

**Act No. 219/1995 Coll.**  
of 26 September 1995,  
**Foreign Exchange Act**

(in force as from 1 May 2004)

As amended by  
Act No. 159/2000 Coll.,  
Act No. 362/2000 Coll.,  
Act No. 482/2001 Coll.,  
Act No. 126/2002 Coll.,  
Act No. 257/2004 Coll.,  
Act No. 354/2004 Coll.

**Note: This text is a working material for information only, and is not an official translation of the Czech legislation**

Parliament has passed this Act of the Czech Republic:

PART ONE

BASIC PROVISIONS

Article 1  
Definitions

For the purposes of this Act:

- a) “domestic territory” shall mean the territory of the Czech Republic;
- b) “resident” shall mean a natural person having permanent residence<sup>1)</sup> in the Czech Republic or a legal entity having its registered address<sup>2)</sup> in the Czech Republic;
- c) “non-resident” shall mean any natural person or legal entity not referred to in letter b);
- d) “foreign exchange assets” shall mean foreign currencies, foreign securities and also rights appreciable in money and obligations derived therefrom (hereinafter referred to as “financial derivatives”);

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<sup>1)</sup> Act No. 135/1982 Coll., on the Declaration and Registration of Citizens’ Residence.  
Act No. 123/1992 Coll., on Foreigners’ Residence within the Territory of the Czech and Slovak Federal Republic, as amended by Act No. 190/1994 Coll.

<sup>2)</sup> Article 2(3) of Act No. 513/1991 Coll., The Commercial Code.

e) “securities” shall mean documents, or records substituting for them, to which is attach a right to an ownership interest or a right to a cash settlement;

f) “foreign securities” shall mean securities issued by a non-resident;

g) “domestic securities” shall mean securities issued by a resident;

h) “financial credit” shall mean the granting of funds in Czech or foreign currency to which is attached an obligation to return those funds in the form of money; a financial loan, a mortgage credit, a consumer credit and financial leasing shall also be deemed financial credit;

i) “trading in foreign exchange assets” shall mean the provision of services to third parties the subject of which is the purchase or sale of foreign exchange assets for own account or for account of another person, and the intermediation or any other procurement of such a purchase or sale, including the acceptance and passing on of instructions for execution or provision thereof; exchange of foreign exchange assets shall also be deemed trade in foreign exchange assets; repayment of a financial credit in a currency other than that in which it was extended or accepted shall not be deemed exchange of foreign exchange assets, provided the agreement is made in writing;

j) for fulfilment of the reporting duty, “direct investment” shall mean the use of funds or other ownership rights appreciable in money and other assets to establish, acquire or enlarge lasting economic relations of an investing resident or residents as persons acting in concert in a business abroad or of an investing non-resident or non-residents as persons acting in concert in a business in the Czech Republic, particularly in one of the following forms:

1. the establishment or acquisition of an exclusive share in a business, including any enlargement thereof,

2. a participation in a new or existing business where the investor owns or acquires a holding of 10% or more of the registered capital of a trading company or co-operative or 10% or more of the equity capital of a company or 10% or more of the voting rights or any other share in excess of 10% in the business of a company,

3. any other provision or acceptance of funds or other assets or ownership rights appreciable in money as part of economic relations established by direct investment,

4. a financial credit associated with a profit distribution agreement or with the exercise of a significant influence over the management of the business,

5. the use of profits from an existing direct investment in the same investment (reinvestment of earnings);

k) “foreign exchange authorities” shall mean the Ministry of Finance and the Czech National Bank;

l) “foreign exchange entity” shall mean:

1. a bank having its registered address in the Czech Republic or a foreign bank branch which, within the scope of its banking licence granted pursuant to a special legislative act<sup>3)</sup>, is authorised to trade in foreign exchange assets or make cross-border payments<sup>4)</sup>,

2. an entity which, pursuant to this Act, has been granted a foreign exchange licence to trade in foreign exchange assets or to provide money services,

3. an entity which, pursuant to a special legislative act<sup>5)</sup>, has been granted a licence and issued with a licensing certificate for bureau-de-change activities;

4. an entity which is authorised to trade in foreign exchange assets or make cross-border payments on the basis of the single licence principle<sup>16)</sup>.

m) “providing money services” shall mean the intermediation of payments and transfers to other countries and the receipt of payments and transfers from other countries.

