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COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

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Report on Fourth Assessment Visit

Anti-Money Laundering and Combating the Financing of Terrorism

Annexes

BOSNIA and HERZEGOVINA

17 September 2015

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LIST OF ANNEXES

ANNEX I - DETAILS OF ALL BODIES MET ON THE ON-SITE MISSION - MINISTRIES, OTHER GOVERNMENT AUTHORITIES OR BODIES, PRIVATE SECTOR REPRESENTATIVES AND OTHERS

Bosnia and Herzegovina - Level of Institutions of BiH:

Ministries and other Government Authorities

Ministry of Justice
Indirect Tax Administration

Investigation and Law Enforcement Bodies and Public Prosecutor' Office

Ministry of Security
High Judicial and Prosecutorial Council
Prosecutor's Office
Security Intelligence Agency
State Investigation and Protection Agency (SIPA)
Financial Intelligence Department (FID)
Border Police
Anti-corruption Agency

Financial Sector Bodies

Central Bank of BiH
Insurance Agency of BiH

Other Government Bodies

Court of BiH (first instance and appeal judges)
Cantonal Court of Sarajevo

Private Sector Representatives and Associations

Association of Banks and Compliance Officers
Representatives from two banks in Sarajevo, BiH
Representative form Casino in Sarajevo

Federation of Bosnia and Herzegovina:

Ministries and other Government Authorities

Ministry of Justice
Ministry of Finance
Tax Administration

Investigation and Law Enforcement Bodies and Public Prosecutor' Office

Prosecutor's Office
Financial Police
Ministry of Interior

Other Government Bodies

Courts and judges from the different levels

Financial Sector Bodies

Securities Commission

Insurance Agency

Private Sector Representatives and Associations
Representatives from Brokerage houses, Leasing companies, Microcredit Organisations

Republic of Srpska:

Ministries and other Government Authorities
Ministry of Justice RS
Ministry of Finance of RS
Tax Administration
Foreign Exchange Inspectorate of RS
Administration for Games of Chance

Investigation and Law Enforcement Bodies and Public Prosecutor' Office
Ministry of Interior RS
Agency for Management of Seized and Confiscated Assets
Prosecutor's Office of RS

Financial Sector Bodies
Securities Commission of RS
Insurance Agency of RS
Banking Agency of RS
Post Office Sarajevo, Post Office Mostar

Other Government Bodies
Judges from different levels of RS

Private Sector Representatives and Associations
Representatives from Brokerage houses, Leasing companies, Microcredit Organisations
Representatives from two banks in Banja Luka
Representatives from Money Exchange Offices

Brčko District:

Registration Department of the Brčko District Court
Prosecutor's Office of Brčko District
Judges from different levels of Brčko District
Securities Commission of Brčko District
Brčko District Finance Directorate
Tax Administration of Brčko District

ANNEX II - DESIGNATED CATEGORIES OF OFFENCES BASED ON THE FATF METHODOLOGY AND CONVENTION OFFENCES

Designated categories of offences based on the FATF Methodology	Offence in domestic legislation
Participation in an organised criminal group and racketeering	Associating for the Purpose of Perpetrating Criminal Offences, Article 249 and Organised crime, Article 250 of CC-BiH.
Terrorism, including terrorist financing	Criminal offences of Terrorism, Article 201 and related offences in Articles 197-198 (Hijacking an Aircraft or a Ship or Seizing a Fixed Platform - Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), Funding of Terrorist Activities, Article 202 of CC-BiH.
Trafficking in human beings and migrant smuggling Sexual exploitation of children	Establishment of Slavery and Transport of Slaves, Article 185, Trafficking in persons, Article 186, International Procuring in Prostitution, Article 187 and Smuggling of Persons, Article 189 of CC-BiH.
Illicit trafficking in narcotic drugs and psychotropic substances	Illicit Trafficking in Narcotic Drugs, Article 195 of CC-BiH.
Illicit arms trafficking	Illicit Trafficking in Arms and Military Equipment *and Products of Dual Use,* Article 193 and *Forbidden Arms and Other Means of Combat, Article 193a* of CC-BiH.
Illicit trafficking in stolen and other goods	Illicit Trade, Article 212 of CC-BiH.
Corruption and bribery	Accepting Gifts and Other Forms of Benefits, Article 217, Giving Gifts and Other Forms of Benefits, Article 218, Illegal Interceding, Article 219, Abuse of Office or Official Authority, Article 220 of CC-BiH.
Fraud	Only punishable pursuant to the Criminal Codes of both Entities and Brčko District.
Counterfeiting currency	Counterfeiting of Money, Article 205 of CC-BiH.
Counterfeiting and piracy of products	Breaches of Copyrights, Article 242, Impermissible Use of Copyrights, Article 243, Illegal Use of the Sound Recording Producers Rights, Article 244 of CC-BiH.
Environmental crime	Only punishable pursuant to the Criminal Codes of both Entities and Brčko District.

Murder, grievous bodily injury	Only punishable pursuant to the Criminal Codes of both Entities and Brčko District.
Kidnapping, illegal restraint and hostage-taking	Unlawful Deprivation of Freedom, Article 147, Kidnapping of a Representative of the Highest Institutions of Bosnia and Herzegovina, Article 168, Taking of Hostages, Article 191 and Endangering Internationally Protected Persons, Article 192 of CC-BiH.
Robbery or theft	Only punishable pursuant to the Criminal Codes of both Entities and Brčko District.
Smuggling	Smuggling of Goods, Article 214 and Organising a Group or Association for Smuggling or Distribution of Goods on Which Duties Were Not Paid, Article 215 of CC-BiH.
Extortion	Only punishable pursuant to the Criminal Codes of both Entities and Brčko District
Forgery	Counterfeiting of Securities, Article 206 and Forging of Official Document, Article 226 of CC-BiH.
Piracy	Piracy, Article 196 of CC-BiH.
Insider trading and market manipulation	Criminalised at the level of the entities and Brčko District.

Republic of Srpska and Brčko District BiH

Marked categories of criminal offences based on the FATF methodology	**Criminal offence in domestic legislation**	
	Republic of Srpska	**Brčko District**
Participation in an organised criminal group and racketeering;	Criminal association (Article 383) Organised crime (Article 383.a) Extortion (Article 242)	Organised crime Article 336 Criminal Code BD BiH;
Terrorism, including terrorist financing	Terrorism (Article 299)	Terrorism Article 198 CC BD BiH, Financing of terrorist activities 199 CC BD BiH;
Trafficking in human beings and migrant smuggling; Sexual exploitation, including sexual exploitation of children;	Trafficking in human beings Article 198a, People smuggling Article 189. (CC BiH) Enticing prostitution	Trafficking in human beings Article 207a CC BD BiH; Enticing prostitution Article 207 CC BD BiH;

	Article 198 Trafficking in minors Article 198b	
Illicit trafficking in narcotic drugs and psychotropic substances;	Illicit production and trade in narcotic drugs Article 224	Illicit production and marketing of narcotic drugs Article 232 CC BD BiH;
Illicit arms trafficking	Illicit production and trade in arms or explosive material Article 399	Illicit possession of arms or explosive materials Article 365 CC BD BiH;
Illicit trafficking in stolen and other goods	Concealment Article 246	Concealment Article 294 CC BD BiH
Corruption and bribery	Accepting bribes Article 351. Giving bribes Article 352.	Accepting gifts and other forms of benefit Article 374, Giving gifts and other forms of benefit Article 375;
Fraud	Fraud Article 239.	Fraud Article 288 CC BD BiH
Counterfeiting currency	Counterfeiting currency Article 205 (CC BiH)	Counterfeiting currency Article 205 CC BiH
Counterfeiting and piracy of products	Falsifying marks for labelling goods, measures and weights Article 279 Falsifying marks for value Article 277 Deceiving customers Article 282	Unauthorized use of other people's models and patterns Article 257 CC BD BiH;
Environmental crime	Environmental pollution Article 415	Chapter XXVI Criminal offences against the environment, agriculture and natural resources (from Article 297 to Article 316)
Murder, grievous bodily injury	Murder Article 148, Grievous bodily injury Article 156	Murder, grievous bodily injuries – Murder Article 163 CC BD BiH, Grievous bodily injury Article 169 CC BD BiH

Kidnapping, illegal restraint and hostage-taking	Kidnapping Article 165, Illegal restraint Article 166, Hostage-taking, Article 300	Kidnapping Article 177 CC BD BiH
Robbery or theft;	Robbery Article 233	Robbery Article 280 CC BD BiH;
Smuggling	Smuggling Article 214 CC BiH	Article 214 CC BiH
Extortion	Extortion (Article 242.)	Extortion Article 289 CC BD BiH;
Forgery	Forgery of documents Article 377.	Falsifying – Forgery of documents Article 367 CC BD BiH;
Piracy	Criminal offences against the security of computer data (from Article 292a to 292 e)	Illicit use of copyrights Article 243 CC BiH
Insider trading and market manipulation	Creating a monopolistic position on the market Article 257. Disclosure and use of stock exchange secrets Article 270	Violation of equality in conduct of business activities Article 204 CC BiH;

Status of Implementation of the Vienna Convention, the Palermo Convention and the UN International Convention for the Suppression of the Financing of Terrorism

Implementation of the Vienna Convention

Provisions of the Vienna Convention	**Legislative acts and regulations that cover requirements of the Vienna Convention**
Article 3 (Offences and Sanctions)	
Article 4 (Jurisdiction)	
Article 5 (Confiscation) with regard to confiscation of proceeds derived from offences involving illicit trafficking of narcotic drugs or psychotropic substances; with regard to seizure of property (assets); with regard to rendering mutual legal assistance.	
Article 6 (Extradition)	
Article 7 (Mutual Legal Assistance)	
Article 8 (Transfer of Proceedings)	
Article 9 (Other Forms of Cooperation and Training)	
Article 10 (International Cooperation and Assistance for Transit States)	
Article 11 (Controlled Delivery)	
Article 15 (Commercial Carriers)	
Article 17 (Illicit Traffic by Sea)	
Article 19 (The Use of the Mails)	

Implementation of the Palermo Convention

Provisions of the Palermo Convention	Legislative acts and regulations that cover requirements of the Palermo Convention
Article 5 (Criminalization of Participation in an Organized Criminal Group)	
Article 6 (Criminalization of the Laundering of Proceeds of Crime)	
Article 7 (Measures to Combat Money-Laundering)	
Article 10 (Liability of Legal Persons)	
Article 11 (Prosecution, Adjudication and Sanctions)	
Article 12 (Confiscation and Seizure)	
Article 13 (International Cooperation for Purposes of Confiscation)	
Article 14 (Disposal of Confiscated Proceeds of Crime or Property)	
Article 15 (Jurisdiction)	
Article 16 (Extradition)	
Article 18 (Mutual Legal Assistance)	
Article 19 (Joint Investigations)	
Article 20 (Special Investigative Techniques)	
Article 24 (Protection of Witnesses)	
Article 25 (Assistance to and Protection of Victims)	
Article 26 (Measures to Enhance Cooperation with Law Enforcement Authorities)	
Article 27 (Law Enforcement Cooperation)	
Article 29 (Training and Technical Assistance)	
Article 30 (Other Measures: Implementation of the Convention through Economic Development and Technical Assistance)	
Article 31 (Prevention)	
Article 34 (Implementation of the Convention)	

Implementation of the UN International Convention for the Suppression of the Financing of Terrorism

Provisions of the UN International Convention for the Suppression of the Financing of Terrorism	Legislative acts and regulations that cover requirements of the UN International Convention for the Suppression of the Financing of Terrorism
Article 2	
Article 3	
Article 4	
Article 5	
Article 6	

Status of Implementation of the UN Security Council Resolutions
Resolution 1267 (1999)

Provisions of the Resolution 1267 (1999)	Legislative acts and regulations that cover requirements of the Resolution 1267 (1999)
subparagraph "a" of paragraph 4	
subparagraph "b" of paragraph 4	Decision on the implementation of restrictive measures determined by resolutions VSUN 1267 and others towards members of Al Qaeda, Osama bin Laden, the Taliban and others connected to them (Official Gazette BiH 103/11 www.msb.gov.ba) Article 5 and Article 10

Resolution 1333 (2000)

Provisions of the Resolution 1333 (2000)	Legislative acts and regulations that cover requirements of the Resolution 1333 (2000)
subparagraphs "a", "b", and "c" of paragraph 5	Decision Article 7 and Article 10
subparagraphs "a", "b", and "c" of paragraph 7	
subparagraphs "a", "b" and "c" of paragraph 8	Decision Article 5 and Article 10
subparagraphs "a" and "b" of paragraph 10	
subparagraphs "a" and "b" of paragraph 11	
subparagraphs "a" and "b" of paragraph 14	

Resolution 1373 (2001)

Provisions of the Resolution 1373 (2001)	Legislative acts and regulations that cover requirements of the Resolution 1373 (2001)
subparagraphs "a", "b" and "c" of paragraph 1	
Paragraph 2	

Resolution 1390 (2002)

Provisions of the Resolution 1390 (2002)	Legislative acts and regulations that cover requirements of the Resolution 1390 (2002)
subparagraphs “a”, “b” and “c” of paragraph 2	Decision Article 5, 6 7 I 10

Resolution 1455 (2003)

Provisions of the Resolution 1455 (2003)	Legislative acts and regulations that cover requirements of the Resolution 1455 (2003)
paragraph 1	
paragraph 5	
paragraph 6	

Resolution 1526 (2004)

Provisions of the Resolution 1526 (2004)	Legislative acts and regulations that cover requirements of the Resolution 1526 (2004)
paragraph 4	Decision Article 5 and 10
paragraph 5	
Paragraph 17	Decision Article 11 and Article 10. Guidelines published on www.msb.gov.ba
paragraph 22	

ANNEX III - ANTI MONEY LAUNDERING AND TERRORIST FINANCING LAW

Pursuant to Article IV.4.a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina, in the 67th session of its House of Representatives, held on 28 May 2014, and the 38th session of its House of Peoples, held on 6 June 2014, adopted the following

LAW
ON PREVENTION OF MONEY LAUNDERING
AND FINANCING TERRORIST ACTIVITIES

CHAPTER I. GENERAL PROVISIONS

Article 1
(Subject matter of the Law)

This Law shall stipulate the following:
a) Measures, activities and procedures in the financial and non-financial sectors, undertaken to prevent and detect money laundering and financing terrorist activities;
b) Liable persons obliged to undertake the measures, steps and activities and to abide by this Law;
c) Supervision of liable persons with regard to the implementation of measures, steps and activities in financial and non-financial operations, undertaken to prevent money laundering and financing terrorist activities;
d) Duties and competences of the Financial-Intelligence Department of the State Investigation and Protection Agency (hereinafter: "the FID");
e) Inter-institutional cooperation of the competent authorities of Bosnia and Herzegovina (hereinafter: "BiH"), the Federation of Bosnia and Herzegovina (hereinafter: "the FBiH"), Republika Srpska (hereinafter: "RS"), the Brčko District of Bosnia and Herzegovina (hereinafter: "the BDBiH") and other levels of the state organisation of Bosnia and Herzegovina in the prevention of money laundering and of financing terrorist activities;
f) International cooperation in the field of prevention of money laundering and financing terrorist activities;
g) Duties, competences and activities of other bodies and legal persons with public authorisations for the prevention of money laundering and of financing terrorist activities in BiH;
h) Other tasks important for developing a system for the prevention of money laundering and financing terrorist activities.

Article 2
(Definitions of money laundering and financing terrorist activities)

For the purposes of this Law, definitions of the following terms shall be established as follows:
a) *Money laundering* shall be understood to mean the following:

1) Conversion or transfer of property, if such property is acquired through criminal activities, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person involved in such activity to evade the legal consequences of actions committed;
2) Concealment or disguise of the true nature, source location, disposition, movement, right to or ownership of property, if such property is acquired through criminal activities or by participating in such activities;
3) Acquisition, possession or use of property originating from criminal activities or by participating in such activities;

4) Participation in or association to commit, attempting to commit or aiding, abetting, facilitating and counselling the commission of any of the actions mentioned;

5) The purpose, knowledge of or intent, required as elements of an act of money laundering, may be concluded on the basis of objective and factual circumstances.

b) *Money laundering* shall also include activities of generating the property being laundered, undertaken in the territory of another state.

c) *The financing of terrorist activities* shall be understood to mean the following:

1) Providing or collecting funds, in any manner, directly or indirectly, with the aim of using them or knowing that they are to be used, in full or in part, for perpetration of terrorist acts by individual terrorists and/or terrorist organizations;

2) Incitement and assistance in providing and collecting property, regardless of whether a terrorist act was committed or whether the property was used for commission of a terrorist act.

d) *Terrorist act* shall be understood to mean one of the following intentional acts which, given its nature or its context, may cause serious damage to a state or international organisation with the aim of seriously intimidating the population or unduly compelling the authorities in Bosnia and Herzegovina, the government of another state or international organization to commit or omit an activity, or with the aim of seriously destabilising or destroying the fundamental political, constitutional, economic or social structures of Bosnia and Herzegovina, another state or international organisation:

1) Attack upon a person's life, which may cause the person's death;

2) Attack upon the physical integrity of a person;

3) Unlawfully confining, keeping confined or in some other manner depriving another person of the freedom of movement, or restricting it in some way, with the aim to force the person or some other person to commit or to omit or to suffer something (kidnapping), or taking hostages;

4) Causing great damage to facilities in Bosnia and Herzegovina, to the government of another state or to public facilities, the transport system, infrastructure facilities, including an information system, a fixed platform located on a continental shelf, in a public place or private property, likely to endanger human life or result in a major economic loss;

5) Hijacking an aircraft, ship or other vehicle for public transport or transport of goods;

6) Manufacture, possession, acquisition, transport, supply, use of or training for the use of weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research into and development of biological and chemical weapons or radioactive material;

7) Releasing harmful substances or causing fire, explosion or floods, the effect of which is to jeopardise human life;

8) Interfering with or disrupting the supply of water, power or any other fundamental natural resource the effect of which is to jeopardise human life;

9) Threatening to perpetrate any of the acts referred to in Items 1) through 8) hereof.

e) *Terrorist* shall be understood to mean a person who individually or with other persons:

1) Directly or indirectly, with the intent, commits or attempts to commit a terrorist act;

2) Incites or assist in perpetration of a terrorist act;

3) With the intent or knowledge of the intent of a group of persons to commit a terrorist act, contributes or keeps contributing to perpetration of a terrorist act.

f) *Terrorist organization* shall be understood to mean an organized group of persons which:

1) Directly or indirectly, with the intent, commits or attempts to commit a terrorist act;

2) Incite or assist in perpetration of a terrorist act or in an attempt to perpetrate a terrorist act;

3) With the intent or knowledge of the intent of a group of persons to commit a terrorist act, contributes or keeps contributing to perpetration of a terrorist act or an attempt to perpetrate a terrorist act.

