

RESOLUTION

of the Board of the National Bank of Tajikistan

dd. from November 29, 2016

No. 147

Dushanbe

**On approval of Regulation “On Monetary Policy
Committee of the National Bank of Tajikistan»**

With the view of effective monetary policy implementation according to the articles 14 and 77 of the Law «On the National Bank of Tajikistan», the Board of the National Bank of Tajikistan

resolves:

1. To approve Regulation «On Monetary Policy Committee of the National Bank of Tajikistan (attached).

2. To approve the membership of Monetary Policy Committee of the National Bank of Tajikistan (attached).

3. The Board Resolutions of National Bank of Tajikistan dd. from November 11, 2009, No. 323, dd. from February 15, 2010, No. 36 and dd. from May 27, 2011, No.106 shall be considered as no longer in force.

4. Control over execution of the given Resolution shall be assigned to the First Deputy Chairman of the National Bank of Tajikistan Mr. Nuraliev J.K.

Chairman of the Board

J. Nurmahmadzoda

Appendix to the Resolution of the Board
of the National Bank of Tajikistan
dd. from « 29 » XI 2016, № 147

REGULATION
on the Monetary Policy Committee
of the National Bank of Tajikistan

CHAPTER 1. General provisions

1. This Regulation is developed according to the articles 14 of the Law of the Republic of Tajikistan «On the National Bank of Tajikistan» and defines tasks and procedure of functioning Monetary Policy Committee of the National Bank of Tajikistan (hereafter - MPC).
2. The MPC is an independent advisory body and functioning regularly in accordance with Law of the Republic of Tajikistan «On the National Bank of Tajikistan», Projection of Monetary Policy of the Republic of Tajikistan, and other regulations of the National Bank of Tajikistan (hereafter - NBT).

CHAPTER 2. MPC tasks and its membership

3. The main tasks of MPC consists of:
 - decision-making on the main monetary policy directions with the aim of formulation and effective implementation of monetary policy, achievement and ensuring long-term domestic price stability;
 - deliberation on the main analytical indicators of macroeconomic conditions, monetary and foreign exchange situation, assigning tasks and benchmarks of monetary policy implementation for the short and medium terms;
 - depending on macroeconomic and external conditions, change in the level of inflation and economic growth, decision making on applying certain types of monetary policy stance (tight, balanced, stimulating), its method and instruments.
 - defining priorities and procedure of monetary policy tools' application for the management of main monetary indicators, interest rates and maintenance balance in the money and credit markets;

- approval plan on monetary and exchange rate operations, on conducting open market operations and other transactions ensuring achievement of monetary and exchange rate policies indicators for the forthcoming period;
 - coordination of departments' activity, observance of approved terms in order to simplify and maintain transparency of policy implementation process, decision-making and achievement of the main NBT objective.
4. The membership of MPC shall be approved by the NBT's Board decision.
 5. The Chairman of the NBT shall be a chairman of the MPC.
 6. Deputy Chairman of the MPC shall perform duties of the Chairman of MPC in his absence.
 7. The duties of the MPC Secretary shall be carried out by Deputy Director – Head of Monetary Policy Division and Implementation Division of the Monetary Policy, Research and Development Department.

CHAPTER 3. Organization of MPC activities

8. MPC activity shall be carried out through its meetings. The MPC meetings shall be held no less than one time every quarter according to the schedule.
9. In case of unforeseen circumstances depending on current macroeconomic situation and monetary policy implementation or at the suggestion, of at least, one of the MPC members, an extraordinary meeting of the MPC can be called with the agreement of the MPC Chairman (or deputy chairman of MPC).
10. The meetings of the MPC shall be considered competent if there are attended not less than two third (2/3) of the MPC members.
11. In urgent cases with an agreement of the MPC Chairman decision-making of the MPC shall be carried out without a meeting through the written survey of its members.
12. The following issues shall be considered during MPC meetings:
 - implementation of monetary policy in accordance with approved plan and program for preceding month;
 - analysis of the monetary policy implementation results and changes in macroeconomic and monetary indicators;
 - presenting projection on the main macroeconomic indicators, particularly, inflation forecast for the upcoming period with consideration of existing risks and influence of external and internal factors;