## Article 2

### Division of responsibilities between the foreign exchange authorities

(1) The Ministry of Finance and the Czech National Bank shall execute state administration pursuant to this Act.

(2) The Ministry of Finance shall exercise its responsibilities pursuant to this Act in respect of the organisational bodies of the state, regional and local authorities and state funds, and in respect of all persons in the area of credits provided to or accepted by the Czech Republic.

(3) The Czech National Bank shall exercise its responsibilities pursuant to this Act in respect of other residents and in respect of non-residents.

## Article 3

### Foreign exchange licences

(1) Save as otherwise provided in this Act or in a special legislative act, the Czech National Bank shall grant to a foreign exchange entity which does not carry on activities on the basis of a banking or single licence pursuant to a special legislative act<sup>16)</sup> a foreign exchange licence to trade in foreign exchange assets or to provide money services, provided this activity is a business activity<sup>6)</sup>.

(2) The foreign exchange licence shall be granted upon request. The foreign

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<sup>3)</sup> Part Two of Act No. 21/1992 Coll., on Banks, as amended.

<sup>4)</sup> Article 1(3)(c) of Act No. 21/1992 Coll.

<sup>5)</sup> Act No. 455/1991 Coll., on Trade and Entrepreneurial Activities (the Trades Licensing Act), as amended.

<sup>6)</sup> Article 2(1) of Act No. 513/1991 Coll.

exchange licence may not be transferred to another person nor passed on to a legal successor.

(3) When deciding on the foreign exchange licence application, the Czech National Bank shall take into consideration the technical, organisational and financial prerequisites of the applicant and the competence and integrity of the persons performing managerial functions and the persons trading in foreign exchange assets and providing money services and the integrity of the persons who are founders or partners of the applicant and members of its statutory body and supervisory board. For the purposes of this Act, any person who has been lawfully convicted of a wilful criminal offence or a negligent criminal offence of a property nature shall not be deemed a person with integrity. Integrity shall be demonstrated using an extract from the Criminal Register not more than one month old. An appeal against the decision of the Czech National Bank may be lodged with the Bank Board of the Czech National Bank.

(4) In the case of bureau-de-change activities<sup>6a)</sup>, the opinion of the Czech National Bank issued pursuant to a special legislative act<sup>5)</sup> shall substitute for the foreign exchange licence. The Czech National Bank may also grant a legal entity a foreign exchange licence to sell foreign currency in exchange for Czech currency, provided it has been carrying on bureau-de-change activities in compliance with the legal regulations for at least 12 months continuously prior to submitting its foreign exchange licence application.

(5) The foreign exchange licence shall stipulate the scope of authorisation, the period for which it has been granted and the terms and conditions which the person to whom the foreign exchange licence has been granted is obliged to observe.

(6) Any person with neither the required scope stipulated in its banking or single licence<sup>3)</sup> nor a foreign exchange licence or a permit to carry on activities pursuant to a special legislative act<sup>7)</sup> shall not offer trading in foreign exchange assets or provision of money services. Intermediation of payments and transfers to other countries or receipt of payments and transfers from other countries may be carried on as a business activity only by a person that has been granted a foreign exchange licence for the provision of money services

(7) The Czech National Bank shall keep a list of foreign exchange entities and of the foreign exchange licences granted to them in compliance with the law regulating public information systems. The Czech National Bank shall publish the list in a manner allowing remote access. The list shall contain the following information:

- a) in the case of a foreign exchange entity: its commercial name, its registered address or place of business and its identification number,
- b) in the case of a foreign exchange licence: the scope of authorisation and the period for which it has been granted.