Article 3
(Definitions of other terms)

For the purposes of this Law, definitions of other terms shall be the following:
a) *Transaction* means any type of receiving, giving, keeping, exchanging, transferring, using or other way of handling money or property by liable persons, including cash transactions;
b) *Suspicious transaction* is each transaction for which a liable person or a competent authority assesses that, with regard to the transaction or a person conducting the transaction, there are grounds for suspicion that criminal offences of money laundering or financing terrorist activities have been committed, or that the transaction involves funds derived from illegal activities;
c) *Cash transaction* is each transaction in which a liable person physically receives or gives cash money from/to a client;
d) *Connected transactions* are two or more transactions originating from or directed to an account or to a legal or natural person, where the amount of individual transactions is below the amount required for identification or reporting according to this Law, but which together exceed the amount referred to in Article 6 hereof and may be considered to be related to each other due to the time span in which they have been made, the recipient or the order-issuer of the transactions, the method of the transactions, the reason for which the transactions have been made or other factors due to which the transactions may be considered connected;
e) *Property* means assets of any kind, whether material or immaterial, in items or in rights, movable or immovable, as well as any legal documents or instruments of any form, including electronic or digital, evidencing title to or property rights over the property, including but not limited to bank loans, traveller's cheques, bank cheques, money orders, shares, securities, bonds, promissory notes and letters of credit;
f) *Reference to value in Convertible Marks (BAM)* means also the equivalent value in any foreign currency according to the official exchange rate in use at the time of the transaction;
g) *Cash* means coins or banknotes representing the legal currency of Bosnia and Herzegovina or any other payment instrument (travellers' cheques, personal cheques, bank cheques, postal remittances or other means of payment in such form that the title thereto passes upon delivery);
h) *Predicate offence* is a criminal offence the commission of which generates the property subject to the criminal offence of money laundering;
i) *Risk of money laundering and of financing terrorist activities* is a risk that client might make use of the financial system or the activity of a liable person for committing criminal offences of money laundering or financing terrorist activities, or that a business relation, transaction, service or product may directly or indirectly be used for the aforementioned criminal offences;
j) *Business relationship* is any business or other contractual relationship established or concluded by a liable person with a client, which is linked to the business activity of the liable person;
k) *Correspondent relationship* is a relationship between a home bank or credit institution and a foreign bank or credit institution or another institution, established once a foreign credit institution opens an account with a home bank or credit institution, as well as once a home bank or credit institution opens an account with a foreign credit institution;
l) *Shell bank* is a foreign credit institution or another institution engaged in the same business, which is registered in a country where it does not perform any activity and is not linked to any financial group which is subject to supervision aimed to detecting and preventing money laundering or financing terrorist activities;
m) *Person providing entrepreneurial services (trust)* is any legal or natural person whose business activity is to provide third parties with the following services:

1) Establishment of a legal person;
2) Perform the duties of the president or a member of the management, or enabling other person to perform the duties of the president or a member of the management, manager or a partner, but without actually performing the managerial function, or without taking the business risk in relation to the capital investment within the legal person whose member or partner the above person formally is;
3) Providing a legal person with a registered seat for the legal person, or renting a business mailing address or administrative address including other related services;

4) Performing duties or enabling another person to perform duties of the manager of an institution, fund or another similar foreign legal person receiving, managing or distributing property assets for certain purposes, excluding companies that manage investment or pension funds;

5) Using or enabling another person to use other person's shares in order to exercise the voting right, except if it concerns a company whose financial instruments are subject to trade in stock markets or other regulated public market, to which, in accordance with the relevant international standards, requests for data publishing apply.

n) *Real owner* of a client is:

1) Real owner of a client and/or natural person on whose behalf the transaction or activity is conducted;

2) Real owner of a business company, or of another legal person, is:

- A natural person who, directly or indirectly, holds 20% or more of business share, stocks, voting right or other rights, based on which it participates in the management of a legal person, or participates in the capital of the legal person with 20% or more share or has a dominant status in property management of the legal person;

- A natural person who indirectly provides or keeps providing funds for a business company and is on this basis entitled to participate in decision making by managerial bodies of the business company on its financing and business dealings.

3) Real owner of a foreign legal person which receives, manages or distributes property for certain purposes is:

- A natural person who directly or indirectly utilizes more than 20% of property managed, provided that the future users are identified;

- A natural person or group of persons in whose interest the legal person is founded or is engaged in business operation, provided that the person or group of persons are identifiable;

- A natural person who directly or indirectly manages more than 20% of the property of a foreign legal person with no limitations.

o) *Non-profit organizations* are associations, institutions, foundations, institutes and religious communities established in accordance with the law, engaged in activities not generating profit;

p) *Factoring* is a purchase of receivables with or without recourse;

r) *Forfeiting* is export financing based on discount purchase and without recourse with regard to undue long-term receivables, secured by means of financial instruments;

s) *Foreign legal person* is a legal person the seat of which is outside BIH;

t) For the purposes of this Law, political and public figures, both domestic and foreign, shall be understood to mean any natural person entrusted or having been entrusted with a prominent public office in the previous year, including the closest family members and close associates;

u) Foreign political figure is a natural person entrusted or having been entrusted with a prominent public office:

1) Head of state, prime minister, minister, deputy minister and assistant to minister;

2) Elected representatives in legislative bodies;

3) Judges of supreme and constitutional courts, and other high judicial institutions;

4) Members of the audit and the governing board of a central bank;

5) Ambassadors and high-ranking officers of armed forces;

6) Members of managing and supervisory boards, and managers of companies the majority owner of which is the state.

v) Domestic political or public figure is a natural person entrusted or having been entrusted with a prominent public office:

1) Members of the Presidency of BiH, Chair of the Council of Ministers of BiH, ministers, deputy ministers and civil servants in managerial positions;

2) Prime ministers, deputies, presidents of governments, ministers and their deputies or assistants at the level of the FBiH, RS, the BDBiH and cantons, as well as municipal and town mayors;

3) Elected representatives in legislative bodies at the level of the FBiH, RS, the BDBiH and cantons;
4) Members of the presidency of a party;
5) Judges of the constitutional courts of BiH, the FBiH and RS, judges of the supreme courts the FBiH and RS, judges of the Appellate Court of the BDBiH, judges of the Court of BiH and members of the High Judicial and Prosecutorial Council of BiH;
6) The Chief Prosecutor and prosecutors of the Prosecutor's Office of BiH, the Chief Prosecutor and prosecutors of the Prosecutor's Office of RS, the FBiH, the BDBiH and cantons;
7) Members of the Governing Board, the Governor and Vice Governors of the Central Bank of BiH;
8) Diplomatic representatives (ambassadors and consuls);
9) Members of the Joint Staff of the Armed Forces of Bosnia and Herzegovina;
10) Members of managing and supervisory boards, and managers of companies the majority owner of which is the state, entity or the BDBiH.

z) Closest family members of the persons referred to in Items u) and v) hereof are: legal or common-law spouses, parents, siblings, children and their spouses;
aa) Close associates of the persons referred to in Items u) and v) hereof are all natural persons having a share in the profit from property or having a business relation or having any business relation;
bb) Personal identification document is any public document containing a photograph, issued by the competent domestic or foreign body, serving the purpose of identifying a person;
cc) Competent bodies are all public bodies at all the levels of government in BiH with certain responsibilities for fighting against money laundering and/or financing terrorist activities, more precisely the FID, bodies with intelligence functions or functions related to investigation and /or prosecuting money laundering, predicate criminal offences and financing terrorist activities and/or temporary seizure/blocking and permanent seizure; bodies responsible for controlling and reporting on cross-border transfers of money, monetary instruments and other values across borders and bodies with supervisory competences in terms of compliance of the financial and non-financial sectors with legislation governing the prevention of money laundering and of financing terrorist activities;
dd) Foreign financial-intelligence unit is the focal national point for receiving, analysing and forwarding information, data and documents on suspicious transactions concerning money laundering and financing terrorist activities.

Article 4
(Liable persons for implementation of measures)

Measures for detecting and preventing money laundering and financing terrorist activities under this Law shall be carried out by the following liable persons:
a) Banks;
b) Insurance companies, insurance brokers, licensed to deal with life insurance affairs;
c) Leasing companies;
d) Microcredit organisations;
e) Authorised agents trading in financial instruments, foreign currencies, exchange, interest rates and index instruments, transferable securities and commodity futures;
f) Companies engaged in electronic funds transfer;
g) Investment and pension companies and funds, regardless of their legal form;
h) Post offices;
i) Casinos, gambling houses and other organizers of games of chance and special lottery games, particularly betting, slot machines, internet games of chance and games on other telecommunication means;
j) Currency exchange offices;
k) Pawnshops;

l) Persons engaged in professional services:
1) Public notaries,
2) Lawyers,
3) Accountants,
4) Auditors,
5) Legal or natural persons performing accounting services and tax counselling services.

m) Real estate agencies;

n) Legal and natural persons performing the following activities:
1) Receiving and/or distributing money or property for humanitarian, charitable, religious, educational or social purposes,
2) Transfer of money or values,
3) Factoring,
4) Forfeiting,
5) Safekeeping, investing, administering, managing or advising in the management of property of third persons,
6) Issuing, managing and performing operations with debit and credit cards and other means of payment,
7) Issuing financial guarantees and other warranties and liabilities,
8) Giving loans, crediting, offering and brokering in the negotiation of loans,
9) Organizing and performing auctions,
10) Trade in precious metals and stones and products made of these materials,
11) Trade in works of art, vessels, vehicles and aircrafts,
12) Persons referred to in Article 3 Item m) hereof.

o) Privatisation agencies.

CHAPTER II. TASKS AND DUTIES OF LIABLE PERSONS

Article 5
(Risk assessment)

(1) A liable person shall make a risk assessment to determine the risk level of groups of clients or a single client, business relationship, transaction or product regarding possible abuse for the purposes of money laundering or financing terrorist activities.

(2) The assessment referred to in paragraph 1 hereof shall be prepared according to the risk assessment guidelines established by the FID and competent supervisory bodies, pursuant to adopted bylaws which prescribe more detailed criteria for the development of guidelines (type of liable persons, scope and type of works, type of clients, products, etc.), as well as the types of transactions which are risk free regarding money laundering and financing terrorist activities, and therefore require simplified client identification procedure for the purposes of this Law.

Article 6
(Identification and tracking of clients)

(1) A liable person shall carry out measures of identification and tracking of clients when:
a) Establishing a business relationship with a client;
b) Making a transaction of BAM 30,000 or more, regardless of the number of operations, either one or a set of several obviously connected transactions;
c) Doubting the authenticity or adequacy of previously received information about the client or the real owner;
d) Suspecting money laundering or financing terrorist activities relating to the transaction or client, regardless of the amount of transaction.

(2) During transactions referred to in paragraph 1 Item b hereof, conducted on basis of previously established business relationship with the liable person, the liable person shall, within measures of identification and tracking, only verify the client's identity, or the identity of persons conducting the transaction, and shall collect the missing data referred to in Article 7 hereof.

Article 7
(Elements of identification and tracking)

(1) Unless otherwise prescribed by this Law, measures of identification and tracking shall imply the following:

a) Establishing the identity of a client and validation of their identity based on documents, data or information obtained from reliable and independent sources;

b) Identifying the real owner;

c) Obtaining data on the purpose and intention of the nature of a business relationship or transaction, as well as other data prescribed by this Law;

d) Regular tracking of business relationships, including a control of transactions within the business relationship in order to ensure that transactions are made in accordance with the knowledge of the liable person about the client, business profile and risk rating and, if necessary, the source of funds, as well as ensuring that relevant documentation, information or data are updated.

(2) The liable persons shall define the procedures for implementing measures referred to in paragraph 1 hereof through internal regulations.

Article 8
(Declining a business relationship and a transaction)

(1) A liable person unable to implement measures referred to in Article 7 paragraph (1) Items a), b) and c) hereof shall not establish a business relationship or make a transaction, or shall discontinue a business relationship already established.

(2) In case of a situation referred to in paragraph (1) hereof, the liable person shall inform the FID on declining or discontinuing a business relationship and on the refusal to make a transaction, and shall submit to the FID all the previously collected data on the client or transaction under Articles 38 and 39 hereof.

Article 9
(Subsidiaries, branch offices and other organizational units of liable person)

(1) Liable persons shall fully apply provisions of this Law to the same extent in their head offices, all subsidiaries and other organizational units inside the country as well as in all subsidiaries or other organizational units, provided it is possible under the relevant laws and regulation of the given country.

(2) In case there is a difference in the minimum requirements in terms of the prevention of money laundering and financing terrorist activities defined by this law and by regulations of the country a branch office, subsidiary or other organisational unit of the liable person is located in, the branch office, subsidiary or other organisational unit of the liable person shall apply either this Law or the laws and regulations of the foreign country, depending on which set of rules ensures a higher standard in preventing money laundering and financing terrorist activities, as much as possible under the laws and regulations of the given country.

(3) If regulations of a foreign country do not allow the implementation of measures and activities on the prevention of money laundering and financing terrorist activities in the scope defined by this Law, the liable person shall immediately inform the FID accordingly and adopt relevant measures to eliminate the risk of money laundering and financing terrorist activities.

(4) Liable persons shall implement intensified measures of identification and tracking in subsidiaries and other organizational units abroad, particularly in countries which do not apply internationally accepted standards in the area of prevention of money laundering and financing terrorist activities, or which apply the standards to an insufficient extent, as much as allowed by the respective country legislation.

Article 10
(Establishing and verifying identity of natural person)

(1) Liable person shall verify and establish the identity of a client who is a natural person and his/her legal representative, as well as a client who is an entrepreneur or a person engaged in another private business, by obtaining data referred to in Article 7 hereof from a valid identification document of the client in the presence of the client.
(2) If the available identification document does not contain all the required data, the missing data shall be obtained from other valid public documents provided by the client, or directly from the client, or in another way.

Article 11
(Establishing and verifying identity of legal person)

(1) The liable person shall verify and establish the identity of a client which is a legal person by obtaining data referred to in Article 7 hereof from an original or certified copy of documentation from the Court Registry or other public registry provided by a legal representative or authorised person on behalf of the legal person.
(2) Documentation referred to in paragraph 1 hereof shall be updated and accurate and reflect the true client's situation, when being submitted to the liable person.
(3) The liable person may establish and check the identity of legal person by collecting data referred to in Article 7 hereof directly from the court registry or another public registry. On the excerpt from the relevant registry, the liable person shall note down the date and time and the name of the person checking the registry. The registry excerpt shall be kept pursuant to the provisions of this Law referring to data protection and storing.
(4) With regard to other data referred to in Article 7 hereof, except the data on real owner, the liable person shall obtain these from originals or certified copies of documentation and other business documentation. If it is not possible to collect all the information referred to in Article 7 hereof from the above identification documents and documentation, except the data about real owner, a liable person shall collect the missing information directly from a legal representative or authorized person.
(5) If, during the identification and verifying of the legal person's identity, a liable person doubts the truthfulness of collected information or authenticity of identification documents from which the information was obtained, before establishing of a business relationship or making a transaction, the person shall also request a written statement from a legal representative or authorized person.
(6) If a client is a foreign legal person who performs business activities in Bosnia and Herzegovina through a subsidiary unit – branch office, a liable person shall establish and verify the identity of the foreign legal person and the branch office.
(7) If a foreign legal person, except international governmental organizations, is engaged in making transactions, a liable person shall undertake, at least once a year, repeated identification through collecting data referred to in Article 7 hereof and new authorization referred to in Article 13 hereof.

Article 12
(Establishing and verifying identity of legal person's representative)

(1) A liable person shall establish and verify the identity of a legal person's representative by obtaining data referred to in Article 7 hereof through inspecting a valid identification document of a legal

representative, in their presence. If it is not possible to obtain the required data from the above document, the missing data shall be obtained from another valid public identification document suggested by the client or submitted by a legal representative.
(2) If, during the identification and verifying of the identity of the legal person's representative, a liable person doubts the truthfulness of collected information, the person shall request the representative's written statement.

Article 13
(Establishing and verifying identity of authorised person for legal person)

(1) If a business relationship on behalf of legal person is established by an authorized person instead of the legal representative referred to in Article 12 hereof, a liable person shall establish and verify, in the presence of the above person, the identity of authorized person by obtaining the data referred to in Article 7 hereof through inspection of valid identification document of authorized person in their presence.
(2) If it is not possible to obtain the required data from a document referred to in paragraph 1 hereof, the missing data shall be obtained from other valid public identification document submitted by the authorized person, or directly from authorized person. Based on the data from verified authorization, a liable person shall obtain data referred to in Article 12 hereof on the legal representative having issued the authorization on behalf of a legal person.
(3) If the transaction referred to in Article 6 hereof on behalf of a client who is a legal person, natural person, tradesman or person engaged in private business is made by an authorized person, a liable person shall establishes and verify the identity of authorized person by obtaining the data referred to in Article 7 hereof.
(4) Data referred to in Article 11 hereof about a client who is a legal person and on whose behalf the authorised person acts shall be obtained by a liable person based on information from a verified authorization.
(5) If during the establishing and verifying the identity of an authorized person, a liable person suspects the truthfulness of the obtained data, the said person shall also request a written statement.

Article 14
(Establishing and verifying identity of other legal persons)

(1) For associations, foundations and other legal persons not engaged in business activities and for other operators not having the status of a legal person but acting independently in legal transactions, a liable person shall:

a) Establish and verify the identity of a person authorized to represent or to be representative;
b) Obtain a power of attorney for representation;
c) Collect data referred to in Article 11 hereof.

(2) A liable person shall establish and verify the identity of a representative referred to in paragraph 1 hereof by collecting data referred to in Article 11 hereof through inspection of the representative's valid identification document, in their presence. If it is not possible to obtain the required data from the document, the missing data shall be collected from other valid public identification document submitted by a representative or directly from a representative.
(3) Data referred to in Article 11 hereof about each natural person who is a member of an association or other subject referred to in paragraph 1 hereof shall be collected by a liable person from a power of attorney for representation which is submitted directly by a representative. If it is not possible to obtain the required data referred to in Article 11 hereof from the document, the missing data shall be obtained directly from a representative.
(4) If, while establishing and verifying of the identity of a person referred to in paragraph 1 hereof, a liable person suspects the truthfulness of the collected data or credibility of identification documents from

which the data is obtained, before establishing a business relationship or carrying out a transaction, the above person shall also request a written statement from a representative.