- depending on forecast change in monetary policy stance and key parameters of monetary operations;
 - ways of effective monetary policy implementation for the next month according to the main monetary policy direction for current year and other approved program documents;
 - examining results of operations carried out on financial market and other actions for preceding month;
 - summarizing report on executing of a plan for last month, approving plan and program of NBT's operations for next month, etc.
13. If there is a need a member of MPC can directly present its urgent/emergency suggestions during the meeting.
 14. Secretary of MPC shall be responsible for preparation of agenda, MPC minutes, summary of information materials and other organizational activity for the MPC meetings.
 15. The NBT departments, responsible for preparation of issues of the agenda, in a day prior to MPC meetings shall present to the MPC secretary relevant informations (analytical materials on main issues, ways of solving of problems and other necessary materials).
 16. The Secretary of MPC having prepared the project of the meeting agenda shall share it with the members of MPC a day before the MPC meeting.

CHAPTER 4. Decision-makings of MPC and monitoring of its execution

17. Decisions of MPC meetings shall be approved by the majority of votes of attended MPC members. Where there is equal number of votes, the voice of the MPC chairman shall be deciding vote.
18. The decisions of MPC shall be made by questioning of its members with approval of no less than 2/3 (two third) of MPC members.
19. Decisions of MPC's meetings shall be formalized with the minutes.
20. Monitoring of the implementations of approved MPC decisions shall be assigned to the Chairman of MPC.
21. The decisions made by the MPC are submitted to the Chairman of the Board of NBT and formalized by the final decision of the Chairman of the NBT on the day of MPC's meeting.
22. Decisions of the MPC shall be binding after signing by the Chairman of NBT.
23. The MPC presents monitoring of results on decisions to the NBT Board on quarterly basis.

24. A press - release on the taken decisions of the MPC shall be published on the official web site of the NBT.

CHAPTER 5. Working group on monetary policy implementation

25. A Working group on monetary policy implementation under the MPC (Working group) established in order to timely implement the decisions of MPC, caring on current monetary operations and solution of relevant urgent issues.
26. The main tasks of Working group are:
- implementation of monetary operations based on forecast result basis for the future period, in particular monetary, foreign exchange and fiscal operations;
 - on the basis of collected data to define a level of demand and supply in the money market, as well as monetary policy quantity indicators for future period, which ensures a process of effective implementation of approved monetary policy within a year.
 - coordination of the process of monetary and exchange rate polices tools implementation;
 - estimation (forecast) of the current liquidity level in banking system for the next period;
 - coordination of operations in monetary and fiscal policies' implementation.
27. The membership of Working group shall be approved by resolution of the NBT Chairman.
28. The Working group meetings shall be held regularly within a working week.
29. The following issues shall be considered during meetings of the Working group:
- analyzing changes in the NBT balance sheet after operations executed by 16:00 of the same day;
 - forecasting of monetary indicators for the next week and on the basis of projected submission of the next plan data on current NBT operations' volume in money and financial markets, including interbank credit market;
 - conducting FX purchase and sale operations, sale of securities and providing of short-term loans for maintaining credit institutions liquidity with consideration of NBT analytical balance sheet and reserve money growth situation.

30. The Working group decisions shall be made by the majority of votes of its members. At equal number of votes, a voice of the head of Working group shall be as deciding votes.
31. In case of urgent issues it is possible to hold decision-making without carrying out meetings through the written survey of its members by permission/(at coordination with) the head of Working group. Such decisions shall be approved by Working group at consent of the majority of its members.
32. The Working group decisions shall be made out by relevant protocol prepared by the Monetary policy, Research and Development Department staff.