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<sup>6a)</sup> Article 1(3)(o) of Act No. 21/1992 Coll.

<sup>7)</sup> Act No. 591/1992 Coll., on Securities, as amended.

PART TWO  
RIGHTS AND DUTIES OF RESIDENTS AND NON-RESIDENTS

Article 4  
Rights of residents and non-residents

(1) Save as otherwise provided in this Act or in a special legislative act, a resident may enter into a contract with a non-resident and meet the commitments arising from these relations in Czech or foreign currency.

(2) Save as otherwise provided in this Act or in a special legislative act, a resident may acquire foreign exchange assets, acquire property abroad, and import and export Czech and foreign currency.

(3) Save as otherwise provided in this Act or in a special legislative act, a non-resident may in the Czech Republic buy funds in foreign currency in exchange for Czech currency and vice versa, acquire other foreign exchange assets, acquire real estate, and import and export Czech and foreign currency.

Article 5  
Reporting duty

(1) For the purposes of compilation of the balance of payments of the Czech Republic in compliance with the obligations arising from its membership of international organisations, a resident shall report the following information within the scope, for the period, within the time limits and in the manner prescribed by Czech National Bank decree or upon the request of a foreign exchange authority:

- a) financial claims and liabilities against residents abroad and against non-residents,
- b) direct investments, financial credits, securities and associated collections, payments and transfers vis-à-vis residents abroad and non-residents, and financial market operations, including operations performed via non-residents,
- c) the establishment of and balances on accounts or other forms of deposit abroad, including the entrusting of money for depositing on an account abroad.

(2) In addition to the information referred to in paragraph 1, a resident shall, upon the request of a foreign exchange authority, report information concerning foreign-trade-related transactions.

(3) A non-resident doing business in the Czech Republic shall fulfil the reporting duty pursuant to paragraphs 1 and 2 insofar as the information reported relates to his business activities<sup>6)</sup> in the Czech Republic.

(4) The central depository and other entities entitled to keep records of investment instruments, unless this duty is fulfilled for them by the central depository, and additionally securities traders, shall, upon the request of the Czech National Bank, report aggregate data regarding the securities which they register or have in custody or administration or which are deposited with them, broken down by the country of registered address or residence of the owner, the country of registered address or residence of the issuer, the type of the security, its maturity where relevant, the industrial classification of economic activities<sup>7a)</sup> of the issuer of the security and, in the case of foreign securities, the industrial classification of economic activities of the owner of the security.

(5) The reporting duty pursuant to paragraphs 1–4 shall be fulfilled in respect of a foreign exchange authority directly or, if so provided by decree of the Czech National Bank, through a foreign exchange entity.

(6) The foreign exchange entities through which the reporting duty is fulfilled shall pass the reported information on to a foreign exchange authority in the manner stipulated by decree of the Czech National Bank.

(7) Foreign exchange entities shall treat any information acquired within the framework of the reporting duty in such a manner as to prevent its misuse.

Article 6  
Cancelled

Article 7  
Other duties

(1) Save as otherwise provided in a special permit (Article 32(1) and (2)) of a foreign exchange authority, cross-border payments and transfers may be executed directly only through foreign exchange entities having a banking or single licence with the required scope of activities or a foreign exchange licence with the required scope of activities.

(2) Residents and non-residents shall submit to a foreign exchange entity a special permit (Article 32(1) and (2)), if required under this Act, and, upon request, documents proving the purpose of the payment or transfer requested

(3) At the request of a foreign exchange entity, residents and non-residents shall specify the purpose of a payment or transfer from abroad if the purpose has not been stated.

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<sup>7a)</sup> Regulation introducing the Industrial Classification of Economic Activities, promulgated in Volume 77/1993 Coll.  
Regulation updating the Industrial Classification of Economic Activities, promulgated in Volume 83/1995 Coll.  
Regulation updating the Industrial Classification of Economic Activities, promulgated in Volume 80/1998 Coll.