Article 15
(Specific cases related to verifying and establishing client's identity)

(1) A liable person engaged in keeping safe deposit boxes shall establish and verify the identity of a client while setting up a business relationship with the client which is based on a safe deposit box renting. The client's identity shall also be established and verified each time the client accesses the safe.
(2) While establishing and verifying the client's identity pursuant to paragraph 1 hereof, a liable person shall collect data referred to in Article 7 hereof.
(3) Provisions hereof in relation to obligation to check client's identity during their access to the safe deposit box shall apply to each natural person actually accessing the safe, regardless of whether the person is the user of the safe or a legal representative or an authorized person.
(4) Insurance companies and other legal and natural persons selling life insurance policies shall undertake measures of identification and monitoring of a client in life insurance operations in the cases when the total amount of one or several instalments of the premium which should be paid in one year is BAM 2,000 or more, or if payment of one premium is BAM 5,000 or more. Identification and monitoring measures shall also be undertaken when a single instalment or several instalments of the premium which should be paid within one year amount to or exceed BAM 2,000 or more.
(5) Insurance companies and other legal and natural persons mediating in the sale of insurance policies shall also undertake measures of client identification and monitoring in matters of pension insurance if it is possible to transfer an insurance policy or use it as collateral for a loan or a credit.
(6) Legal or natural engaged in organizing or conducting public sales or trade in works of art, vessels, vehicles or aircrafts shall establish and verify the client's identity during the cash transaction or several related transactions in the amount of BAM 30,000 or more.
(7) Casinos, gambling houses and other organizers of games of chance and special lotteries shall establish and verify identity of each participant in the game who carries out transactions in amount of BAM 4,000 or more.
(8) Casinos shall identify clients immediately upon their entry, regardless of the amount of chips they buy.
(9) A liable person shall identify a bankbook holder during each transaction done based on the bankbook.
(10) Legal and natural persons engaged in operations with precious metals and stones and products made of these materials shall identify the seller at each purchase.

Article 16
(Verifying and establishing identity of a real owner)

(1) In order to establish identity of the real owner of a client being a business company or other legal person, branch office, subsidiary or other operator within the national or foreign law, a liable person shall collect the data referred to in Article 54 paragraph (1) Item m) hereof through access to originals and verified documents from the court registry or other public records which have to be updated and accurate and reflect the real situation of a client. A liable person may obtain the data through direct access to court or other public registry, acting in accordance with provisions of Article 11 paragraph 3 hereof.
(2) If complete data about the real owner cannot be obtained from court or other public registry, a liable person shall collect the missing data by checking the original or verified documents and business records submitted by a legal representative or an authorized person. When a liable person is objectively unable to obtain data as stipulated in this Article, the said person shall get them from a written statement by a legal representative or an authorized person.
(3) A liable person shall obtain data on the final real owners of a client referred to in paragraph (1) hereof. The liable person shall verify the data in a manner ensuring the knowledge of the ownership

structure and client control to a degree that, depending on the risk assessment, matches the criteria for satisfactory knowledge about the real owners.

Article 17
(Third person)

(1) For the purposes of this Law, third persons shall be understood to mean organisations referred to in Article 4 Items a), b), c), d), e) and l) Line 4) hereof.
(2) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, may approve in a rulebook that the organisations referred to in paragraph (1) hereof, registered in a country on the list of countries defined in Article 85 paragraph (4) hereof perform affairs of a third person.
(3) Third persons referred to in paragraph 1 hereof shall not include outsourced service providers and agents.
(4) Regardless of paragraph 1 hereof, a liable person may not rely on third persons while carrying out the procedure of client identification and monitoring if a client is:

a) Foreign legal person that does not practice or cannot practice trade, production or other activities in the country of registration;
b) Fiduciary or other similar foreign legal person with unknown or clandestine owners or managers.

Article 18
(Identification and monitoring of clients through third persons)

(1) A liable person may, under conditions set forth in this Law and other regulations passed in accordance with this Law, while establishing a business relationship with a client, entrust a third person with establishing and verifying the client's identity, establishing the identity of the real owner of a client and collecting data about the purpose and planned nature of a business relationship or transaction.
(2) A liable person shall establish beforehand if the third person who will be entrusted with carrying out measures of identification and monitoring of a client meets the conditions prescribed by this Law.
(3) A liable person may not undertake to perform certain measures and activities of client identification and monitoring through a third person if the said person has established and verified the identity of the client without the liable person being present.
(4) By entrusting a third person with undertaking certain measures and activities of client identification and monitoring, the liable person shall not waive the responsibility for correct implementation of measures and activities of client identification and monitoring under this Law. The liable person shall still have the final responsibility for implementing the measures and activities of client identification and monitoring.
(5) The third person shall be responsible for fulfilling the obligations under this Law, including the responsibility for data and documentation safekeeping.

Article 19
(Obtaining data and documentation from third person)

(1) A third person that, pursuant to provisions of this Law, undertakes certain measures and activities of client identification and monitoring shall submit to the liable person the data on a client required for the liable person to be able to establish a business relationship under this Law.
(2) Upon a request by the liable person, the third person shall, without delay, submit copies of identification and other documents on the basis of which the third persons identified and monitored the client and obtained the required data on the client. The liable person shall keep the copies of identification and other documents in accordance with this Law.

(3) If the liable person doubts the credibility of the undertaken measures and activities of client identification and monitoring or the credibility of documentation or the truthfulness of the obtained client data, the above person shall request the third person to submit a written statement on the credibility of the undertaken measures and activities of client identification and monitoring and truthfulness of the obtained client data.

Article 20
(Prohibition of establishing a business relationship)

A liable person shall not establish a business relationship if:
a) The measures and activities of client identification and monitoring were undertaken by a third person not referred to in Article 17 hereof;
b) The third person verified the identity of a client in their absence;
c) The third person failed to submit the data referred to in Article 19 paragraph (1) hereof;
d) The third person failed to submit copies of identification and other documents about the client;
e) The liable person doubts the credibility of the undertaken measures and activities of client identification and monitoring or the truthfulness of the obtained client data, without having received the required statement referred to in Article 19 paragraph (3) hereof.

Article 21
(Regular monitoring of client's business activities)

(1) A liable person shall monitor business activities undertaken by a client by carrying out identification and monitoring measures following the principle of knowing one's client, including also the origin of means used in business operations.
(2) The monitoring of business activities undertaken by a client through a liable person shall include the following:

a) Identification of the client's business activities in accordance with purpose and aim of the business relationship established between a client and a liable person;
b) Monitoring and identification of client's business activities in accordance with the scope of the client's activity.

(3) A liable person should identify the scope and frequency of measures referred to in paragraph 2 hereof which are consistent with the risk of money laundering or financing terrorist activities to which they are exposed during individual transactions or business activities of individual clients. A liable person shall evaluate such risk in accordance with Article 5 hereof.
(4) Activities of regular monitoring may not be delegated to a third person.

Article 22
(Forms of identification and monitoring)

During identification and monitoring of client's activities, a liable person may, depending on the risk related to each client, apply the following:

a) Intensified identification and monitoring;
b) Simplified identification and monitoring.

Article 23
(Intensified identification and monitoring of client)

(1) Intensified measures of identification and monitoring, in addition to the measures referred to in Article 7 hereof, shall include additional measures prescribed herein when:

a) Establishing a correspondent relationship with a bank or other similar loan institution with its seat located abroad, which is not on the list referred to in Article 85 paragraph (4) hereof;

b) Establishing a business relationship or carrying out a transaction referred to in Article 6 hereof with a client who is a political or public figure referred to in Article 27 hereof;

c) A client was not present in person during the identification and verification of the identity while carrying out the identification and monitoring measures.

(2) The liable person may apply intensified identification and supervision measures in some other cases when, due to the nature of a business relationship or the manner of transaction, the client's business profile or other circumstances related to the client, on the basis of the risk assessment referred to in Article 5 hereof, there is or there may be a great risk of money laundering or financing terrorist activities.

Article 24
(Correspondence relations with credit institutions based abroad)

(1) When establishing correspondence business relations with a bank or similar credit institution based in a foreign country, which is not on the list referred to in Article 85 paragraph (4) hereof, the liable person shall apply the measures referred to in Article 7 hereof in relation to the procedure on identification and client monitoring and shall obtain the following data, information and documents:

a) Data on issuing and the validity period of an authorization for offering banking services, the name and seat of the competent body issuing the authorization;

b) A description of the implementation of internal procedures relating to detecting and preventing money laundering and financing terrorist activities, especially the procedures for identification and client tracking, the procedures determining the real owner, for data relating to reports on suspicious transactions sent to competent bodies, for keeping reports, internal control and other procedures adopted by the bank or similar credit institution meant for detection and prevention of money laundering or financing terrorist activities;

c) A description of relevant legislation on detection and prevention on money laundering and financing terrorist activities applied in countries where the bank or other similar credit institution was founded or registered;

d) A written statement that a bank or other similar credit institution has no business activities with shell banks;

e) A written statement that a bank or other similar credit institution has not established or is not establishing any business relation with shell banks;

f) A written statement that a bank or other similar credit institution is liable to administrative supervision in the country of origin or registration and is obliged, pursuant to the relevant legislation of the given country, to act in accordance with the laws and provisions relating to detection and prevention of money laundering and financing terrorist activities.

(2) An employee of the liable person who establishes a relationship with the correspondence bank referred to in paragraph (1) hereof and implements the intensified identification and supervision procedure shall collect all written approvals of the highest-ranking management of the liable person before entering into such relationship and, in the relationship is already established, it shall not be maintained without a written approval of the highest-ranking management of the liable person.

(3) The liable person shall collect all the data referred to in paragraph (1) hereof by inspecting public or other available records or inspecting documents and business reports enclosed by the bank or other similar credit institution based in a foreign country.

(4) The liable person shall not enter into or continue relationship with the correspondence bank or other similar credit institution referred to in paragraph (1) hereof if:

a) Data referred to in paragraph (1) Items a, b, d, e and f hereof have not been previously collected;

b) An employee of the liable person has not previously received a written approval of the highest-ranking management of the liable person for entering into a correspondent relationship;

c) A bank or other similar credit institution based in a foreign country does not apply the

system for detection and prevention of money laundering and financing terrorist activities or is not, under the relevant legislation of the given country, obliged to apply the laws and other relevant provisions relating to detection and prevention of money laundering and financing terrorist activities;

d) A bank or other similar credit institution based in a foreign country operates as a shell bank or enters a correspondence or other business relations and makes transactions with shell banks.

(5) A liable person shall, in the contract establishing a correspondent relationship, separately identify and document obligations of each party to the contract with regard to the detection and prevention of money laundering and financing terrorist activities..

(6) A liable person shall not establish a correspondent relationship with a foreign bank or other similar credit institution which the said institution may use as a basis for having an account with the liable person and thus enabling its clients to directly use the aforementioned account.

Article 25
(New technological advances)

(1) A liable person shall pay particular attention to the risk of money laundering and financing terrorist activities resulting from the application of new technological advances enabling client anonymity (e.g. electronic banking, cash machines, phone banking, etc.).

(2) A liable person shall introduce procedures and undertake additional measures for eliminating the risks of and preventing abuse of new technological advances for the purpose of money laundering and financing terrorist activities.

Article 26
(Unusual transactions)

(1) A liable person shall pay particular attention to transactions characterised by complexity and unusually high amounts, unusual manner, value or connection among transactions that have no economic or legal grounds and purpose, or are not in compliance with or are disproportionate to the usual or expected operation of the client, as well as to other circumstances related to the status or other characteristics of the client.

(2) A liable person shall identify the basis and purpose of transactions referred to in paragraph (1) hereof and, if establishing that the transaction is not suspicious, make an official written report to be kept in accordance with the law.

Article 27
(Political and public figures)

(1) Liable persons shall establish appropriate procedure to determine whether a client/client's real owner from BiH or from abroad is a political or public figure. They shall define such procedures by their internal acts following, at the same time, the guidelines of the FID and competent supervisory bodies referred to in Article 80 hereof.

(2) If a client and or client's real owner enters a business relationship or makes transaction or if a represented client/client's real owner, on whose behalf a business relationship or transaction is made, is a political or public figure, the liable person shall, beside the measures referred to in Article 23 hereof, undertake the following measures as part of the procedure for intensified identification and tracking of clients:

a) Collect information on the source of funds and property that is or will be a subject of business relationship or transaction from documents and from other documents submitted by the client/client's real owner. When the above data may not be obtained in the mentioned way, the liable person shall obtain them directly from a written statement of the client;

b) An employee of the liable person implementing the procedure for establishing a business relation with a client/client's real owner being a political or public figure shall obtain a written approval of the highest-ranking management before entering into such a relationship;

c) After commencement of the business relationship, the liable person shall trace transactions and other business activities of the political or public figure undertaken through the liable person, applying the identification and tracking procedure.

(3) If the liable person establishes that a client or client's real owner has become a political or public figure during the business relation, the liable person shall apply the activities and measures referred to in paragraph (2) hereof and shall obtain a written approval of the highest-ranking management for resuming the relation.

Article 28
(Verifying and establishing the identity without client's presence)

(1) When a client is not physically present at the liable person's premises during the process of verifying and establishing their identity, the liable person shall, beside the measures referred to in Article 7 hereof, as part of the identification and tracking procedure, undertake one or more measures referred to in paragraph 2 hereof.

(2) While verifying and establishing of the identity, liable person shall undertake the following measures:

a) Obtain additional documents, data or information to be used to check the client's identity;

b) Additionally check documents submitted or additionally confirm them by the credit or financial institution;

c) Apply a measure that the first payment in a business activity is made through an open account opened on behalf of client with another credit institution.

(3) Establishment of business relationship without client's presence is forbidden unless the liable person applies the measure referred to in paragraph 2 Item c hereof.

Article 29
(Simplified identification and tracking of client)

Procedure for simplified identification and tracking of clients shall be possible if a client is:

a) An authority or institution in BiH or an institution with public authority;

b) A bank, insurance company and other legal entity and natural person that acts as an intermediary in sales of insurance policies, investment and pension funds irrespective of their legal form, based in BiH or countries included in the list referred to in Article 85 paragraph (4) hereof;

c) A clients that was categorised by a liable person into a group of clients with a low risk level.

Article 30
(Gathering and establishing of information on client within simplified procedure for identification and tracking)

(1) Information on client that are gathered and checked within simplified identification and tracking prior to establishing a business relationship:

a. Name, address and seat of legal entity that establishes business relationship i.e. legal entity that business relationship is to be established with;

b. Name and surname of legal representative or authorized party representing a legal entity that establishes a business relationship;

c. Purpose and assumed nature of business relationship and date of establishment of business relationship;

(2) A liable person shall obtain information referred to in paragraph (1) hereof having inspection of original or verified copy of documentation from official public registry submitted by client i.e. by direct inspection of official public registry.
(3) If it is not possible to obtain information as defined by paragraph 2 hereof, missing information shall be obtained from original or verified copies of identification and other business documentation submitted by client. If information still cannot be obtained, a liable person directly takes a written statement of representative or authorized party.
(4) Documentation referred to in paragraph 2 and 3 hereof has to be updated and accurate and to reflect actual state of client.

Article 31
(Electronic transfer of money)

Credit and financial institutions, including companies providing the services of electronic funds transfer (hereinafter: "providers of payment services") shall obtain accurate and complete information on the payee and include them into a template or message that tracks electronic transfer of funds, sent or received in any currency. The above information shall trace a transfer throughout the payment process.

Article 32
(Data on person ordering electronic transfer)

(1) Providers of payment services shall obtain accurate and complete data on the person ordering a transfer and shall include them into a template or message that tracks electronic transfer of funds, sent or received in any currency. The above information shall trace a transfer throughout the payment process, regardless of whether there are intermediaries in the process and regardless of their number.
(2) The data referred to in paragraph (1) hereof shall be the following:
a) Full name of the person ordering the electronic transfer;
b) Address of the person ordering the electronic transfer;
c) Account number of the person ordering the electronic transfer or a single identification sign.
(3) If it is not possible to obtain the data on the address of the person ordering the electronic transfer, the provider of payment services shall, instead of the said data, obtain some of the following data:
a) Personal identification number or other single identification number;
b) Place and date of birth of the person ordering the electronic transfer.

Article 33
(Establishing and verifying identity of person ordering electronic transfer)

(1) When an electronic transfer is made without opening an account and when the transfer is in the amount of BAM 2,000 or more, in addition to the data referred to in Article 32 hereof, the provider of payment services shall also establish and verify the identity of the person ordering the electronic transfer, pursuant to Articles 10 through 14 hereof.
(2) Pursuant to Article 38 paragraph (1) Item a) and paragraph (2) hereof, regardless of the amount of an electronic transfer, whenever there is a suspicion of money laundering or financing terrorist activities, the provider of payment services shall, in addition to the data referred to in Article 32 hereof, establish and verify the identity of the person ordering the electronic transfer, pursuant to Articles 10 through 14 hereof and shall inform the FID accordingly.
(3) If an electronic transfer does not contain accurate and complete data on the person ordering the electronic transfer, the provider of payment services shall, within three days from the reception of transfer, obtain the missing data or refuse to make the transfer in question.
(4) The provider of payment services shall consider discontinuation of business cooperation with another provider of payment services that frequently fails to meet the obligations referred to in Article 32

paragraph (1) hereof, but shall inform the latter about the discontinuation of a business relationship. The provider of payment services shall inform the FID on discontinuation of business cooperation.
(5) The provider of payment services shall consider whether a lack of accurate and complete data on the person ordering an electronic transfer gives rise to suspicion of money laundering or financing terrorist activities and, should it not establish the transaction as suspicious, the provider of payment services shall make an official written report accordingly, to be kept in accordance with the law, and shall, depending on the risk assessment, consider the application of intensified monitoring and tracing of the client.
(6) Provisions of Article 32 hereof shall apply regardless of whether an electronic transfer is made within the country of with a foreign country, and regardless of whether it is made by domestic or foreign providers of payment services.
(7) When collecting data referred to in Article 32 hereof, providers of payment services shall identify the payee using a valid identification document, as well as credible and reliable sources of documentation.

Article 34
(Exceptions from duty to collect data on person ordering electronic transfer)

(1) The provider of payment services shall not be obliged to collect data on the person ordering an electronic transfer in the following cases:
a) When a transfer is made from an account opened with the provider of payment services and when the measures of identifying and tracking the client have already been undertaken pursuant to this Law;
b) When using credit and debit cards, provided that:
1) The person ordering the transfer has a contract with the provider of payment services on the basis of which a payment for goods and services may be made,
2) Transfers of funds are made using a single identification mark on the basis of which the identity of the person ordering the transfer may be established.
c) Both the person ordering the transfer and the beneficiary of electronic transfer and providers of payment services act on their own behalf and of their own account.

