

(TRANSLATION)

Laws

**In the name of people
Presidency of the Republic**

Decision No. (39)

Based on what is approved by the Council of Representatives pursuant to the provisions of clause (first) of article (61) and clause (third) of article (73) of the Constitution.

The President of the Republic decided on 18/12/2017 to enact the following law:

No. (82) for the year 2017

Law

The second amendment of the Law of the Central Bank of Iraq issued by the Order No. (56) for the year 2004 by the Coalition Provisional Authority (disbanded)

Article – 1: to cancel the text of clause (1) of article (5) of the Law of the Central Bank of Iraq issued by Order No. (56) for the year 2004 by the Coalition Provisional Authority (disbanded) and be superseded by the following:

- 1- The capital of the Central Bank of Iraq shall be (1000000000000) one trillion Dinars owned completely by the state.

Article – 2: to add the following to article (10) of the law to constitute clause (3) thereof:

- 3- The council shall form the Review and Audit Committee linked directly to it, consisting of (3) members not employed in the Central Bank of Iraq, who have scientific qualifications and practical experience in the fields of financial and accounting management, law and economics, and its duty shall be organized by instructions prepared by the council in accordance with the international standards and the best practices of the central banks, to be issued by the governor

Article – 3: to cancel clauses (C) and (D) of article (11) of the law and be superseded by the following:

- C- One of the general directors of the bank.

D- Five members from outside the Central Bank of Iraq who are experienced and specialized in the financial, banking, or legal affairs.

Article - 4: to cancel the text of article (27) of the law and be superseded by the following:

Article 27- 1: the Central Bank shall make transactions on foreign assets and it shall manage the official reserve of the foreign exchange of the state in accordance with the best international practices and monetary policy, and the council may invest such reserve in any or all of the following assets:

- A- Gold cash available in the vaults of the Central Bank of Iraq
 - B- Foreign currencies and coins that are usually used in settling the international accounts bookkept by the Central Bank of Iraq or for its account
 - C- Credit balances payable on demand or repayable after a short term in foreign currency, which is usually used in settling the international accounts kept by the Iraqi Central Bank of Iraq in accounts therewith, or those invested through repurchase agreements or counter repurchase agreements and fixed deposits for multiple terms.
 - D- Special withdrawal rights available for Iraq with the International Monetary Fund.
 - E- Investment instruments available with the International Monetary Fund.
 - F- Any securities of negotiable debts issued by or have full confidence and the approval of foreign governments, central banks or international financial organizations and the local foreign authorities and agencies, paid in foreign currencies that are used in settling the international accounts bookkept by the Central Bank of Iraq or for its account.
- 2- The bank has the right to use the financial derivatives in the investment portfolios as a hedging instrument.

Article – 5: The following shall be added to article (30) of the law as clause (c) thereof:

- C- The loan granted to the bank against an interest determined by the bank in accordance with the market demands

Article – 6: The following shall be added to article (33) of the law as clause (6) thereof:

- 6- The Central Bank of Iraq has the right to issue unnegotiable commemorative coins.

Article – 7: To cancel the text of article (2) of article (48) of the law and be superseded by the following:

- 2- The Iraqi Central Bank of Iraq shall select a foreign company to conduct the duties of external financial revision and audit for a period of five (5) years, and it shall not be reselected for consecutive periods exceeding (10) years.

Article – 8: To cancel the text article (72) of the law and be superseded by the following:

Article – 72 : It is not permissible to seize the funds of the Iraqi Central Bank of Iraq including gold, special drawing rights, credits, deposits, securities or any revenues of the Central Bank of Iraq.

Article – 9: The phrase (securities) shall supersede the phrase (bonds and treasury bills) wherever stated in the law.

Article – 10: To cancel the text of article (N) of article (16) of the law and be superseded by the following:

N- to approve the bylaw, instruction and rules of the bank, which are applicable in its administration and operations management, and determine the organizational structure of the Iraqi Central Bank of Iraq, including the locations of bank branches of the Central Bank of Iraq, and cancel and establish the general directorates.

Article – 11: This Law shall come into force from the date of its publication in the Official Gazette.

Fouad Masoum
President of the Republic

Rationale

This law has been enacted for the purpose of increasing the capital of the Iraqi Central Bank of Iraq, keeping pace with the international economic development, granting authorities to the bank, increasing the members of the board of directors of the bank, forming an audit and commemorative coin issuance committee, imposing interest on the loans granted by the bank to the commercial banks and maintain it funds against seizures issued by court orders.