Article 8  
Rights and duties of foreign exchange entities

(1) Prior to executing a particular payment or transfer, a foreign exchange entity shall require submission of a special permit (Article 32(1) and (2)), if required under this Act.

(2) Prior to executing a particular payment or transfer, a foreign exchange entity shall be entitled to require submission of documents proving the purpose of the payment or transfer requested.

(3) A foreign exchange entity shall be entitled to ask the recipient of a payment or transfer from abroad to specify the purpose thereof, if the purpose has not been stated.

(4) A foreign exchange entity may only execute operations which comply with the Foreign Exchange Act, the legal regulations implementing this Act, the international agreements binding on the Czech Republic and regulating the relations governed by this Act in a manner different from this Act, foreign exchange licences, licensing certificates for bureau-de-change activities issued under a special legislative act<sup>5)</sup> and special permits (Article 32(1) and (2)) (hereinafter referred to as the “foreign exchange regulations”).

(5) A foreign exchange entity shall, at the earliest opportunity, notify the relevant foreign exchange authority of any breach of the foreign exchange regulations or any suspicion of a breach thereof.

(6) The Czech National Bank shall set forth by decree the procedure for foreign exchange entities when making cross-border payments and transfers and payments and transfers in respect of non-residents.

Article 9  
Trading in foreign exchange assets

(1) Save as otherwise provided in this Act, only foreign exchange entities may, within the scope stipulated by the banking or single licence or foreign exchange licence, trade in foreign exchange assets, make cross-border payments and transfers<sup>4)</sup> or provide cross-border money services as a business activity<sup>6)</sup>.

(2) A foreign exchange licence shall not be required for trading in foreign securities. In the case of the business activities of persons authorised to perform certain activities under a special legislative act, a foreign exchange licence shall also not be required for trading in foreign exchange assets, making cross-border payments and transfers or for

providing money services for which they are so authorised.

(3) The Czech National Bank may set forth by decree the essential requirements for a banking licence application; specify what trades in foreign exchange assets shall be executed solely by a legal entity and set a minimum amount for that entity's capital; set forth technical, organisational and financial prerequisites for trading in foreign exchange assets and the competence and integrity of the persons trading in foreign exchange assets; and to lay down the terms and conditions for trading in foreign exchange assets. The decree of the Czech National Bank may also set forth the procedure for foreign exchange entities for handling counterfeit and altered money in Czech and foreign currency.

Article 10  
Cancelled

Article 11  
Cancelled

Article 12  
Cancelled

Article 13  
Cancelled

Article 14  
Cancelled

Article 15  
Cancelled

Article 16  
Cancelled

Article 17  
Acquiring real estate in the Czech Republic

(1) Land that forms part of, or belongs to, the agricultural land fund<sup>10</sup> and land set aside as woodland<sup>11</sup> (hereinafter “agricultural land”) may be acquired by:

- a) residents, with the exception of persons specified under letter c),
- b) non-residents who are citizens of the Czech Republic,
- c) non-residents with a residence permit for a citizen of a Member State of the European Communities<sup>12</sup> if they are registered as agricultural entrepreneurs at the relevant municipal authority of a municipality in the Czech Republic with extended competence pursuant to a special Act<sup>13</sup> and have been permanently resident for at least 3 years,
- d) other non-residents only:
  1. by inheritance,
  2. for the diplomatic representation of another state, on condition of reciprocity,
  3. if the real estate concerned is held as joint property together with a spouse who is a Czech citizen or resident,
  4. from a relative in the direct line of descent, a sibling or a spouse,
  5. in exchange for other agricultural real estate in the Czech Republic whose price determined pursuant to a special legal regulation<sup>13a</sup> does not exceed the price of the original agricultural real estate determined pursuant to a special legal regulation<sup>13a</sup>,
  6. on the basis of a pre-emptive right on the grounds of co-ownership of the real estate,
  7. if the real estate concerned is agricultural land that forms a functional whole together with a building owned by the non-resident, or
  8. where expressly provided for by a special legislative act<sup>13b</sup>.