CHAPTER III. RESTRICTIONS IN BUSINESS WITH CLIENTS

Article 35
(Prohibiting use of secret accounts)

A liable person shall not open, issue or have secret accounts, savings books or signatory savings books or saving books of the bearers or other goods enabling, directly or indirectly, the client's identity to be hidden.

Article 36
(Prohibiting business with shell banks)

A liable person shall not start or continue with connection of correspondent banking with correspondent banking that operates or can operate as shell bank or other similar loan institution known for allowing the use of accounts of shell banks.

Article 37
(Cash payments restrictions)

(1) Persons which are not liable persons referred to in Article 4 hereof and which perform the activities of sales of goods or services in Bosnia and Herzegovina shall not accept cash payment exceeding BAM 30,000 from their customers or third parties when selling single goods and services. Persons that sell goods shall also be understood to mean legal entities and natural persons that organize or do auctions, in

relation to works of art, precious metal or precious stones or similar goods and other legal entities and natural persons that receive cash for goods and services.
(2) Cash payments restriction, referred to in paragraph 1 hereof, is also applied when payment is made through few linked cash transactions and its total value exceeds BAM 30,000.
(3) Persons which are not liable persons referred to in Article 4 hereof and which perform the activities of sales of goods and provide services shall receive a payment referred to in paragraphs 1 and 2 hereof from a client or third party at his/her transaction account unless differently defined by some other law.

CHAPTER IV. INFORMING THE FID ON TRANSACTIONS

Article 38
(Informing)

(1) A liable person shall deliver to the FID the data referred to in Article 54 paragraph 1 hereof relating to the following:

a) Any attempted or completed suspicious transaction and any suspicious client or person;
b) A cash transaction the value of which amounts to or exceeds BAM 30,000;
c) Connected cash transactions the overall value of which amounts to or exceeds BAM 30,000.

(2) When a liable person is to report about a suspicious transaction to the FID, they shall also inform on the following:

a) That a transaction by its characteristics relating to the status of a client or other characteristics of the client or funds or other characteristics evidently disagrees with usual transactions of the very client, as well as that it corresponds to the necessary number and types of indicators pointing to that there exist the reasons for a suspicion of money laundering or funding of terrorist activities;
b) That the transaction is directed at avoidance of regulations governing the measures of the prevention of money laundering and terrorist activity financing.

(3) The Council of Ministers of BiH may prescribe through a bylaw the terms and conditions under which a liable person shall not be required to deliver to the FID the information about the cash transactions of a certain client in the amounts either equal or higher than those specified within paragraph 1 Items b) and c) hereof.

Article 39
(Deadlines for providing information on transactions)

(1) In such cases as referred to in Article 38 paragraph 1 Item a) hereof, a liable person shall deliver to the FID the information, data and documentation immediately after a suspicion arises and prior to carrying out a transaction, specifying the period within which the transaction is expected to be carried out.
(2) If in cases referred to in Article 38 paragraph (1) Item a) hereof, due to the nature of a transaction or due to the transaction not being completed or due to other justified reasons, a liable person is unable to act in accordance with the provisions of paragraph (1) hereof, the liable person shall deliver to the FID the information, data and documentation as soon as possible, explaining the reasons preventing them to act in accordance with the provisions of paragraph (1) hereof.
(3) If in cases referred to in Article 38 paragraph (1) Items b) and c) hereof, the liable person shall deliver to the FID the information, data and documentation immediately upon completion of a transaction, or at the latest 3 days after the transaction was carried out.
(4) The liable persons may deliver the information to the FID through the application software for electronic transaction reporting (hereinafter: "the AMLS"), through the persons authorised to handle the affairs of postal traffic, through a person authorised for documentation delivery – a courier.
(5) The information referred to in paragraph 1 hereof may be also delivered by fax; however a copy needs to be delivered in a manner as prescribed by paragraph 4 hereof.

(6) The information referred to in paragraph 1 hereof may also be given by telephone; however the FID shall be informed in a written form afterwards, at the latest by the following working day.

CHAPTER V. AUTHORISED PERSON, PROFESSIONAL TRAINING, LIST OF INDICATORS AND INTERNAL CONTROL

Article 40
(Authorised persons)

(1) For the purpose of delivering the information to the FID as well as in order to carry out other duties in accordance with the provisions of this Law, a liable person shall appoint an authorised person and shall also appoint one or several deputies to the authorised person (hereinafter: "the authorised persons") on which they shall inform the FID within 7 days from the day of the appointment or change of details about the authorised persons.
(2) IN case of liable persons with four or less employees, if no authorised person is appointed, the authorised person shall be a legal representative or another person managing the liable person's affairs, or the responsible person of the legal person under relevant legislation.

Article 41
(Conditions pertaining to authorised persons)

A liable person shall ensure that the duty of an authorised person is entrusted exclusively to an individual who fulfilling the following conditions:

a) Occupying a position within the posts classification categorised high enough as to enable a prompt, quality and timely fulfilment of the tasks as prescribed by this Law and the provisions arising thereafter;

b) Having got no previous convictions by a legally binding verdict or any current criminal proceedings conducted against, excluding offences relating to traffic security;

c) Having obtained the corresponding professional qualifications for the tasks in detection and prevention of money laundering and funding of terrorist activities and possessing the characteristics and experience necessary to carry out the functions of an authorised person;

d) Good knowledge of the nature of business activities of the liable persons in the fields exposed to the risk of money laundering and funding of terrorist activities.

Article 42
(Duties of authorised persons)

(1) An authorised person stipulated in Article 40 hereof shall carry out the following tasks:

a) Ensure the establishment, functioning and development of the system of the liable person for detection and prevention of money laundering and funding of terrorist activities;

b) Ensure correct and timely reporting towards the FID in accordance with this Law and the provisions arising thereafter;

c) Take part in defining and changing of the operational procedures as well as in preparation of internal provisions pertaining to prevention and detection of money laundering and funding of terrorist activities;

d) Take part in drafting of the guidelines to implement the control referring to prevention of money laundering and funding of terrorist activities;

e) Follow and coordinate the activities of the liable person in the area of detection and prevention of money laundering and funding of terrorist activities;

f) Take part in the establishment and development of the information support relating to the activities of the liable person pertaining to detection and prevention of money laundering and funding of terrorist activities;
g) Make proposals for the management or other administrative bodies of the liable person in the aim to improve the system of the liable person for detection and prevention of money laundering and funding of terrorist activities;
h) Take part in preparation of a professional education and training programme for the employees in domain of prevention and detection of money laundering and funding of terrorist activities.

(2) The deputies shall replace the authorised person in their absence to carry out all of the tasks as stipulated in paragraph 1 hereof and carry out all the other tasks as prescribed herein.

Article 43
(Duties of liable person)

(1) A liable person shall provide an authorised person with the following:
a) Unlimited access to data, information and documents required to perform the latter's duties;
b) Adequate staffing, material, IT and other working conditions;
c) Adequate spatial and technical capacities ensuring an adequate degree of protection of confidential data the authorise person has access to;
d) Continuous professional training;
e) Substitute during a leave of absence;
f) Protection in terms of the prohibition of disclosing information on the above person to unauthorised persons, as well as protection from other actions that may interfere with smooth performance of the above person's duties.

(2) Internal organisational units, including the highest-ranking management of the liable person, shall provide the authorised person with assistance and support in performing their duties and shall regularly inform the above person on facts that are or may be related to money laundering or financing terrorist activities. The liable person shall define the manner of cooperation between the authorised person and other organisational units.

Article 44
(Integrity of employees)

A liable person shall define a procedure ensuring that, while concluding an employment contract for a position to which provisions of this Law and regulations arising therefrom apply, ensuring that a candidate for such a position is checked in terms of sentences for criminal offences resulting in proceeds from crime or criminal offences related to terrorism.

Article 45
(Professional training)

(1) A liable person shall ensure a regular professional education, training and specialisation of the employees carrying out the duties in prevention and detection of money laundering and funding of terrorist activities;

(2) Professional education, training and specialisation shall refer to familiarisation with the provisions of the Law and the regulations brought based on the former, as well as the internal official documents, profession related literature on prevention and detection of money laundering and funding of terrorist activities with a list of indicators to recognise a client and transactions relating to which there exist the grounds for suspicion of money laundering and funding of terrorist activities.

(3) A liable person shall draft an annual programme of professional education, training and specialisation of the employees working on the duties in prevention and detection of money laundering and funding of terrorist activities, at the latest by end of March of a current year.

Article 46
(Internal control and auditing)

(1) A liable person shall ensure a regular internal control and auditing of the duties conducted in prevention and detection of money laundering and funding of terrorist activities;
(2) Compliance of business activities of a liable person with the provisions of this Law shall be the subject of the internal control and auditing activity, which includes an evaluation of adequacy of the policies and procedures of the liable person and training of the authorised and responsible persons from the standpoint of the standards defining the prevention of money laundering and funding of terrorist activities.

Article 47
(List of indicators)

(1) The liable persons referred to in Article 4 hereof shall draft a list of indicators for identification of clients and transactions in relation to which there are grounds for suspicion of money laundering and funding terrorist activities, in cooperation with the FID and other supervising bodies.
(2) The list referred to in paragraph 1 hereof shall be delivered to the FID within three months from the date of this Law entering into force.

CHAPTER VI. DUTIES AND TASKS OF LAWYERS, LAWYERS' ASSOCIATIONS, NOTARIES, AUDITORS' ASSOCIATIONS AND INDEPENDENT AUDITORS, LEGAL AND NATURAL PERSONS PROVIDING ACCOUNTING SERVICES AND TAX ADVISORY SERVICES

Article 48
(General provisions)

A lawyer, lawyers' association, notary as well as auditors' association and independent auditor, legal and natural persons providing accounting services and tax advisory services (hereinafter: "persons conducting professional activities"), while carrying out the duties falling under their respective domains of activity, as described in other laws, shall carry out the measures of prevention and detection of money laundering as well as funding of terrorist activities and act according to the provisions of this Law and the regulations arising on the basis of this Law, which regulate the tasks and obligations of other liable persons, unless stipulated otherwise in this Law.

Article 49
(Tasks and obligations of the persons conducting professional activities)

Persons conducting professional activities referred to in Article 48 hereof shall act in accordance with Article 6 hereof when:
a) They assist in planning or carrying out the transactions for a client in relation to:
1) A purchase or sale of a real-estate or a share, i.e. stocks of an economic society;
2) Management of financial means, financial instruments or other assets owned by a client;
3) Opening and managing the bank accounts, savings deposits or the accounts for dealings with financial instruments;
4) Gathering the means necessary for foundation, functioning and management of an economic society;

5) Foundation, functioning and management of an institution, fund, economic society or other similar legal and organisational form.

b) They carry out on behalf and for the account of a client a financial transaction or transactions relating to the real-estate.

Article 50
(Procedure of identification and monitoring of a client)

(1) The persons conducting professional activities as part of the procedures of identification and monitoring of a client when establishing business relations referred to in Article 6, paragraph 1, item a, and when carrying out the transactions referred to in Article 6, paragraph 1, item b) hereof, gather the data referred to in Article 7 hereof.

(2) The persons conducting professional activities as part of the procedures of identification and monitoring a client shall collect data as referred to in Article 7 hereof in case when there is a suspicion in credibility and truthfulness of previously collected data on clients or true owner and whenever there are reasons for suspicion of money laundering or funding of terrorist activities in relation to certain transaction or client as referred to in Article 6 paragraph 1 item d) hereof.

(3) While identifying a client, persons performing professional activities shall verify the identity of a client or his legal representative or authorized person and collect data as referred to in Article 7 hereof by getting an inspection of the valid identification document of a client, i.e. original document, verified copy of the document or verified documentation from a court or other public registry, which shall be updated, accurate and which present the real state of a client.

(4) Persons performing professional activities shall establish the true owner, client that is a legal entity or other similar legal subject based on data referred to in Article 7 hereof by inspecting the original or a verified copy of the documentation from a court or other public registry which shall be updated, accurate and which present the real state of a client. If, based on an extract from a court or other public registry, it is not possible to collect all data, the missing data shall be collected by getting an inspection of the original or verified copies of documents and other business documentation which legal representative or authorized person of the legal entity present.

(5) Persons performing professional activities shall collect other data as referred to in Article 7 hereof by getting an inspection of the original or verified copies of documents and other business documentation.

(6) If it is not possible to collect all data on the manner determined in this Article, the missing data shall be collected directly based on a written statement of a client or his legal representative.

(7) Persons performing professional activities shall carry out procedure of identification and monitoring of a client as referred to in paragraphs 1 to 6 hereof in a degree and extent corresponding to their scope of work.

Article 51
(Obligation of persons performing professional activities to inform the FID)

(1) When persons performing professional activities detect that, with regard to a transaction or a client, there are reasons to suspect money laundering or funding of terrorist activities, they shall inform the FID without delay, in accordance with provisions of Articles 38 and 39 hereof.

(2) Each time a client requests an advice in reference to money laundering or funding of terrorist activities, persons performing professional activities shall inform the FID immediately and no later than three working days from the day a client requested such advice.

(3) A notary public shall submit information to the FID on each purchase agreement relating to purchase or sale of immovable property where there are grounds to suspect money laundering or financing terrorist activities, as well as on each verified contract on loan the amount of which is BAM 30,000 or more, within eight days from the date of contract verification.

Article 52
(Exceptions from notification)

(1) Persons engaged in law practice activities shall not be subject to provisions of Article 51 hereof in relation to data they receive from a client or collect from a client acting as the client's defending counsel in accordance with relevant codes of criminal procedure in Bosnia and Herzegovina.
(2) In case as referred to in paragraph 1 hereof, persons engaged in law practice activities are not obliged to deliver data, information and documentation at request of the FID, as pursuant to Article 56 hereof. In the above case, they shall explain in writing form the reasons due to which they did not act upon the request of the FID without delay, and not later than fifteen days from the day the request was received.
(3) Persons performing professional activities shall not be obliged to:

a) Inform the FID on transactions referred to in Article 38 paragraph 1 Items b) and c) hereof;
b) Carry out internal audit of the implementation of tasks on the prevention of money laundering and funding terrorist activities.

Article 53
(List of indicators for recognizing suspicious clients and transactions)

(1) Persons performing professional activities shall develop a list of indicators for recognising suspicious transactions and clients in cooperation with the FID and other supervisory bodies.
(2) When developing a list as referred to in paragraph 1 hereof, persons performing professional activities shall take into consideration the complexity and unusually high amounts, unusual manner, value or connection among transactions that have no economic or legal grounds and purpose, or are not in compliance with or are disproportionate to the usual or expected operation of the client, as well as to other circumstances related to the status or other characteristics of the client.
(3) Persons performing professional activities shall submit the list referred to in paragraph (1) hereof to the FID no later than three months from the date of entry into force of this Law.

CHAPTER VII. RECORDS

Article 54
(Content of records)

(1) The records on the applied procedure for identification and monitoring of clients and transactions referred to in Article 7 paragraph 1 hereof shall as a minimum include the following information:

a) The name, seat and identification number of a legal entity having a business relationship or conducting the transaction, i.e. legal entity on behalf of which a permanent business relationship is to be established or on behalf of which a transaction is to be carried out;
b) Full name, address, date and place of birth, personal identification number of an employee or authorized person who establishes a business relationship or carries out a transaction on behalf of a legal entity, as well as the name of the authority that issued a valid identification document;
c) Full name, address, date and place of birth, personal identification number of a natural person who establishes a business relationship, enters in the premises of a casino, gaming house or in the premises of an organizer of games of chance, or who carries out a transaction, i.e. a natural person for whom a business relationship is to be established or for whom a transaction is to be carried out, as well as the number and name of the authority that issued a valid identification number;
d) Reasons for establishing of a business relationship or execution of transaction and information about the client's occupation;
e) Date of establishing a business relationship or execution of a transaction;
f) Time of execution of transaction;
g) Amount of a transaction and the currency used in execution of a transaction;

h) The purpose of transaction, as well as the full name and address, i.e. name and seat of a legal entity which the transaction was directed to;
i) Method of the execution of a transaction;
j) Full name, or name and seat of the person sending money order from abroad;
k) Data about the origin of money or property which is the subject of a transaction;
l) The reasons due to which a transaction, person or client is suspicious;
m) Full name, address, date and place of birth of each natural person who directly or indirectly possesses at least 20% of business share, stocks, i.e. other rights based on which he/she participates in legal entity management i.e. the funds thereof.

(2) For their own needs, liable persons leave copies of the documents based on which identification of a client was made, on which they are going to confirm that an inspection of original document was realized.

(3) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall give guidelines with regard to the manner in which the information referred to in paragraph (1) hereof are included in the records of the conducted identification of clients and transactions.

(4) Records as well as information referred to in Article 71 hereof, on transfer of cash and property across the state border shall contain the following data:

a) Full name, permanent address, date and place of birth and the personal identification number of a natural person who transfers a cash or property across the state border;
b) Name, seat and registration number of a legal entity or full name, address and the personal identification number of a natural person for whom a transfer of cash or property is carried out across the state border, amount, currency, type and purpose of transaction and place, date and time of the state border crossing;
c) Data on whether the transaction was reported to the customs authorities.

(5) All data, information and documentation from the record on identification of a client shall be delivered to the FID without any fee.

CHAPTER VIII. TASKS AND COMPETENCE OF THE FID

Section A. Activities of the FID

Article 55
(General provisions on FID)

(1) The FID, under the supervision of director of the State Investigation and Protection Agency, shall perform the tasks related to prevention, investigation, detection of money laundering and funding of terrorist activities in accordance with the provisions of the Law on the State Investigation and Protection Agency, this and other laws, promotion of cooperation between competent authorities of BiH, the FBiH, RS and the BDBiH in the area of the prevention of money laundering and the funding of terrorist activities, as well as promotion of cooperation and exchange of information with competent bodies of other states and international organizations in charge for the prevention of money laundering and of funding terrorist activities

(2) The FID shall be the central financial-intelligence unit receiving, collecting, recording and analysing data, information and documentation.

(3) The FID investigates and forwards results of analyses and/or investigations, data, information and documentation to competent prosecutor’s offices, authorities investigating offences of money laundering and/or financing terrorist activities, and/or to other competent authorities pursuant to provisions of this Law.

