. Financial year

The fiscal year (financial year) of the Bank of Estonia begins on 1 January and ends on 31 December.

§ 29. [Repealed – RT I 2010, 22, 108 – entry into force 01.01.2011]

§ 30. Profit and loss of the Bank of Estonia

(1) The profit (loss) of the Bank of Estonia is the difference between its revenue and its expenditure.

(2) At least 25 percent of annual profits are to be used to increase the base capital up to the amount determined by the *Riigikogu*.

(3) At least 25 percent of annual profits are to be used to increase the reserve capital when the Supervisory Board so resolves.

(4) After the allocations specified in subsections 2 and 3 of this section are made, part of the profits may be used, at the decision of the Supervisory Board, to create and increase the dedicated capital funds and funds for specific purposes provided in the Statute of the Bank of Estonia.

(5) Any profits remaining after the allocations specified in subsections 2, 3 and 4 of this section are made are transferred to the national budget.

(6) Any loss incurred by the Bank of Estonia is covered from reserve capital. If the reserve capital is insufficient, losses may be covered from base capital with the permission of the *Riigikogu*.

(7) The Bank of Estonia, being the central bank of Estonia, is not liable to pay tax on its income or any other taxes related to economic activity, except for taxes related to natural persons, into the national budget or any local budget. The Government of the Republic is authorized to exempt the Bank of Estonia from the payment of other national taxes in exceptional circumstances.

§ 31. Monitoring of activities and annual report of the Bank of Estonia

(1) The Supervisory Board appoints independent auditors recommended by the Governing Council of the European Central Bank and approved by the Council of the European Union to monitor the activities of the Bank of Estonia during the fiscal year and to attest to the truth and accuracy of the annual report prepared by the Bank of Estonia. The activities of the Bank of Estonia may be subjected to additional scrutiny if the *Riigikogu* passes a resolution to that effect.

[RT I 2008, 14, 93 – entry into force 06.04.2008]

(1¹) The annual profit and loss account of the Financial Supervision Authority is audited by the auditors of the Bank of Estonia.

(2) The annual report of the Bank of Estonia is prepared under the rules made on the basis of Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank.

(3) The annual report is approved and submitted, together with the auditor's report, to the *Riigikogu* by the Supervisory Board. The annual report of the Financial Supervision Authority approved by the Board of the Financial Supervision Authority is submitted to the *Riigikogu* at the same time as the annual report of the Bank of Estonia. The *Riigikogu* hears a presentation by the Governor of the Bank of Estonia on the annual report of the Bank.

[RT I, 12.11.2010, 1 – entry into force 15.11.2010]

(4) The annual report is published in the *Riigi Teataja* and in the Yearbook of the Bank of Estonia.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

Chapter 6 Final Provisions

§ 32. Relations with central banks of other countries and cross-border transactions

The Bank of Estonia maintains relations with the central banks of other countries and other financial institutions and is authorized to conclude transactions which are necessary for performing the functions specified in this Act with such central banks and financial institutions.

§ 33. Banking transactions with own employees

(1) [Repealed - RT I, 09.05.2014, 2 – entry into force 19.05.2014]

(2) [Repealed – RT I 2001, 59, 358 – entry into force 01.01.2002]

(3) The Bank of Estonia is authorized to grant loans to its employees and members of the Supervisory Board under conditions approved by the Governor of the Bank of Estonia.

[RT I, 09.05.2014, 2 – entry into force 19.05.2014]

§ 34. Compilation of the balance of payments

(1) Having regard to the competence of the European Central Bank and of the European System of Central Banks and in order to obtain and publish the monetary, financial and balance of payments statistics necessary for the performance of its functions, the Bank of Estonia collects data on the basis and following the procedure provided in the Official Statistics Act.

[RT I 2010, 22, 108 – entry into force 01.01.2011]

(2) The Bank of Estonia is entitled to obtain, free of charge, the information necessary for drawing up the nation's balance of payments from all institutions of the state and of local authorities and from any person who, in the territory of Estonia, conducts cross-border economic transactions.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 35. Obligation to maintain professional confidentiality

(1) Members of the Supervisory Board and persons employed by the Bank of Estonia are required to keep as confidential any information concerning the Bank of Estonia, any credit institutions and other legal persons if the disclosure of such information could result in damage either to the Estonian economy or to the economic interests of such credit institutions or their clients.

(2) The obligation to maintain confidentiality applies to information which has become known to persons employed by the Bank of Estonia solely because of their employment at the Bank. The obligation to maintain confidentiality also applies after the persons have left the employment of the Bank of Estonia.

(3) In the event that information subject to professional confidentiality is disclosed, disciplinary or criminal sanctions, as provided for by law, are imposed on the persons responsible.

§ 36. Participation in commercial undertakings

The Bank of Estonia may establish commercial undertakings which are necessary for the performance of its functions and may participate in the activities of such undertakings.

§ 37. [Omitted from this text]

Chapter 7 Implementing Provisions

§ 38. Special rule relating to the application of subsection 6 of § 8 of this Act

If the new members of the Supervisory Board are not appointed by the date on which the mandate of the members of the Board who were appointed to office in 1993 is due to expire, the mandate of the incumbent members extends until the appointment of the new members, but not for longer than three months.

§ 39. Application of subsections 1 and 2¹ of § 10 of this Act

(1) The Governor in office at the time of entry into force of subsection 1 of § 10 of this Act is deemed to have been appointed to office for a period of seven years counted from the date of their appointment.

(2) The Deputy Governors in office at the time of entry into force of subsection 2¹ of § 10 of this Act are deemed to have been appointed to office for a period of five years counted from the date of entry into force of that provision.

[RT I 2006, 29, 219 – entry into force 08.07.2006]

§ 40. Special rules related to applying the version of this Act passed on 2 April 2020

(1) The mandate of the Chairman of the Supervisory Board appointed before the entry into force of the version of this Act passed on 2 April 2020 (hereinafter, ‘this version’) terminates with the lapsing of the term of that mandate. The mandate of members of the Board appointed before the entry into force of this version is extended until the entry into effect of the decision on the appointment of members of the Board who are specialists of the field and who are appointed directly after the entry into force of this version.

(2) The provisions of this version apply to the Chairman and members of the Supervisory Board who are appointed to office after the entry into effect of this version. The Chairman of the Board who holds that office at the time of the entry into force of this version is deemed to have been appointed to office for the first term within the meaning of subsection 1² of § 7 of this Act and a member who sits on the Board at the time of the entry into force of this Act is deemed to have been appointed for their first term within the meaning of subsection 9 of § 8 of this Act.

(3) A faction of the *Riigikogu* transmits the information mentioned in subsection 1¹ of § 8 of this Act and the Chairman of the Supervisory Board transmits the information mentioned in subsection 1² of § 8 of this Act to the Finance Committee at the latest within one month following the entry into force of this version.

(4) If a faction of the *Riigikogu* has not presented their candidate by the time limit, and using the method, mentioned in subsection 3 of this section, the appointment of a representative of that faction to the Board is forgone. If the Chairman of the Board has not presented the Board membership candidates who are specialists of the field by the time limit, and using the method, mentioned in subsection 3 of this section or if the list of such candidates does not garner the support of a majority of the *Riigikogu*, the Board members concerned are appointed by the *Riigikogu* at the proposal of the Finance Committee.

[RT I, 22.04.2020, 2 – entry into force 02.05.2020]