(2) Other real estate not listed in Article 17(1) may be acquired by:

- a) residents,
- b) non-residents who are citizens of the Czech Republic,
- c) non-residents with a residence permit for a citizen of a Member State of the European Communities<sup>12</sup>,
- d) non-resident legal entities which have a business, or an organisational unit thereof, in the Czech Republic and which are authorised to do business<sup>13c</sup> in the Czech Republic,
- e) other non-residents only:
  1. by inheritance,
  2. for the diplomatic representation of another state, on condition of reciprocity,

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<sup>10</sup> Article 1(2) and (3) of Act No. 334/1992 Coll., on the Protection of the Agricultural Land Fund.

<sup>11</sup> Article 3(1) of Act No. 289/1995 Coll., on Forests and on the Amendment of Certain Acts (The Forestry Act).

<sup>12</sup> Chapter IVa, Parts 1 and 2, of Act No. 326/1999 Coll., on the Residence of Aliens in the Czech Republic and on the Amendment of Certain Acts, as amended by Act No. 217/2002 Coll. and Act No. 222/2003 Coll.

<sup>13</sup> Article 2f of Act No. 252/1997 Coll., on Agriculture, as amended by Act No. 85/2004 Coll.

<sup>13a</sup> Act No. 151/1997 Coll., on Property Valuation and on the Amendment of Certain Acts (Property Valuation Act), as amended by Act No.121/2000 Coll.

<sup>12</sup> Chapter IVa, Parts 1 and 2, of Act No. 326/1999 Coll., on the Residence of Aliens in the Czech Republic and on the Amendment of Certain Acts, as amended by Act No. 217/2002 Coll. and Act No. 222/2003 Coll.

3. if the real estate concerned is held as joint property together with a spouse who is a Czech citizen or resident,
4. from a relative in the direct line of descent, a sibling or a spouse,
5. in exchange for other agricultural real estate in the Czech Republic whose price determined pursuant to a special legal regulation<sup>13a</sup> does not exceed the price of the original agricultural real estate determined pursuant to a special legal regulation<sup>13a</sup>,
6. on the basis of a pre-emptive right on the grounds of co-ownership of the real estate,
7. if the real estate concerned is a construction built by the non-resident on his/her own land,
8. if the real estate concerned is agricultural land that forms a functional whole together with a building owned by the non-resident, or
9. where expressly provided for by a special legislative act<sup>13b</sup>.

Article 18  
Cancelled

Article 19  
Cancelled

### PART THREE

#### FOREIGN EXCHANGE INSPECTIONS

Article 20  
Inspection bodies

(1) As part of its responsibilities, a foreign exchange authority shall inspect adherence to the foreign exchange regulations. In this connection, the foreign exchange authority shall be entitled to require the necessary co-operation of the persons being inspected, and in particular the submission of the requisite documents and explanations.

(2) When an on-site foreign exchange inspection is carried out, the relations between the foreign exchange authority and the persons being inspected shall be governed by the basic rules of inspection activity set forth in a special legislative act<sup>14</sup>, save as otherwise provided in this Act.

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<sup>13a</sup> Act No. 151/1997 Coll., on Property Valuation and on the Amendment of Certain Acts (Property Valuation Act), as amended by Act No.121/2000 Coll.

<sup>13b</sup> e.g. Act No. 403/1990 Coll., on Mitigating the Consequences of Certain Property Injustices, as amended; Act No. 427/1990 Coll., on Transfers of State Ownership of Certain Things to Other Legal or Natural Persons, as amended; and Act No. 92/1991 Coll., on the Terms and Conditions for Transferring State Property to Other Persons, as amended.