Article 56

(Request sent to liable persons to forward data on suspicious transactions or persons)

(1) If, while carrying out its duties, including acting on requests of the authorities referred to in Articles 57, 62, 66 and 67 hereof, the FID suspects money laundering or funding terrorist activities in reference to a certain transaction or person, the FID may send a written request to a liable person and ask for information referred to in Article 54 hereof, information on ownership and bank transactions of the person, as well as other information, data and documentation, necessary for carrying out the tasks of the FID pursuant to the provisions of this Law. In urgent cases, the FID may request information, data and documentation verbally, and may inspect documentation in the premises of a liable person; however, the FID shall submit a written request to the liable person on the following working day at the latest.
(2) Liable person shall forward information, data and documentation referred to in paragraph 1 hereof to the FID without a delay, or within 8 working days from the day the FID received the request.
(3) In cases of extensive documentation or due to other justifiable reasons the FID may extend in writing the deadline determined in paragraph 2 hereof upon a written request and it may, in such cases, inspect the documentation in the premises of the liable person.

Article 57
(Informing prosecutor and acting on prosecutor's request)

(1) When the FID establishes there are grounds to suspect that a criminal offence of money laundering or financing terrorist activities has been committed, it shall *ex officio* submit a report to the competent prosecutor's office on grounds for suspicion regarding the perpetrated offence and its perpetrators, containing relevant data, information and documentation.
(2) The FID shall inform the competent prosecutor's office on a temporary suspension of transaction pursuant to Article 58 hereof which is assessed as requiring an extension by a decision of the competent court, as well as on other information requiring assessment by the prosecutor's office.
(3) Upon an explained request or order by the prosecutor's office, the FID shall submit the available and collected data, information and documentation.
(4) An explained request referred to in paragraph (3) hereof shall contain the following: legal grounds for making the request, main personal data on the natural person or the name and seat of the legal person, description relating to suspecting a criminal offence of money laundering, predicate criminal offence or that of financing terrorist activities.
(5) The FID may reject a request submitted by the authority referred to in paragraph (3) hereof if the said request fails to meet the conditions defined in Article (4) hereof, on which the authority making the request shall be informed in writing.
(6) In the cases referred to in paragraphs (1), (2) and (3) hereof, the FID shall not include data on the liable person's employee(s) having submitted information pursuant to this Law or having otherwise been involved in making the transaction on behalf of the liable person, unless the competent prosecutor assesses there are reasons to suspect that the said liable person or its employee have committed a criminal offence, or if such information is required for establishing facts during criminal proceedings.

Article 58
(Temporary suspension of transactions)

(1) If, while carrying out its duties, including acting on requests of the authorities referred to in Articles 57, 62, 66 and 67 hereof, the FID suspects money laundering or funding terrorist activities in reference to a certain transaction, account or person, the FID may issue a written order for a temporary suspension of the transaction or transactions for no longer than 5 working days, and the period of temporary suspended transaction shall be counted from the moment of issuing the order for suspension by the FID, or from the moment of reporting on the suspicious transaction, when the reporting was made before the transaction and was confirmed by the FID. The FID may give additional instructions to a liable person as regards that

transaction, suspension of transaction, execution of transaction as well as communication with the person or persons who are connected with the transaction or transactions.
(2) In urgent cases the FID may issue a verbal order for temporary suspension of a transaction or transactions referred to in paragraph (1) hereof but shall forward a written order to a liable person on the following working day at the latest.
(3) An order for temporary suspension of a transaction or transactions shall include:

a) Date and time the period of temporary suspension is counted from;
b) Transaction account number;
c) Data about the owner of account;
d) Name of liable person and his other data;
e) Amount of financial transaction or transactions to be temporarily suspended or suspended from being made;
f) Other data related to a liable person and a suspicious transaction or transactions.

(4) After the period referred to in paragraph 1 hereof expires, a financial transaction may be temporarily suspended only by a decision of the competent court pursuant to the code of criminal procedure of BiH, the FBiH, RS and the BDBiH.
(5) The FID shall inform the authorities referred to in Articles 57, 62, 66 and 67 hereof on issued written orders or on reasons for rejecting requests for temporary suspension of a transaction or transactions.

Article 59
(Termination of orders for temporary suspension of transactions)

(1) Should FID, after issuing the order for temporary suspension of transaction(s) within the deadline stipulated in article 58 paragraph 1 hereof, assess that there is no further suspicion regarding money laundering or financing terrorist activities, it shall without delay notify the liable persons who then may immediately perform the transaction.
(2) If FID does not take actions described in paragraph 1 hereof, the liable person may immediately perform the transaction.
(3) The termination of an order for temporary suspension of transactions referred to in paragraphs (1) and (2) hereof, as well as failure to issue an order for temporary suspension of a suspicious transaction shall not necessarily imply that a suspicion of money laundering or financing terrorist activities does not exist.

Article 60
(Order to liable person for continuous monitoring of financial businesses of client)

(1) FID may order the liable person in writing to continually monitor the financial operations of a client with regard to which there are grounds to suspect money laundering or financing terrorist activities, or other persons where it could be reasonably concluded that such persons aided or took part in transactions or affairs of the suspicious persons, and order regular reporting to the FID on transactions or affairs that these persons perform or intend to perform with the liable person. The FID shall set deadlines for liable persons to deliver the information sought.
(2) If the FID does not set the deadline, the liable person shall forward to the FID the data referred to in paragraph 1 hereof before the transaction or before establishing a business relationship; should it not be possible, due to the nature of transaction and business relationship or due to other justified grounds, the liable person shall submit to the FID a report stating reasons for such actions.
(3) Implementation of measures referred to in paragraph 1 hereof shall last no longer than three months; in justified cases the duration may be extended for another month each time, having in mind that the total duration of measures may not exceed six months in total.

Article 61
(Requests for and submission of data by other authorities)

(1) The FID may request authorities and institutions of BiH, the FBiH, RS and the BDBiH and other bodies with public authorizations to provide information, data and documentation needed to discharge the duties of FID in accordance with provisions of this Law.
(2) The authorities and institutions referred to in paragraph (1) hereof shall urgently submit to the FID the requested data, information and documentation.
(3) In case of extensive documentation or other justified reasons, the FID may inspect the documentation in the premises of authorities and institutions with public authorisations referred to in paragraph (1) hereof.
(4) The authorities and institutions referred to in paragraph (1) hereof shall, without compensation, submit to the FID the requested data, information and documentation. Data may be exchanged by electronic means, in accordance with the agreed procedure.

Article 62
(Informing competent authorities and acting on their requests)

(1) Upon an explained request, the FID shall submit to the competent authorities in Bosnia and Herzegovina available or collected data, information and documentation that may be of importance for the above institutions and authorities when making decisions within their competence relating to investigating criminal offences of money laundering, predicate criminal offences and financing terrorist activities.
(2) An explained request referred to in paragraph (1) hereof shall contain the following: legal grounds for making the request, main personal data on the natural person or the name and seat of the legal person, description relating to suspecting a criminal offence of money laundering, predicate criminal offence or that of financing terrorist activities, as well as a degree of urgency in acting on the part of the FID.
(3) The FID may reject a request submitted by the authority referred to in paragraph (1) hereof if the said request fails to meet the conditions defined in Article (2) hereof, on which the authority making the request shall be informed in writing.
(4) When acting on requests made by the authorities referred to in paragraph (1) hereof, the FID shall proceed in chronological order or according to its own assessment, considering the importance and urgency thereof.
(5) If, during its activities, the FID establishes that certain data and information collected pursuant to this Law may be of importance for the authorities referred to in paragraph (1) hereof when making decisions within their competence relating to investigating criminal offences of money laundering, predicate criminal offences and financing terrorist activities, the FID shall inform them accordingly, on its own initiative and in writing, and shall submit the relevant data, information and documentation.
(6) When acting pursuant to paragraphs (1) and (5) hereof, the authorities the relevant data, information and documentation were submitted to shall separately inform the competent prosecutor's office on undertaken activities and legal grounds for taking action, within 15 days.
(7) In the cases referred to in paragraphs (1) and (5) hereof, the FID shall not include data on the liable person's employee(s) having submitted information pursuant to this Law or having otherwise been involved in making the transaction on behalf of the liable person, unless the competent prosecutor assesses there are reasons to suspect that the said liable person or its employee has committed a criminal offence, or if such information is required for establishing facts during criminal proceedings.
(8) Any further forwarding of data, information and documentation submitted to another authority pursuant to this Article shall require a previous written approval by the FID, except in the cases referred to in paragraph (6) hereof.
(9) The authorities referred to in paragraphs (1) and (5) hereof shall inform the FID on the results arising from the forwarded data, information and documentation.

Article 63

(Feedback)

(1) With regard to results of analysing received data pertaining to a transaction or person related to reasons to suspect money laundering or financing terrorist activities, the FID shall accordingly inform the liable persons referred to in Article 4 hereof having reported a transaction, unless it assesses that this may be prejudicial for the further course and outcome of proceedings, so as to:
a) Confirm the notification on a reported transaction;
b) Submit information on a decision or results of the case if the case was closed or completed upon receiving the notification, and the relevant data are available;
c) At least once a year, submit to the liable person statistical data on the received notifications relating to transactions and outcome of undertaken activities.
(2) In accordance with the relevant assessment and in cooperation with the supervisory bodies, the FID shall adequately inform liable persons on the current techniques, methods and trends of money laundering and financing terrorist activities.

Article 64
(Other duties of the FID)

In addition to the commitments previously mentioned in this Law, the FID shall have the following obligations in relation to money laundering and financing terrorist activities:

a) Proposing amendments of regulations governing the prevention and detection of money laundering and financing terrorist activities, towards the competent bodies;
b) Taking part in developing list of indicators used to identify suspicious transactions and list of countries applying internationally recognized standards in the prevention and detection of money laundering and financing terrorist activities;
c) Taking part in professional training of employees and authorised persons of liable persons, competent authorities in Bosnia and Herzegovina and institutions with public authorisations;
d) Publishing, at least once a year, statistics on money laundering and financing terrorist activities and, in other appropriate ways, informing the public on types of money laundering and financing terrorist activities;
e) Submitting annual reports on general FID activities, activities related to prevention of money laundering and financing terrorist activities to the Director and Minister. These reports shall be submitted even more frequently upon their request.

Section B. International cooperation

Article 65
(Request to foreign body to submit data, information and documentation)

(1) The FID may request foreign law enforcement bodies, prosecutorial or administrative bodies, financial-intelligence units and international organizations involved in the prevention of money laundering and of financing terrorist activities to submit data, information and documentation required for carrying out FID tasks in accordance with provisions of this Law.
(2) The FID may not submit or show data, information and documentation obtained in accordance with paragraph 1 hereof to third natural or legal persons, or other bodies, nor use them for other purposes in contravention of the conditions and restrictions set by a body, unit or organization referred to in paragraph 1 hereof, which a request is sent to.

Article 66
(Submission of data, information and documentation to

financial-intelligence units of other countries)

(1) The FID may submit data, information and documentation obtained in BiH to financial-intelligence units from other countries as per their request or as per self-initiative in accordance with provisions of this Law, provided that similar confidentiality protection is ensured.
(2) Prior to submission of data to financial-intelligence units of other countries, the FID shall request a written warranty stating that data, information and documentation will be used only for purposes defined by provisions of this Law. In order to forward data, information and documentation to police and judiciary bodies abroad, a prior written approval of the FID shall be necessary.

Article 67
(Submission of data to foreign bodies involved in prevention of money laundering and financing terrorist activities)

(1) The FID may submit data, information and documentation obtained in Bosnia and Herzegovina and other foreign law enforcement agencies only when an explanation for suspicion and concrete links with money laundering and financing terrorist activities are stated, provided that similar protection of confidentiality is ensured.
(2) Prior to submission of data to financial-intelligence units of other countries, the FID shall request a written warranty stating that data, information and documentation will be used only for purposes defined by provisions of this Law.

Article 68
(Proposal for temporary postponement of transaction to foreign financial-intelligence unit)

While undertaking measures and actions to prevent and detect criminal offences of money laundering and financing terrorist activities, in accordance with provisions of this Law, the FID may submit a written proposal for temporary postponement of certain transaction of transactions to a foreign financial-intelligence unit if there is a suspicion with regard to money laundering or financing terrorist activities in relation to certain person or transaction(s).

Article 69
(Temporary postponement of transaction upon a proposal by foreign financial-intelligence unit)

(1) Upon an explained written proposal from a foreign financial-intelligence unit, the FID may issue a written order to a liable person to temporary postpone suspicious transaction(s). In relation to issuing the order to temporary postpone transaction(s), provisions of Articles 58 and 59 hereof shall apply.
(2) The FID shall immediately inform the competent prosecutor's office in BiH about the issued order referred to in paragraph 1 hereof.

Section C. Record Keeping by FID

Article 70
(Types of records)

The FID shall keep the following records:
a) Records of information and notifications under provisions of Article 57 hereof, including the following information:
1) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person with regard to which the FID submitted a notification or information;

2) Information on the amount, currency, date or period when the transaction was made, with regard to which there are reasons to suspect a criminal offence;

3) Reasons to suspect a criminal offence.

b) Records of issued orders for temporary suspension of transaction or transactions, containing the data referred to in Article 58 paragraph (3) hereof.

c) Records of data forwarded abroad pursuant to provisions of Articles 65, 66, 67, 68 and 69 hereof, including the following information:

1) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person whose data are sent abroad;

2) The name of country and competent authority the data are sent to.

d) Records of measures undertaken with regard to a liable person referred to in Article 81 paragraph (2) Item c) hereof shall contain the following:

1) Number and date of the warrant issued or an order to institute proceedings, and the name of the court it was submitted to;

2) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person suspected of having committed an offence;

3) Place, time and manner of committing an activity having elements of offence;

4) Data on sanctions issued.

CHAPTER IX. DUTIES OF OTHER AUTHORITIES UNDER THIS LAW

Article 71
(Indirect Taxation Authority of BiH)

(1) The Indirect Tax Authority of BiH shall submit data to the FID on any transfer of cash, cheques, securities to the bearer, precious metals and stones across the state border in the amount of BAM 10,000 or more, no later than three days from the date of transfer.

(2) The Indirect Tax Authority of BiH shall submit the FID information and notifications on measures and activities undertaken against persons with regard to whom a request for instigating proceedings was submitted.

Article 72
(Submission of statistics by prosecutor's offices, courts and law enforcement agencies)

(1) In order to consolidate and analyse all data relating to money laundering and financing terrorist activities, the competent prosecutor's offices shall, twice a year, submit to the FID the following information on cases in which an indictment was confirmed:

a) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person with regard to which an indictment for money laundering or financing terrorist activities is confirmed;

b) Place, time and manner of committing an activity having elements of criminal offence;

c) Stage of proceedings;

d) Amount of temporary seized money or property value and date of issuing the decision on seizure.

(2) Competent courts shall, twice a year, submit the following information to the FID:

a) Legal and binding decisions in cases relating to criminal offence of money laundering and financing terrorist activities;

b) Offences under provisions of Article 83 hereof.

(3) Upon submitting a report on the perpetrator and grounds to suspect the commission of a criminal offence of money laundering, predicate criminal offence, criminal offence of financing terrorist activities

or criminal offence resulting in significant proceeds, law enforcement agencies shall submit the following data to the FID:

a) Number and date of the report;
b) Prosecutor's office the report was submitted to;
c) Brief description of the criminal offence and the amount of money laundered, material damage caused and amount of proceeds.

CHAPTER X. DATA PROTECTION AND STORAGE

Article 73
(General provisions)

The FID shall use information, data and documentation obtained in accordance to this Law only for the purposes defined by this Law.

Article 74
(Protection of data confidentiality)

(1) Liable persons and their employees, including the management, supervisors, other executives and other personnel who have access to protected data shall not reveal to the client or third persons the fact that the information, data or documentation about the client or transaction were forwarded to FID nor that the FID, in accordance with Article 58 hereof, has temporarily suspended transaction or instructed the liable person to take an action.
(2) Information about FID requests, information, data or documentation forwarded to FID, temporary suspension of a transaction or instruction given in accordance to paragraph (1) hereof shall be treated as protected data.
(3) The FID, other authorised person or prosecutor may not give information, data and documentation collected in accordance with this Law to the person it is related to.
(4) The FID shall decide on lifting the protection from the data.

Article 75
(Exceptions to principle of data protection)

(1) When data, information and documentation are forwarded to the FID, in accordance with the provisions of this Law, the obligation to protect the secrecy of banking, business, official, lawyer, notary or other professional secret shall not apply to the liable person, government authorities of BiH, the FBiH, RS and the BDBiH, institutions with public authorisations, prosecutors, courts and their personnel, unless otherwise stipulated by this Law.
(2) The liable person or its personnel shall not be liable for any damage caused to clients or third parties, nor shall they be subject to criminal or civil proceedings for forwarding information, data or documentation to the FID, for temporary suspension of transactions upon FID orders nor for instructions given pursuant to the order and in accordance with this Law or bylaws based on this Law.

Article 76
(Use of collected data)

The FID, liable persons specified in Article 4 hereof, government authorities, legal persons with public authority and other subjects and their employees shall use the data, information and documentation obtained in accordance with this Law only an intelligence data for the purpose of prevention and detection of money laundering and financing terrorist activities and other cases as stipulated by this Law.

Article 77
(Duration of period for storage of data by liable person)

(1) Liable persons shall keep the information, data and documentation on clients, established business relations with clients and transactions made, obtained in accordance with this Law, for at least 10 years after the termination of a business relation, completion of a transaction, client identification in a casino, premises for games of chance or the client's access to a safe.
(2) Liable persons shall keep the information and relevant documentation on authorised person referred to in Article 32 hereof, the professional training of employees and conducted internal controls for at least 4 years after the date of appointment of authorised persons, completion of professional training and conducting internal control.

Article 78
(Duration of period for storage of data by Indirect Taxation Authority of BiH)

The Indirect Taxation Authority of BiH shall keep the information of transfer of cash, cheques, securities to the bearer, precious metals and stones across the state border for 10 years from the date of transfer. This information and data shall be destroyed after the above period expires.

Article 79
(Duration of period for storage of data by FID)

The FID shall keep the information, data and documentation obtained and forwarded in accordance with this Law for 10 years from the date of reception or forwarding, and shall destroy them after the above period expires.

CHAPTER XI. SUPERVISION

Article 80
(General provisions)

(1) The supervision over the work of liable persons in relation to the implementation of this Law and other laws which regulate the application of measures for the prevention of money laundering and financing terrorist activities shall be conducted by special agencies and bodies (hereinafter: "the supervisory bodies") pursuant to the provisions of this and special laws regulating the work of certain liable persons and authorised agencies and bodies, as follows:

a) Supervision over the work of liable persons referred to in Article 4 Items a), c) and d) hereof shall be performed by the FBiH Banking Agency and RS Banking Agency;
b) Supervision over the work of liable persons referred to in Article 4 Item j) hereof shall be performed by the FBiH Banking Agency, RS Banking Agency and Foreign Exchange Inspectorate, each within their respective competences;
c) Supervision over the work of liable persons referred to in Article 4 Item n) Lines 2), 3), 4), 5), 6), 7) and 8) hereof, unless when the above tasks are performed by a bank within its activity, shall be performed by the competent entity ministries of finance, or the BDBiH Finance Directorate;
d) Except for liable persons referred to in Item c) hereof, the competent entity ministries of finance, or the BDBiH Finance Directorate, shall also perform supervision over the work of liable persons referred to in Article 4 Items f), i), k), Item l) Lines 3), 4) and 5), Item m), Item n) Lines 9), 10) and 11) and Item o) hereof;
e) The competent ministries of justice shall perform supervision over the work of liable persons referred to in Article 4 Item l) Lines 1) and n) Line 1) hereof;

f) The bar chambers of the FBiH i RS shall perform supervision over the work of liable persons referred to in Article 4 Item l) Line 2) hereof;

g) The FBIH Insurance Supervisory Agency and RS Insurance Agency shall perform supervision over the work of liable persons referred to in Article 4 Item b) hereof. The supervision over the work of organisations for managing voluntary pension funds referred to in Article 4 Item g) hereof shall be performed by the RS Insurance Agency in the territory of RS;

h) The FBiH Securities Commission, RS Securities Commission and BDBiH Securities Commission shall perform supervision over the work of liable persons referred to in Article 4 Items e) and g) hereof;

i) The competent entity ministries or authorities, within their respective competencies, shall perform supervision over the work of liable persons referred to in Article 4 Item h) hereof;

j) The FID shall supervise the application of provisions of this Law on the part of liable persons referred to in Article 4 Item n) Line 12) hereof.

(2) The competent entity ministries of finance and bodies thereof, or the BDBiH Finance Directorate, shall supervise the application of provisions of Article 37 hereof (Cash payments restrictions) with regard to persons not included liable persons referred to in Article 4 hereof but engaged in sales of goods and services in BiH.

(3) The FID shall directly supervise the application of provisions of this Law on the part of all the liable persons referred to in Article 4 hereof by gathering and verifying information, data and documentation submitted in accordance with provisions of this Law.

(4) The FID and supervisory bodies, within their respective competencies, shall cooperate in the supervision of application of provisions of this Law.

Article 81

(Actions of supervisory bodies in case of irregularities in work of liable person)

(1) The supervisory bodies shall, pursuant to provisions of this Law and laws governing operations of individual liable persons and supervisory bodies, regularly supervise the harmonisation of operations of liable persons on site.

(2) With regard to performed supervision over the harmonisation of operations of liable persons, the supervisory bodies shall submit the following to the FID:

a) Records on supervision performed;

b) Decisions on issued orders for eliminating the lack of harmonisation (irregular and illegal activities) identified through supervision;

c) Report on warrants issued or procedures instituted, containing the data referred to in Article 70 paragraph (1) Item d9 hereof;

d) Records on the supervision of implementation of measures ordered by a decision.

Article 82

(Informing supervisory body)

(1) The FID shall inform the supervisory bodies on measures undertaken on the basis of information and documentation submitted by the above bodies relating to suspicion of money laundering and financing terrorist activities, pursuant to provisions of Article 81 hereof.

(2) The FID shall inform the supervisory bodies on measures undertaken with regard to a liable person, irrespective of the supervision performed by the above bodies.

CHAPTER XII. PENAL PROVISIONS

Article 83

(Fining legal persons and responsible persons of legal persons for minor offences)

(1) A legal person referred to in Article 4 hereof shall be fined for a minor offence in the amount of BAM 20,000 to 200,000 if the said person:

a) Fails to make a risk assessment pursuant to provisions of Article 5 paragraph (1) hereof;

b) Fails to make a risk assessment in accordance with risk assessment guidelines referred to in Article (5) paragraph (2) hereof;

c) Fails to undertake the measures for identification and monitoring of clients when establishing a business relation with a client referred to in Article 6 paragraph (1) Item a) hereof;

d) Fails to undertake the measures for identification and monitoring of clients when making a transaction amounting to or exceeding BAM 30,000 KM, pursuant to Article 6 paragraph (1) Item b) hereof;

e) Fails to collect data referred to in Article 7 hereof and missing data referred to in Article 54 paragraph (1) Items a), b), c), e), f), g), i) and m) hereof when making a transaction Article 6 paragraph (1) Item b) hereof, without having previously established a business relationship;

f) Fails to fully apply provisions of Article 9 paragraph (1) hereof in the seat, branch offices, subsidiaries and other organisational units in the country and abroad;

g) Fails to implement measures of intensified identification and monitoring referred to in Article 9 paragraph (4) hereof in branch offices, subsidiaries and other organisational units abroad, particularly in countries not applying internationally recognised standards in the field of prevention of money laundering and financing terrorist activities, or not applying them to a sufficient degree;

h) Fails to obtain data required for identification pursuant to provisions of Article 7 hereof or fails to perform the identification as stipulated in Articles 11, 12, 13, 14, 15, 16 and 18 hereof;

i) Fails to establish and verify the identity of a natural person by directly inspecting a valid identification document of the client in their presence in accordance with Article 10 paragraph (1) hereof;

j) Fails to identify a client or fails to perform the identification pursuant to provisions of Article 7 hereof;

k) Fails to collect data on final real owners as stipulated in Article 16 paragraph (3) hereof;

l) Delegates the implementation of certain activities and measures of identification to a third person from a country on the list of countries not applying the standards in the field of prevention of money laundering and financing terrorist activities referred to in Article 17 hereof;

m) Agrees to measures of identification and monitoring of clients through a third person in case that the said person has established and verified the identity of clients in the absence of the said person in accordance with Article 18 paragraph (3) hereof;

n) Fails to monitor business activities undertaken by a client in accordance with Article 21 paragraph (2) hereof;

o) Fails to implement measures of intensified identification and monitoring when establishing a correspondent relation with a bank or similar credit institution based abroad, in accordance with Article 24 paragraph (2) hereof;

p) Establishes a business relation if the client is not present at the identification and identity verification when implementing measures of identification and monitoring in accordance with Article 28 paragraph (3) hereof;

r) Fails to obtain data, information and documentation referred to in Article 24 paragraph (1) Items a) through f) hereof when establishing a correspondent relation with a bank or similar credit institution based in a foreign country not on the list referred to in Article 85 paragraph (4) hereof;

s) A liable person’s employee establishes a relation with a correspondent bank referred to in Article 24 paragraph (2) hereof without a prior written approval by the highest-ranking management of the liable person;

t) Establishes or resumes a correspondent relation with a bank or similar credit institution referred to in Article 24 paragraph (2) hereof without having met the conditions stipulated in paragraph (4) Items a) through d) hereof;

u) Fails to develop an adequate procedure for identifying a political figure in accordance with Article 27 paragraph (1) hereof;

v) Fails to undertake measures of intensified identification and monitoring of clients and/or fails to obtain their approval referred to in Article 27 paragraphs (2) and (3) hereof;

z) Fails to obtain data on clients within the simplified identification and monitoring procedure in accordance with Article 30 hereof;

aa) Fails to obtain data on persons ordering electronic transfers in accordance with Article 32 hereof;

bb) Fails to establish and verify the identity of a person ordering electronic transfer in accordance with Article 33 paragraphs (1) and (2) hereof;

cc) Opens, issues or enables a client to have a hidden account and other services referred to in Article 35 hereof;

dd) Establishes business relations with shell banks referred to in Article 36 hereof;

ee) Fails to inform the FID or to deliver to the FID information, data and documentation stipulated in Articles 38 and 39 hereof;

ff) If persons performing professional activities fail to comply with provisions of Article 49 paragraph (1) Item a) or b) hereof;

gg) If persons performing professional activities, while implementing procedures of client identification and monitoring during a transaction or establishing a business relation, fail to act in accordance with provisions of Article 50 hereof;

hh) If persons performing professional activities fail to inform the FID pursuant to Article 51 hereof;

ii) Records of a liable person fail to include the minimum of information referred to in Article 54 paragraph (1) hereof;

jj) Fails to submit to the FID the stipulated information or fails to submit the above in a way stipulated by provisions of Article 56 hereof;

kk) Fails to act on an order by the FID on a temporary suspension of transaction or fails to comply with instructions given by the FID with regard to the above order, in accordance with provisions of Article 58 hereof;

ll) Fails to keep information, data and documentation in accordance with provisions of Article 77 paragraph (1) hereof.

(2) A legal person referred to in Article 37 hereof allowing cash payments in the amount exceeding BAM 30,000, in contravention of provisions of Article 37 hereof, shall be fined with the sanction referred to in paragraph (1) hereof.

(3) The responsible person of a legal person shall be fined in the amount of BAM 5,000 to 20,000 for committing an offence referred to in paragraphs (1) and (2) hereof.

(4) A natural person engaged in private business shall be fined in the amount of BAM 3,000 to 10,000 for committing an offence referred to in paragraphs (1) and (2) hereof.

(5) A legal person referred to in Article 4 hereof shall be fined in the amount of BAM 10,000 to 100,000 if the said person:

a) Fails to obtain the missing data from other valid public documents under provisions of Article 10 paragraph (2) hereof;

b) Fails to perform repeated identification of foreign legal persons at least once a year in accordance with provisions of Article 11 paragraph (7) hereof;

c) Fails to obtain all the data referred to in Article 24 paragraph (3) hereof by inspecting public or other available registers or by inspecting documents and business reports submitted by a bank or other similar credit institution based abroad;

d) Fails to introduce internal control or develop a list of indicators for recognising suspicious transactions within the defined deadline or in the manner defined by provisions of Articles 46, 47 and 53 hereof;

e) Fails to appoint authorised persons or fails to inform the FID on such appointment pursuant to provisions of Article 40 hereof;
f) Delegates the duties of authorised person and deputy authorised person to a person not meeting the criteria referred to in Article 41 paragraph (1) Items a) through d) hereof;
g) Fails to provide professional training for its staff pursuant to provisions of Article 45 hereof;
h) Fails to keep data on the authorised person and deputy authorised person, professional training of its staff and implementing internal control at least four years after the appointment of authorised person and deputy authorised person, upon professional training or implementation of internal control, pursuant to provisions of Article 77 paragraph (2) hereof.

(6) The responsible person of a legal person shall be fined in the amount of BAM 1,000 to 5,000 for committing an offence referred to in paragraph (5) hereof.
(7) A natural person engaged in private business referred to in Article 4 hereof shall be fined in the amount of BAM 2,000 to 10,000 for committing an offence referred to in paragraph (5) hereof.

Article 84
(Fining supervisory body and responsible person of supervisory body)

(1) A supervisory body failing to act in accordance with provisions of Article 81 hereof shall be fined in the amount of BAM 5,000 to 50,000.
(2) The responsible person of a supervisory body shall be fined in the amount of BAM 1,000 to 5,000 for committing an offence referred to in paragraph (1) hereof.

CHAPTER XIII. COMPETENCE FOR PASSING BY-LAWS

Article 85
(By-laws for implementation of this Law)

(1) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall pass by-laws referred to in Article 38 paragraph (3) hereof.
(2) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall issue rulebooks, decisions and instructions referred to in Articles 17 and 54 hereof, and in accordance with the international standards for the prevention of money laundering and financing terrorist activities, within three months from the date of entry into force of this Law.
(3) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, may prescribe additional instructions for matters referred to in paragraph (2) hereof or with regard to the application of provisions of this Law.
(4) In accordance with data released by relevant international organisations, the Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall make a list of countries applying internationally recognised standards in terms of preventing and detecting money laundering and financing terrorist activities.

CHAPTER XIV. TRANSITIONAL AND FINAL PROVISIONS

Article 86
(Application of other regulations)

(1) Matters not regulated by this Law shall be governed by relevant provisions of other regulations.
(2) All other regulations governing this subject matter shall be harmonised with this Law within one year from the date of entry into force of this Law.

Article 87

(Representing BiH in international, European and regional bodies)

The Council of Ministers of BiH shall, within 30 days from the date of entry into force of this Law, appoint delegations representing BiH international, European and regional bodies that adopt binding standards within the scope of this Law or supervise their implementation, in accordance with the constitutional set-up of BiH (representatives of BiH, the entities, cantons and BDBiH), and in accordance with the statutes, rulebooks and procedures of the aforementioned bodies, as well as with legal competences.

Article 88
(Cessation of application)

On the date of entry into force of this Law, the Law on Prevention of Money Laundering and of Financing Terrorist Activities (*Official Gazette of BiH* No. 53/09) shall cease to apply.

Article 89
(Entry into force)

This Law shall enter into force on the eight day from the date of its publishing in the *Official Gazette of BiH*.

No. 01,02-02-1-24-1/14
6 June 2014
Sarajevo

Speaker Of the House of Representatives Of the Parliamentary Assembly of BiH Dr. Milorad Živković	Speaker Of the House of Peoples Of the Parliamentary Assembly of BiH Dr. Dragan Čović

ANNEX IV - Law on the State Investigation and Protection Agency

CONSOLIDATED UNOFFICIAL VERSION

("Official Gazette" of Bosnia and Herzegovina, 27/04, 35/05, 49/09)

Pursuant to Article IV 4 a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina at the session of the House of Representatives held on 23 April 2004 and at the session of the House of Peoples held on 4 May 2004, has adopted the

I. GENERAL PROVISIONS

Article 1

Scope of Regulation

(1) This Law shall establish the State Investigation and Protection Agency (hereinafter: SIPA) and shall regulate its competence and organisation, as a police body of Bosnia and Herzegovina (hereinafter: BIH).

(2) For all other issues relevant for the functioning of SIPA as a police body, to the extent not prescribed by this Law, the Law on Police Officials of BiH, "the Law on the Directorate for Coordination of the Police Bodies and on Agencies for Support to the Police Structure of BiH, Law on Independent and Supervisory Bodies of the Police Structure of BiH and other laws applied by SIPA in its performance.

(3) For all organizational and management issues and other issues relevant for the functioning of SIPA as an administrative organization, such as enactment of Rulebook on Internal Organization and other regulation, administrative supervision, relations between the institutions of BiH and relations towards legal and natural persons, to the extent not prescribed by this Law, the Law on Ministries and Other Administrative Bodies of BiH and the Law on Administration shall apply.

Article 2

Definition of SIPA

(1) SIPA is an administrative organisation within the Ministry of Security of BiH (hereinafter: the Ministry) with operational autonomy, established for the purpose of performing police tasks, headed by a director and financed from the "Budget of the Institutions of Bosnia and Herzegovina and International Obligations of Bosnia and Herzegovina".

(2) SIPA shall act exclusively on professional grounds and shall not be involved in furthering, protecting or undermining the interests of any political party, registered organization or association, any constituent or other people in BiH.

Article 3

Competence of SIPA

(1) The tasks within the scope of SIPA's competence are:

a) Prevention, detection and investigation of criminal offences falling within the jurisdiction of the Court of Bosnia and Herzegovina (hereinafter: the Court), especially: organized crime, terrorism, war crimes, trafficking in persons and other criminal offences against humanity and values protected by international law, as well as serious financial crime;

b) Collection of information and data on criminal offences referred to in item 1 of this Paragraph, as well as observance and analyses of security situation and phenomena conducive to the emergence and development of crime;

c) Assistance to the Court and the Prosecutor's Office of Bosnia and Herzegovina (hereinafter: the Prosecutor's Office) in collecting information and execution of the orders of the Court and of the Chief Prosecutor of BiH (hereinafter: the Prosecutor);

d) Witness protection;

e) Implementation of international agreements on police co-operation and of other international instruments that fall within the scope of its competence;

f) Criminal expertise;

g) Other tasks as prescribed by law or other regulations of BIH.

(2) SIPA shall process data and keep records in accordance with the Law on Police Officials of BiH, the Law on the Protection of Personal Data of BiH and other regulations of BiH.

Article 4

Establishment of SIPA

(1) The SIPA's headquarters shall be in Sarajevo.

(2) SIPA shall have at least two regional offices with seats in Banja Luka and Mostar.

(3) The Council of Ministers (hereinafter: the Council of Ministers) may pass a decision establishing new regional offices.

(4) SIPA shall have departments and units.

(5) In addition to the departments and units established by this Law, other organizational units within or outside SIPA's headquarters may be established by the Rulebook on Internal Organisation of the State Investigation and Protection Agency (hereinafter: The Rulebook).

Article 5

Working Relations within SIPA

(1) Employees of SIPA are police officials, civil servants and other employees in accordance with the Rulebook.

(2) Police officials are authorised officials, on whose working relations the Law on Police Officials shall apply.

(3) On working relations of civil servants the Law on Civil Service in the Institutions of BiH shall apply, while for other employees the Law on Labour in the Institutions of BIH shall apply.

(4) Positions of police officials and positions of civil servants as well as of other employees shall be regulated by the Rulebook.

Article 6

Police Powers

Police officials employed within SIPA shall apply police powers in accordance with the Law on Police Officials of BiH and shall act as authorised officials in accordance with criminal procedure codes in BiH (hereinafter: criminal procedure code).

II. ORGANISATION

1. Management

Article 7

Management, appointment and dismissal

(1) SIPA shall be managed by the Director of SIPA (hereinafter: the Director),

(2) The Director shall have one deputy and assistant directors. The Deputy and Assistant Directors shall be responsible to the Director for their work.

(3) The Director and Deputy Director shall be appointed by the Council of Ministers upon proposal of the Minister of Security (hereinafter: the Minister)and selected from a list of candidates delivered by an Independent Committee, for a four year mandate with the possibility of renewal for a second consecutive term.

(4) The Council of Ministers shall dismiss the Director and Deputy Director under the conditions and through procedures implemented by the Independent Committee.

(5) The Director and Deputy Director may be dismissed before the end of the mandate:

a) upon personal request;

b) if s//he receives a final decision imposing disciplinary measures for a serious violation of duty;

c) if s/he is convicted of a criminal offence other than traffic safety;

d) if it is established that s/he is an active member of a political party;

e) if, based on an opinion of an authorized health care facility, it is established that s/he is permanently prevented from carrying out his/her duties.

(6) The Director and Deputy may not come from the same constituent people.