<sup>13c</sup> Article 21 of the Commercial Code.

<sup>14</sup> Part Three of CNC Act No. 552/1991 Coll., on State Inspection, as amended.

Article 21  
Duties of persons being inspected

In connection with a foreign exchange inspection, the persons being inspected shall provide the foreign exchange authority with the necessary co-operation.

Article 22  
Procedure of the foreign exchange authorities  
upon detecting a breach of the foreign exchange regulations

(1) If a foreign exchange authority finds that a person has breached the foreign exchange regulations (Article 8(4)), it shall set a reasonable time limit for that person to remedy the shortcomings or it shall order termination of the unauthorised activity.

(2) Exceeding the scope of a permit and violating the conditions stipulated in a foreign exchange licence, a licensing certificate for bureau-de-change activities, or a special permit (Article 32(1) and (2)) shall be deemed a breach of the foreign exchange regulations.

(3) Depending on the gravity and nature of the breach of the foreign exchange regulations, the foreign exchange authority shall, in administrative proceedings:

- a) restrict, suspend or revoke the foreign exchange licence,
- b) impose a fine, even if the shortcomings are remedied within the set time limit.

(4) Should a foreign exchange authority detect a breach of the foreign exchange regulations in the carrying on of bureau-de-change activity, it may propose the suspension or cancellation of the licensing certificate for bureau-de-change activities

(5) A fine may also be imposed simultaneously with the procedure pursuant to paragraphs 1, 3(a) and 4. In cases of a minor breach of the foreign exchange regulations and in extenuating circumstances, the foreign exchange authority may refrain from imposing a fine.

(6) An appeal may be filed against the decision of a foreign exchange authority pursuant to paragraph 3. An appeal filed against a decision pursuant to paragraph 3(a) shall have no suspensory effect.

(7) Upon detecting a breach of the foreign exchange regulations by a bank, the Czech National Bank shall proceed in compliance with a special legislative act<sup>16)</sup>.

Fines

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<sup>16)</sup> Act No. 21/1992 Coll.

## Article 23

(1) A foreign exchange authority shall impose on a person that breaches the foreign exchange regulations a fine pursuant to Article 22(3)(b) as follows:

a) when that person fails to comply with the reporting duty, including the stating of false or incomplete data, or fails to comply with the duty to co-operate with the foreign exchange authority during a foreign exchange inspection: a fine of up to CZK 1 million,

b) when that person fails to comply with the deposit duty: a fine of up to 0.3% of the amount of the mandatory deposit for each calendar day of non-compliance with the deposit duty,

c) where that person fails to implement the remedial measures imposed pursuant to this Act within the set time limit: a fine of up to CZK 1 million,

d) in the case of other activities in breach of the foreign exchange regulations: a fine of up to 50% of the amount to which the unauthorised activities relate,

e) in the case of activities in breach of the foreign exchange regulations where the amount to which the unauthorised activities relate cannot be determined: a fine of up to CZK 50 million .

(2) Where there is a simultaneous breach of more than one of the foreign exchange regulations pursuant to letters a) to e), a fine may be imposed separately for each breach of the foreign exchange regulations. This may be done in a single decision.

(3) Administrative proceedings for a breach of the foreign exchange regulations pursuant to Article 22(3) may be commenced up to one year from the date on which the breach of the foreign exchange regulations was detected, but no later than five years from the date on which the foreign exchange regulations were breached.

(4) The amount of the fine shall reflect in particular the degree, manner and duration of the breach of the foreign exchange regulations.

## Article 24

(1) The fine pursuant to Article 22(3)(b) shall be a state budget revenue and shall be payable within 30 days of the date on which the decision to impose the fine takes effect.

(2) The fine, when payable, shall be exacted by the foreign exchange authority which imposed it and shall be enforced by a revenue authority.<sup>17)</sup>

## Article 25 Cancelled

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<sup>17)</sup> CNC Act No. 337/1992 Coll., on the Administration of Taxes and Fees, as amended.

Article 26  
Cancelled

Article 27  
Cancelled

Article 28  
Cancelled

Article 29  
Cancelled

PART FOUR  
Cancelled

PART FIVE

JOINT, DELEGATING,  
TRANSITIONAL AND FINAL PROVISIONS

Article 30

(1) When exercising its responsibilities pursuant to this Act, a foreign exchange authority shall be governed by the Administrative Procedure Code<sup>18)</sup>, with the exception referred to in Article 3(3) and Article 22(6).

(2) Administrative proceedings shall not apply to the procedure pursuant to Article 22(1) and (4).

Article 31  
Relationship to international treaties

The provisions of this Act shall apply only insofar as an international treaty binding on the Czech Republic does not provide otherwise.

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<sup>18)</sup> Act No. 71/1967., on Administrative Proceedings

## Measures for serious economic and financial difficulties

### Article 31a Deposit duty

(1) The deposit duty is the duty of persons to maintain, for a specific period on a special account with a bank in the Czech Republic, a prescribed percentage of the volume of funds:

- a) from the interbank deposits of foreign banks with banks in the Czech Republic,
- b) from the deposits of non-bank non-residents with banks in the Czech Republic,
- c) from financial credits accepted by a resident from a non-resident,
- d) acquired from the issuance of domestic bonds and other domestic securities issued abroad to which the right to a cash settlement is attached.

(2) The deposit duty may be imposed only in the case of unfavourable development of the balance of payments, where, owing to a persistent excessive inflow of capital, there arises the danger of a widening of the overall imbalance which might lead to serious economic and financial difficulties and to a threat to the stability of the currency, and which cannot be warded off effectively by means of the usual instruments of monetary policy.

(3) While the deposit duty is in effect, the persons to whom the deposit duty relates may not dispose freely of the funds deposited on the special account and may not transfer their right to payment thereof to another person.

(4) The Czech National Bank and the Ministry of Finance shall set by decree the scope and duration of the deposit duty, the persons exempted from the deposit duty and the bank with which the special account is to be maintained.

### Article 32

#### A state of emergency in the foreign exchange economy

(1) At a time of a state of emergency in the foreign exchange economy, when the ability to make payments to other countries is directly and seriously jeopardised, it shall be forbidden, unless a foreign exchange authority has granted a special permit:

- a) to acquire foreign exchange assets in exchange for Czech currency,
- b) to make any payments and transfers from the Czech Republic to other countries, including transfers of money between banks and their branch offices,
- c) to deposit funds on accounts abroad.

(2) At a time of a state of emergency in the foreign exchange economy, when the internal monetary balance of the Czech Republic is directly and seriously jeopardised, it shall be forbidden, unless a foreign exchange authority has granted a special permit:

- a) to sell domestic securities to non-residents,
- b) to accept financial credits from non-residents,
- c) to establish in the Czech Republic accounts for non-residents and to deposit money on accounts of non-residents,
- d) to transfer money to the Czech Republic from another country between banks and their branch offices.

(3) The Government may declare a state of emergency in the foreign exchange economy when the balance of payments develops unfavourably and directly and seriously jeopardises the ability to make payments to other countries or the internal monetary balance of the Czech Republic. The state of emergency in the foreign exchange economy shall commence on the date the Government announces it in the media and shall terminate on the date set by the Government when declaring it, but not later than three months from the date it was announced in the media.

(4) When declaring the state of emergency in the foreign exchange economy, the Government shall simultaneously specify whether this is a state of emergency in the foreign exchange economy to which relate the prohibitions referred to in paragraph 1 or in paragraph 2 or in both these paragraphs.

(5) Every person who operates the media, including TV and radio broadcasting, shall, at the Government's request, make public information on the declaration of the state of emergency in the foreign exchange economy and shall do so without any reimbursement of costs, at the earliest opportunity and without making any change to the content and meaning thereof.