Article 8

Duties and Responsibilities of the Director

(1) The Director shall:

a) Represent SIPA;

b) Develop an annual Work Programme according to the guidelines formulated by the Chair of the Council of Ministers, as well as the annual budget for SIPA and propose them to the Minister, who shall submit them to the Council of Ministers;

c) Manage and direct the implementation of the tasks falling within the scope of SIPA's competence;

d) Ensure proper implementation of the guidelines and directives of the Prosecutor concerning the activities of police officials in relation to criminal proceedings;

e) Ensure co-operation with law enforcement agencies and other appropriate bodies in BiH;

f) Ensure co-operation with law enforcement and other competent agencies of foreign States and implementation of other international agreements on police co-operation as well as other international instruments that fall within the scope of SIPA's competence.

(2) In addition to the duties and responsibilities referred to in Paragraph 1 of this Article, the Director shall also carry out other tasks, such as:

a) Passing a Rulebook with consent of the Council of Ministers and other regulations prescribed by the law required for performance of tasks within the scope of SIPA's competence;

b) Assigning duties to assistant directors and other managers of basic organizational units in accordance with the law, the Rulebook and other regulations;

c) Issuing decisions on employment, deployment and termination of employment of those employed in SIPA, in accordance with appropriate laws and regulations;

d) Carrying out activities on procurement of weapons in cooperation with the Agency for Support to the Police Structure, and with consent of the Minster;

e) Carrying out activities related to programs for education and training of the employees within SIPA, pursuant to the Law on the Directorate for Coordination of the Police Bodies and on Agencies for Support to the Police Structure of BiH and the Law on Police Officials of BiH;

f) Providing an annual Report on the work and situation in the fields falling within the scope of SIPA's competence to the Minister, who shall submit it to Council of Ministers, as well as special reports when needed or on the request of the Minister;

g) Submitting reports to the Parliamentary Assembly of BiH, the Council of Ministers and the Presidency of BiH, upon their request;

h) Performing other duties as prescribed by law or other regulations.

(3) The Director shall be responsible for the lawful work of SIPA and for the lawful expenditure of funds granted to SIPA from the "Budget of the Institutions of Bosnia and Herzegovina and International Obligations of Bosnia and Herzegovina."

(4) The Director shall respond to the Minister and Council of Ministers for his and for performance of SIPA as well as for the status of the areas under the competence of SIPA.

Article 9

Deputy Director, Assistant Directors and Heads

(1) The Deputy Director shall be a substitute for the Director during the Director's absence, shall exercise particular duties delegated to him/her by the Director and shall perform tasks entrusted to him/her by the Director as required for effective and duly performance of the work of SIPA.

(2) Assistant directors and heads shall manage departments or units that they head, and for their work and the work of the department or the unit shall be responsible to the Director.

(3) Assistant directors and other heads of the basic organizational units shall be nominated, appointed and dismissed in accordance with the Law on Police Officials of BiH and the Law on Civil Service in the Institutions of BiH.

(4) Upon the end of the Assistant Director's mandate, the police official who held such a position shall be reassigned to a position requiring the rank of the Chief Inspector.

Article 10

Director's Inability

(1) If the Director is not able to carry out his/her duties and responsibilities, the Deputy Director shall perform them, until the Director is able to reassume them or until the new Director is appointed.

(2) Should the Director be unable to reassume his duties and responsibilities, a procedure shall be carried out in accordance with the provisions of Article 7, Paragraph (3) of this law.

2. Structure

Article 11

Composition of SIPA

SIPA shall be composed of the following departments and units:

a) The Criminal Investigative Department;

b) The Financial Intelligence Department;

c) The Witness Protection Department;

d) The Special Support Unit;

e) The Internal Control Department;

f) Other lower organisational units established by the Rulebook.

Article 12

Duties and tasks of the Criminal Investigative Department

The Criminal Investigative Department shall:

a) Work on detection and investigation of criminal offences falling within the jurisdiction of the Court, locating and capturing of the perpetrators of these criminal offences and bringing them before the Prosecutor, under the supervision of and pursuant to the guidelines and directives issued by the Prosecutor in accordance with the criminal procedure code;

b) Work on prevention of criminal offences;

c) Provide operational assistance to the Financial Intelligence Department;

d) Collect information and data on criminal offences, observe and analyse security situation and phenomena conducive to the emergence and development of crime;

e) Organise and conduct criminal expertise

Article 13

Duties and tasks of the Financial Intelligence Department

The Financial Intelligence Department shall:

a) Receive, collect, record, analyse, investigate and forward to the Prosecutor information, data and documentation received in accordance with the law and other regulations of BiH on prevention of money laundering and funding of terrorist activities;

b) Carry out international co-operation in the field of prevention and investigation of money laundering and funding of terrorist activities;

c) Provide to the Prosecutor an expert support in the financial field.

Article 17

Duties and tasks of the Witness Protection Department

The Witness Protection Department shall carry out protection of witnesses in accordance with laws and other regulations of BiH on witness protection.

Article 18

Duties and tasks of the Special Support Unit

(1) The Special Support Unit shall assist other departments by providing additional police tactics, equipment and personnel, when enhanced security measures must be taken.

(2) SSU shall undertake the most sophisticated tactical and technical police operations, applying police powers in high-risk situations when special skills, training and equipment are necessary.

(3) The use of SSU shall be approved by the Director.

Article 19

Duties and tasks of the Internal Control Department

The Internal Control Department shall be competent for:

a) Internal investigations of complaints of misconduct of the SIPA's employees;

b) Investigations of actions involving the use of force, especially the use of firearms, corruption and abuse of authority by police officials, in accordance with the Law on Police Officials of BiH;

c) Internal inspections of procedures within the departments, in order to insure compliance with law, rulebooks, police manuals and written directives;

d) Professional standards and policy development

Article 20

Additional duties and tasks of the organizational units

Additional duties and tasks of the organizational units may be regulated in detail through the Rulebook and in accordance with the competencies prescribed by Law.

III. OFFICIAL CO-OPERATION

Article 21

Rendering Assistance

(1) The administrative and other bodies, services and other institutions in BiH, Entity and Cantonal Ministries of Interior, customs and tax authorities, financial police, international operational police co-operation bodies, competent bodies of the Brčko District of BiH and other appropriate bodies shall be obliged to co-operate with SIPA and upon its request to assist SIPA in performing the duties of its competence, and shall coordinate activities within the scope of their competences, in accordance with the law and other regulations on the protection of sources, methods and other non-public information.

(2) SIPA shall be obliged to co-operate and render assistance to the bodies referred to in Paragraph 1 of this Article upon their request.

(3) The manner of assistance and all other issues regarding the assistance and co-operation referred to in Paragraphs 1 and 2 of this Article shall be regulated by the mutual agreement or by the other legal act, to the extent not determined by law.

Article 22

Duty to Inform Competent Body

(1) SIPA shall be obliged to inform bodies listed in Article 21, Paragraph (1) of this Law about information obtained in the course of performing its duties, regarding the preparation or perpetration of criminal offences that fall within the scope of work of those bodies, as well as about the measures and actions taken with the goal to prevent perpetration or to locate and capture the perpetrators of such criminal offences.

(2) bodies listed in Article 21, Paragraph (1) of this Law shall be obliged to inform SIPA about information obtained in the course of performing their duties, regarding the preparation or perpetration of criminal offences that fall within the scope of SIPA's competence, as well as about the measures and actions taken with the aim to prevent perpetration or to locate and capture the perpetrators of such criminal offences.

Article 23

International Co-operation

(1) SIPA may co-operate with foreign law enforcement and other foreign appropriate bodies, for the purpose of fulfilling duties determined in Article 3 of this Law. The co-operation may include the exchange of data and joint execution of the activities that fall within the scope of SIPA's competence.

(2) SIPA may provide foreign law enforcement and other foreign appropriate bodies with data on citizens of BiH based on information that the citizen poses a danger to the security of BiH, the receiving State or a broader danger to regional or global security.

(3) In criminal matters, the co-operation with foreign law enforcement agencies shall be conducted through the competent authorities and institutions of BiH.

(4) Notwithstanding the provisions of Paragraph of this Article, SIPA shall not provide data on citizens of BiH unless it has reasonable assurance that the recipient will ensure the data with the same level of protection as provided in BiH.

(5) If the data relate to the criminal proceedings instituted in BiH, the exchange of data referred to in this Article shall be carried out in accordance with the criminal procedure code, the Law on Protection of Personal Data and the Law on Protection of Secret Data.

IV. TRANSITIONAL AND FINAL PROVISIONS

Article 24

Cessation of Previous Laws

(1) On the day of the entry into force of this Law, the Law on the Agency for Information and Protection of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, No. 15/02) shall cease to apply.

(2) Employees, property, including liabilities, and other resources of the Agency for Information and Protection of Bosnia and Herzegovina shall become employees, property and resources of the State Investigation and Protection Agency (SIPA).

Article 24a

Transitional period

(1) During the transitional period, organization and implementation of the physical and technical protection of persons and objects of the BiH institutions and diplomatic/consular departments which are provided with special protection pursuant to appropriate laws, international obligations and other regulations passed by the Council of Ministers, shall be carried out by SIPA until the requirements for the Directorate for Coordination of Police Bodies in BIH to takeover are met, and within 90 days as of the day the Directorate commences with work the latest.

(2) The protected persons, in terms of this Law shall be:

a) Members of the Presidency of BiH,

b) Chair of the Council Of Ministers

c) Ministers of the Council of Ministers,

d) Speaker of the House of Peoples of the Parliamentary Assembly of BiH,

e) Speaker of the House of Representatives of the Parliamentary Assembly of BiH,

f) President of the Court of BiH,

g) Chief Prosecutor of BiH, f

h) foreign dignitaries visiting BiH and other persons as designated by decision of the Council of Ministers.

(3) When the situation so requires and upon the decision of the Director and SIPA's professional evaluation, SIPA may provide protection to other members of the Parliamentary Assembly, other judges of the Court of BiH, Deputy Chief Prosecutors and other Prosecutors of the Prosecutor's Office of BiH, persons employed within the institutions of BiH, diplomatic and consular missions in BiH and persons visiting BiH.

(4) Protected facilities and other property, in terms of this Law, shall be facilities and property for which the BiH is obliged to provide protection pursuant to international law and regulations, or the decision of the Council of Ministers.

Article 25

Applicable Regulations

(1) The Rulebook shall be passed within 60 days of the entry into force of this Law. (Entry into force of the Law on Amendments to the Law on the State Investigation and Protection Agency on the eight day of publishing the Official Gazette of BIH No 49/09)

(2) Pending the adoption of appropriate regulations, SIPA shall apply regulations issued pursuant to Law on State Investigation and Protection Agency ("Official Gazette of BiH", no. 27/04 and 35/05), to the extent that such regulations are not inconsistent with this Law or the Law on Police Officials of BiH.

Article 26

Appointments

(1) The procedure of appointment of the Director, Deputy Director, Assistant Director for the Criminal Investigative Department and the Assistant Director for the Internal Control Department shall be initiated after the expiration of deadline of 90 days from the day of entry into force of this Law, and shall be finalised not later than 8 months from the day of entry into force of this Law.

(2) The appointments referred to in Paragraph 1 of this Article shall become effective on the first day after the expiration of the deadline of 8 months from the day of entry into force of this Law, during which period the Director and the Deputy Directors appointed pursuant to the law referred to in Article 24, Paragraph 1 of this Law shall perform duties and responsibilities pursuant to this Law.

Article 26a

Mandate of the appointed persons

(1) Mandate of the persons who shall on the day of entry into force of this Law be upholding the duty of Director and Deputy Director shall not exceed the time period proscribed in Article 7, Paragraph (3) of this Law.

(2) Mandate of the persons who shall on the day of entry into force of this Law be upholding the duty of the Assistant Director in the Criminal Investigative Department and the Assistant Director in the Internal Control Department shall expire at the end of the appointed mandate.

(3) The duration of mandate for the persons listed in paragraphs (1) and (2) of this Article shall be calculated as of the day the Director, Deputy Director, Assistant Director in the Criminal Investigative Department and the Assistant Director in the Internal Control Department assume their respective duties.

Article 27

Entry into Force

This Law shall enter into force on the eight day of its issuance in the Official Gazette of BiH.

PA BiH No. 39/04

4 May 2004

Sarajevo

Chair of the House of Representatives of the Parliamentary Assembly of BiH	Chair of the House of People of the Parliamentary Assembly of BiH
Martin Raguz	Mustafa Pamuk

ANNEX V – CRIMINAL CODE OF BIH

Article 1

(22) Secret information is information in the field of public safety, defence, foreign affairs and interests, intelligence and security services or the interests of Bosnia and Herzegovina, communications and other systems of importance for national interests, judiciary, projects and plans for major defence and intelligence-security activities, scientific, research, technological, economic and financial affairs of importance for the security and functioning of the institutions of Bosnia and Herzegovina, and/or security structures at all levels of the state organisation of Bosnia and Herzegovina, which has been designated as secret by law, other regulation or general act issued by a relevant authority, passed on the basis of the law, or which has been designated as secret information in accordance with the laws and regulations on the protection of secret information. This term also includes secret information of another country, international or regional organisation.

Article 9

(1) The criminal legislation of Bosnia and Herzegovina shall apply to anyone who, outside of its territory, perpetrates:

Any criminal offence against the integrity of Bosnia and Herzegovina prescribed in Chapter Sixteen of this Code (Criminal Offences against The Integrity of Bosnia and Herzegovina);

The criminal offence of Counterfeiting Money or of Counterfeiting Securities of Bosnia and Herzegovina, the criminal offence of Counterfeiting Instruments of Value or of Forgery of Trademarks, Measures and Weights issued on the basis of regulations of the institutions of Bosnia and Herzegovina, as defined in Articles 205 through 208 of this Code;

A criminal offence which Bosnia and Herzegovina is bound to punish according to the provisions of international law and international treaties or intergovernmental agreements;

d) A criminal offence against an official or responsible person in the institutions of Bosnia and Herzegovina, in relation to his office.

(2) The criminal legislation of Bosnia and Herzegovina shall apply to a citizen of Bosnia and Herzegovina who, outside the territory of Bosnia and Herzegovina, perpetrates any criminal offence.

(3) The criminal legislation of Bosnia and Herzegovina shall apply to an alien who, outside the territory of Bosnia and Herzegovina, perpetrates a criminal offence not included in paragraph 1 of this Article against Bosnia and Herzegovina or its national.

(4) The criminal legislation of Bosnia and Herzegovina shall apply to an alien who, outside the territory of Bosnia and Herzegovina, perpetrates a criminal offence against a foreign state or a foreign national which under this legislation carries a punishment of imprisonment for a term of five years or a more severe punishment.

(5) In the cases referred to in paragraphs 2 and 3 of this Article, the criminal legislation of Bosnia and Herzegovina shall apply only if the perpetrator of the criminal offence is found in or extradited to Bosnia and Herzegovina, while in the case referred to in paragraph 4 of this Article, only if the perpetrator is found in the territory of Bosnia and Herzegovina and is not extradited to another country.

Article 21

Legal Assistance and Official Cooperation

(1) All Courts in the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District of Bosnia and Herzegovina shall be bound to provide legal assistance to the Court.

(2) All authorities of the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District of Bosnia and Herzegovina shall be bound to maintain official cooperation with the Court, the Prosecutor and other bodies participating in criminal proceedings.

Attempt

Article 26

(1) Whoever intentionally commences execution of a criminal offence, but does not complete such offence, shall be punished for the attempted criminal offence when, for the criminal offence in question, the punishment of imprisonment for a term of three years or a more severe punishment may be imposed, and for the attempt of another criminal offences when the law expressly prescribes punishment of the attempt alone.
(2) An attempted criminal offence shall be punished within the limits of the punishment prescribed for the same criminal offence perpetrated, but the punishment may also be reduced.

Co-perpetration

Article 29

If several persons who, by participating in the perpetration of a criminal offence or by taking some other act by which a decisive contribution has been made to its perpetration, have jointly perpetrated a criminal offence, shall each be punished as prescribed for the criminal offence.

Incitement

Article 30

(1) Whoever intentionally incites another to perpetrate a criminal offence, shall be punished as if he has perpetrated such offence.
(2) Whoever intentionally incites another to perpetrate a criminal offence for which a punishment of imprisonment for a term of three years or a more severe punishment is prescribed by law, and the criminal offence has never been attempted, shall be punished as for the attempt of the criminal offence.

(3) The incitement to the commission of a criminal offence shall particularly mean the following: pleading, inducement or persuasion, demonstrating the benefits of the commission of a criminal offense, giving or promising gifts, misuse of subordination or dependency relations, leading or keeping a person in a state of actual or legal misconception.

Accessory

Article 31

(1) Whoever intentionally helps another to perpetrate a criminal offence shall be punished as if he himself perpetrated such offence, but the punishment may be reduced.
(2) The following, in particular, shall be considered as helping in the perpetration of a criminal offence: giving advice or instructions as to how to perpetrate a criminal offence, supplying the perpetrator with tools for perpetrating the criminal offence, removing obstacles to the perpetration of criminal offence, and promising, prior to the perpetration of the criminal offence, to conceal the existence of the criminal offence, to hide the perpetrator, the tools used for perpetrating the criminal offence, traces of the criminal offence, or goods acquired by perpetration of the criminal offence

Forfeiture

Article 74

(1) Forfeiture shall be ordered with regard to objects used or destined for use in the perpetration of a criminal offence, or to those that resulted from the perpetration of a criminal offence, when there is a danger that those objects will be used again for the perpetration of a criminal offence or when the purpose of protecting the public safety or moral reasons make the forfeiture seem necessary, if those objects are owned by the perpetrator.
(2) Objects referred to in paragraph 1 of this Article may be forfeited even if not owned by the perpetrator when consideration of public safety or moral reasons so require, but such forfeiture does not affect the rights of third parties to obtain damage compensation from the perpetrator.
(3) The law may provide for mandatory forfeiture.

The Basis of the Confiscation of Material Gain

Article 110

(1) Nobody is allowed to retain material gain acquired by the perpetration of a criminal offence.
(2) The gain referred to in paragraph 1 of this Article shall be confiscated by the court decision, which established the perpetration of a criminal offence, under the terms set forth under this Code.

Extended Confiscation of Property Gain Acquired through Perpetration of a Criminal Offence Article 110a

Where criminal proceedings involve the criminal offences set forth under Chapters XVII, XVIII, XIX, XXI, XXI A and XXII of the Code, the Court may issue a decision under Article 110, paragraph (2) and confiscate the property gain for which the prosecutor provided sufficient evidence to reasonably believe that such property gain was acquired by the perpetration of these criminal offences, while the perpetrator failed to prove that the gain was acquired in a lawful manner.