(6) For the duration of the state of emergency in the foreign exchange economy, a foreign exchange authority shall grant a special permit pursuant to items 1 and 2 only in the cases of danger to life and health or to the defence and security of the State and the running of its diplomatic services, and for activities which lead to a demonstrable improvement in the balance of payments position. A special permit shall not be required where the Czech Republic or the Czech National Bank is one of the parties to a foreign exchange legal relationship.

### Article 33 Transitional provisions

(1) A foreign exchange permit granted pursuant to the preceding Foreign Exchange Act<sup>19)</sup> shall be deemed a foreign exchange permit pursuant to this Act if, according to the provisions thereof, it continues to be required.

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<sup>19)</sup> Act No. 528/1990 Coll., The Foreign Exchange Act, as amended

(2) The persons referred to in Article 1(m)(2) or (3) carrying on activities on the basis of a foreign exchange permit pursuant to the preceding Foreign Exchange Act must ask a foreign exchange authority to issue a foreign exchange licence pursuant to this Act not later than one year from its entry into force, otherwise the foreign exchange permit or the authorisation to carry on the activities shall expire upon the lapse of this period.

(3) Proceedings commenced in the matter of unauthorised activities pursuant to the preceding regulations which are not unauthorised activities pursuant to this Act shall terminate on the date this Act enters into force.

(4) Activities carried on in contravention of the preceding Foreign Exchange Act and which are also unauthorised pursuant to this Act shall be subject to sanctions in accordance with the preceding regulations, with the exception referred to in paragraph 5. Proceedings dealing with these activities commenced prior to the entry into force of this Act shall be concluded in accordance with the preceding regulations, with the exception referred to in paragraph 5.

(5) Persons who committed a foreign exchange offence under the preceding Foreign Exchange Act may not be prosecuted after the preceding Act ceases to be effective. Proceedings in the matter of foreign exchange offences under the preceding Act which have not been concluded with a final decision shall terminate on the date this Act enters into force.

#### Article 34 Repealing provisions

The following legal rules are hereby repealed:

1. Act No. 528/1990 Coll., The Foreign Exchange Act, as amended by Act No. 228/1992 Coll., Act No. 264/1992 Coll. and Act No. 82/1995 Coll.,
2. Decree of the Federal Ministry of Finance and the State Bank of Czechoslovakia No. 303/1992 Coll., Implementing the Foreign Exchange Act, as amended by Decree No. 169/1994 Coll.,
3. Czech National Bank Provision No. 282/1993 Coll., Stipulating the Terms of Certain Trades in Foreign Exchange Assets Carried Out by Banks,
4. Provision of the State Bank of Czechoslovakia of 1 October 1992, Stipulating Procedures of Foreign Exchange Residents-Legal Entities When Accepting Payments in Foreign Exchange Cash in the Area of Registration and Reporting, promulgated in Volume 103 Coll.

#### Article 35 Effect

This Act shall enter into force on 1 October 1995.

**Notes**

- 1) Act No. 159/2000 Coll. entered into force on 1 August 2000.
- 2) Act No. 362/2000 Coll. entered into force on 1 January 2001.
- 3) Act No. 482/2001 Coll. entered into force on 1 January 2002.

Part II of Act No. 482/2000 Coll. repealed:

1. Government Order No. 129/1998 Coll., Stipulating Further Cases Where a Foreign Exchange Permit Is Not Required.
2. Government Order No. 169/2000 Coll., amending Government Order No.129/1998 Coll., Stipulating Further Cases Where a Foreign Exchange Permit Is Not Required.
- 4) Act No. 257/2004 Coll. entered into force on the same day as the Treaty on the Accession of the Czech Republic to the European Union (1 May 2004).
- 5) The amendment to the Foreign Exchange Act by means of Act No. 354/2004 Coll. entered into force on the same day as the Treaty on the Accession of the Czech Republic to the European Union (1 May 2004).