Ways of Confiscating Material Gain

Article 111

(1) All the money, valuable objects and every other material gain acquired by the perpetration of a criminal offence shall be confiscated from the perpetrator, and in case the confiscation is not feasible - the perpetrator shall be obliged to pay an amount of money which corresponds to the acquired material gain. Material gain acquired by perpetration of a criminal offence may be confiscated from persons to whom it has been transferred without compensation or with a compensation which does not correspond to the real value, if the persons knew or should have known that the material gain had been acquired by the perpetration of a criminal offence.
(2) If proceeds of a criminal offence have been intermingled with property acquired from legitimate sources, such property shall be liable to confiscation not exceeding the assessed value of the intermingled proceeds.
(3) Income or other benefits derived from the proceeds of a criminal offence, from property into which proceeds of criminal offence have been converted, or from property with which proceeds of criminal offence have been intermingled shall also be liable to the measures referred to in this Article, in the same manner and extent as the proceeds of the criminal offence.

Protection of Injured Party

Article 112

(1) If criminal procedure has resulted in awarding property claims to the injured party, the court shall order the confiscation of material gain if it exceeds the awarded property claim of the injured party.
(2) The injured party who has been directed to initiate civil litigation in the course of criminal proceedings regarding his property claim, may demand that he be reimbursed from the amount of the confiscated value, provided that the civil case is started within six months from the day when the decision by which he has been directed to litigate took effect and if he demands to be compensated from the confiscated value within three months from the day when his claim was legally established.
(3) An injured party who did not report a property claim during the course of a criminal proceedings may demand compensation from the confiscated value, if he has begun litigating his claims within three months from the day when he found out about the judgement which confiscates a material gain, but no longer than within two years from the day when the decision on the confiscation of material gain took effect, or if within three months from the day when the decision by which his claim was established he demands compensation from the confiscated value.

Taking Effect of the Legal Consequences Incident to Conviction

Article 113

(1) Sentences for particular criminal offences may entail as legal consequences the termination or loss of certain rights, or bar on the acquisition of certain rights.
(2) Legal consequences incident to conviction may not occur when the perpetrator of a criminal offence has been imposed a fine or a suspended sentence, or when the court has released him from punishment.
(3) Legal consequences incident to conviction may be prescribed only by law and they take effect by the force of the law in which they were set forth.

Types of Legal Consequences Incident to Conviction

Article 114

(1) Legal consequences incident to conviction relating to the termination or loss of certain rights are the following:
a) Cessation of the performance of particular jobs or functions in government agencies, business enterprises or other legal persons;
b) Termination of employment or cessation of the performance of a particular profession, occupation or activity;
c) confiscation of permits or authorizations issued under decisions by government agencies, or a status acknowledged under decisions rendered by government agencies;
d) Deprivation of decorations.
(2) Legal consequences incident to conviction which consist of a bar on the acquisition of particular rights are as follows:
a) Bar on the performance of certain jobs or functions in government agencies, business enterprises or other legal persons;
b) Bar on the acquisition of a particular office, title, position or promotion in service;
c) Ban on the acquisition of permits or authorizations issued under decisions of government agencies, or a status acknowledged under decisions rendered by government agencies.

Beginning and Duration of Legal Consequences Incident to Conviction

Article 115

(1) The legal consequences incident to conviction take effect on the day of effectiveness of the sentence.
(2) The legal consequences incident to conviction which consist of a bar on the acquisition of particular right may not exceed ten years from the day on which the punishment has been served, pardoned or amnestied, or has been barred by the statute of limitation, except for certain legal consequences for which law provides a shorter period of duration.
(3) The legal consequences incident to conviction cease by the deletion of the sentence.

Termination of Security Measures and Legal Consequences Incident to Conviction on the Basis of the Court Decision

Article 116

(1) The court may decide to discontinue the application of the security measure of a prohibition to carry out a certain occupation, activity or duty, if three years have elapsed from the day on which the security measure took effect.
(2) The court may decide to terminate the legal consequence of a sentence consisting in the bar on the acquisition of a certain right after the lapse of three years from the day on which the punishment has been served, pardoned or amnestied, or barred by the statute of limitation.
(3) In deciding whether to order the termination of a security measure or a legal consequence of a sentence, the court shall take into account the conduct of the convicted person after the conviction, his readiness to compensate damage caused by the perpetration of a criminal offence and to return material gain acquired by the perpetration of a criminal offence, as well as other circumstances which indicate the justifiability of the termination of a security measure or a legal consequence of a sentence.
(4) The termination of legal consequences incident to conviction in no way affects the rights of third parties originating from the judgement.

Confiscating Material Gain from a Legal Person

Article 140

If a legal person acquires material gain by the perpetration of a criminal offence, the material gain acquired by the perpetration of a criminal offence shall be confiscated from the legal person.

Disclosure of Secret Data

Article 164

(1) An official or responsible person in the institutions of Bosnia and Herzegovina or a military person, who is authorised to classify data or to access secret data and who without authorisation communicates, conveys or in any other way makes accessible to another secret data, or obtains secret data with an aim of conveying it to an unauthorised person, shall be punished by imprisonment for a term between six months and five years.
(2) The punishment referred to in paragraph (1) of this Article shall be imposed on whoever, with an aim to make an unauthorised use of secret data, avails himself unlawfully of secret data or who communicates, conveys or in any other way makes accessible to another such secret data without a permit; and on whoever communicates, conveys or in any other way makes accessible to another or mediates in communicating, conveying or in other way making accessible to another a fact or instrument which contains information and which he knows to constitute secret data and which he obtained the possession of in an illegal manner.

(3) The punishment of imprisonment for a term between one and ten years shall be imposed on whoever perpetrates the criminal offence referred to in paragraphs (1) and (2) of this Article:

a) out of greed; or

b) in respect of data classified pursuant to the law as "strictly confidential" or with the degree "secret", or as "state secret" or with the degree "top secret"; or

c) for the purpose of communicating, conveying or in other way making accessible or using the secret data outside of Bosnia and Herzegovina.

(4) If the criminal offence referred to in paragraph (1) and (3) of this Article was perpetrated by a person who pursuant to the law on protection of secret data has legal authorization to classify data or to access secret data of a degree in respect of which the criminal offence was perpetrated, the perpetrator shall be punished:

a) for the criminal offence referred to in paragraph (1) of this Article by imprisonment for a term not less than three years;

b) for the criminal offence referred to in paragraph (3) of this Article by imprisonment for a term not less than five years.

(5) If the criminal offence referred to in paragraphs (1), (2) and (3) of this Article has been perpetrated during a state of war or imminent war threat or a state of emergency or when an order for the engagement and employment of the Armed Forces of Bosnia and Herzegovina is issued, the perpetrator shall be punished by imprisonment for a term not less than five years.

(6) If the criminal offence referred to in paragraph (1) and (4) of this Article was perpetrated by negligence, the perpetrator shall be punished:

a) for the criminal offence referred to in paragraph (1) of this Article by a fine or imprisonment for a term not exceeding three years;

b) for the criminal offence referred to in paragraph (4) of this Article by imprisonment for a term between three months and three years.

(7) If the criminal offence referred to in paragraph (6) of this Article was perpetrated in respect of data classified pursuant to the law as "strictly confidential" or with the degree "secret", or as "state secret" or with the degree "top secret", the perpetrator shall be punished by imprisonment for a term between six months and five years.

(8) Provisions of paragraphs (1), (3), (4), (5), (6) and (7) of this Article shall also be applied to a person who without authorisation communicates, conveys or in any other way makes accessible to another secret data, after his function as an official or responsible person in the institutions of Bosnia and Herzegovina or as a military person or as a person authorised to classify data or to access secret data has ceased.

(9) There shall be no criminal offence of disclosure of secret data if somebody makes public or mediates in making public secret data the contents of which are in contravention with the constitutional order of Bosnia and Herzegovina, with an aim of disclosing to the public the irregularities attached to organising, performance or management of the office or with an aim of disclosing to the public the facts which constitute a violation of the constitutional order or of an international agreement, provided that the making public has no substantial prejudicial consequences for Bosnia and Herzegovina.

Money Laundering

Article 209

(1) Whoever accepts, exchanges, keeps, disposes of, uses in commercial or other activity, otherwise conceals or tries to conceal money or property he knows was acquired through perpetration of criminal

offence, when such a money or property is of larger value or when such an act endangers the common economic space of Bosnia and Herzegovina or has detrimental consequences to the operations or financing of institutions of Bosnia and Herzegovina, shall be punished by imprisonment for a term between one and eight years.

(2) The perpetrator of the offence under paragraph (1) of this Article who is at the same time a perpetrator or an accomplice in the perpetration of a criminal offence whereby the money or property referred to in paragraph (1) of this Article was obtained, shall be punished by a prison sentence between one and ten years.
(3) If the money or property gain referred to in paragraphs 1 of this Article exceeds the amount of 200,000 KM, the perpetrator shall be punished by imprisonment for a term not less than three years.

(4) If the perpetrator, during the perpetration of the criminal offences referred to in paragraphs 1 and 2 of this Article, acted negligently with respect to the fact that the money or property gain has been acquired through perpetration of criminal offence, he shall be punished by a fine or imprisonment for a term not exceeding three years.

(5) The money and property gain referred to in paragraphs (1) through (4) of this Article shall be forfeited.

Conspiracy to Perpetrate a Criminal Offence

Article 247

Whoever agrees with another to perpetrate a criminal offence prescribed by the law of Bosnia and Herzegovina, for which a punishment of imprisonment of three years or a more severe punishment may be imposed, unless a heavier punishment is foreseen for conspiracy of a particular criminal offence,

shall be punished by a fine or imprisonment for a term not exceeding one year.

Associating for the Purpose of Perpetrating Criminal Offences

Article 249

(1) Whoever organises or directs at any level a group of people or otherwise associates three or more persons with an aim of perpetrating criminal offences prescribed by the law of Bosnia and Herzegovina, unless a heavier punishment is foreseen for such organising or associating for the purpose of perpetrating a particular criminal offence, shall be punished by imprisonment for a term between one and ten years.

(2) Whoever becomes a member of the group of people or an association referred to in paragraph 1 of this Article, shall be punished by a fine or imprisonment for a term not exceeding three year.

(3) A member of the group who exposes such a group or a member of the association who exposes such an association prior to his having perpetrated criminal offence within its ranks or for its sake, may be released from punishment.

(4) The organiser who prevents the perpetration of the criminal offences referred to in paragraph 1 of this Article by exposing the group or association or otherwise, shall be punished by a fine or imprisonment for a term not exceeding one year, but may be released from punishment.

Taking of Hostages

Article 191

(1) Whoever unlawfully confines, keeps confined or in some other manner deprives another person of the freedom of movement, or restricts it in some way, or seizes or detains and threatens to kill, to injure or to continue to detain as a hostage, with an aim to compel **Bosnia and Herzegovina, another** state or an international intergovernmental organisation, to perform or to abstain from performing any act as an explicit or implicit condition for the release of a hostage, shall be punished by imprisonment for a term **not less than three years**.
(2) If, by the criminal offence referred to in paragraph 1 of this Article, the death of the hostage is caused, the perpetrator shall be punished by imprisonment for a term not less than five years.
(3) If, in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator deprives a hostage of his life intentionally he shall be punished by imprisonment for a term not less than ten years or by the long-term imprisonment.

Endangering Internationally Protected Persons

Article 192

(1) Whoever unlawfully confines, keeps confined or in some other manner deprives an internationally protected person of the freedom of movement, or restricts it in some way, with the aim to force him or some other person to do or to omit or to bear something, or perpetrates some other violence against such a person or his liberty, his official premises, private accommodation or means of transportation likely to endanger his person or liberty, shall be punished by imprisonment for a term **not less than three years**.
(2) If the death of one or more people resulted from perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator shall be punished by imprisonment for a term not less than five years.
(3) If in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article the perpetrator intentionally deprived another person of his life, he shall be punished by imprisonment for a term not less than ten years or the long-term imprisonment.
(4) Whoever endangers the safety of a person referred to in paragraph 1 of this Article by a serious threat to attack him, his business premises, private apartment or means of transportation, shall be punished by imprisonment for a term between six months and five years one and ten years.

Illicit Procurement and Disposal of Nuclear Material

Article 194

(1) Whoever, without authorisation, obtains, receives, hands over or enables another person to get into possession or to possess, use, transport, process, dispose of, store, or disperse nuclear or other radioactive material or device, shall be punished by imprisonment by a prison sentence for up to five years.
(2) Whoever obtains nuclear or other radioactive material or device by theft, deceit, force, threat or in any other form of intimidation, shall be punished by a term of imprisonment between one and ten years.
(3) Whoever, by perpetrating the offences referred to in paragraphs (1) and (2) of this Article causes danger to human life or health, or substantial danger to property or environment, shall be punished by imprisonment for a term of not less than three years
(4) If the perpetration of the criminal offence referred to in paragraphs (1) through (3) of this Article has resulted in the death of one or more persons, or substantial property or environmental damage, the perpetrator shall be punished by imprisonment for a term not less than five years.
(5) Whoever perpetrates the criminal offence referred to in paragraphs (1) and (3) of this Article by negligence, shall be punished by imprisonment for a term not exceeding three years.
(6) Whoever perpetrates the criminal offence referred to in paragraph (4) of this Article by negligence, shall be punished by imprisonment for a term not exceeding ten years.

(7) Whoever, in order to compel a State, international organisation or a natural or legal person to perform or abstain from performing an act, threatens to endanger the lives of people or property to a substantial extent through the use of nuclear material, shall be punished by a prison sentence of not less than three years.
(8) The nuclear or other radioactive material or device referred to in this Article and means of their transport shall be confiscated.

Endangering a Nuclear Facility
Article 194a

(1) Whoever perpetrates a criminal offence with the aim of impeding the operation of a nuclear facility, or uses or damages the nuclear facility in the manner that causes danger of nuclear or other radioactive leakage, shall be punished by a prison sentence between one and five years.

(2) Whoever by perpetration of the criminal offence referred to in paragraph (1) of this Article causes danger to human life or health, or substantial danger to property or environment, shall be punished by imprisonment for a term of not less than one year.

(3) Whoever perpetrates the criminal offence referred to in paragraphs (1) and (2) of this Article by negligence, shall be fined or punished by imprisonment for a term not exceeding three years.

(4) If the perpetration of the criminal offence referred to in paragraphs (1) and (2) of this Article has resulted in the death of one or more persons, or substantial property or environmental damage, the perpetrator shall be punished by imprisonment for a term of not less than five years.

(5) Whoever perpetrates the criminal offence referred to in paragraph (4) of this Article by negligence, shall be punished by imprisonment for a term between one and ten years.

(5) Whoever threats to commit one of the offences referred to in paragraphs (1) and (2) of this Article, shall be punished by a prison sentence not exceeding three years.

Article 196

(1) A crew member or a passenger on a vessel or an aircraft, which is not a military vessel or aircraft nor a public vessel or aircraft who, with an aim to secure for himself or for another some gain or to cause some damage to another, perpetrates on the open sea or in a place which is not under the rule of any state an unlawful violence or some other type of coercion against another vessel or aircraft, or persons or objects on them, shall be punished by imprisonment for a term between one and ten years.

(2) If, by the criminal offence referred to in paragraph 1 of this Article, the death of one or more persons or the destruction of a vessel or an aircraft or some other extensive destruction is caused, the perpetrator shall be punished by imprisonment for a term not less than five years.

(3) If the perpetrator, in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article, intentionally kills one or more persons, he shall be punished by imprisonment for a term not less than ten years or by long-term imprisonment.

Hijacking an Aircraft or a Ship or Seizing a Fixed Platform

Article 197

(1) Whoever on board an aircraft in flight, ship or other vessel of any type **or a fixed platform**, by force or threat of force, or by any other form of intimidation, seizes, or exercises control of, that aircraft, ship or vessel, shall be punished by imprisonment for a term not less than one year.

(2) If the criminal offence referred to in paragraph 1 results in the death of one or more persons, or if it caused the destruction of the hijacked aircraft, ship or vessel **or a fixed platform**, or some other pecuniary damage, the perpetrator shall be punished by a term of imprisonment not less than five years.

(3) If, in a course of the perpetration of the offence referred to in paragraph 1 of this Article, a person was intentionally deprived of his life, the perpetrator shall be punished by imprisonment for a term not less than ten years or by long-term imprisonment.

Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms

Article 198

(1) Whoever performs violence against a person on board an aircraft in flight, destroys an aircraft in service or causes damage to such an aircraft, places or causes to be placed on an aircraft in service, by any means whatsoever, an explosive or other device or substance capable of destroying or damaging the aircraft, destroys or damages air navigation facilities or instruments of navigation or interferes with their operation, communicates information he knows to be false, fails to discharge duties or supervision in relation to safety of the air traffic or perpetrates another act of violence, endangering thereby the safety of the flight, shall be punished by imprisonment for a term between one and ten years.

(2) The punishment referred to in paragraph 1 of this Article shall be imposed on whoever performs violence against a person at an international airport or destroys or seriously damages airport facilities or an aircraft not in service, or disrupts the services of the airport.

(3) The punishment referred to in paragraph (1) of this Article shall be imposed on whoever performs violence against a person on board a ship or vessel or fixed platform, destroys a ship or vessel or fixed platform, or causes damage to a ship or vessel or their cargo or to a fixed platform, places or causes to be placed on a ship or vessel, or fixed platform, by any means whatsoever, an explosive or some other device or substance capable of destroying or damaging the ship, vessel or their cargo, or a fixed platform, destroys or damages maritime navigational facilities or interferes with their operation, communicates information he knows to be false, or perpetrates another act of violence, endangering thereby the safe navigation or the safety of the voyage of the ship or the safety of the vessel or fixed platform.

(4) If a person was intentionally deprived of his life in the course of the perpetration of the criminal offence referred to in paragraph 1 through 3 of this Article, the perpetrator shall be punished by imprisonment for a term not less than ten years or with long-term imprisonment.

(5) If death of one or more persons, or the destruction or extensive damage to an aircraft, ship or vessel or a fixed platform or any other extensive pecuniary damage has been brought about as a result of any offence described in paragraph 1 through 3 of this Article, the perpetrator shall be punished by imprisonment for a term not less than five years.

(6) Whoever perpetrates the criminal offence referred to in paragraph 1 through 3 of this Article by negligence, shall be punished by a fine or imprisonment for a term not exceeding three years.

(7) If the death of one or more persons, or the destruction or extensive damage to an aircraft, ship or vessel or a fixed platform or any other extensive pecuniary damage, has been brought about as a result of the offence described in paragraph 6 of this Article, the perpetrator shall be punished by imprisonment for a term between one and ten years.

Destruction and Removal of Signal Devices Utilised for Safety of the Air Traffic

Article 199

Whoever destroys, damages or removes a signal device utilised for safety of air traffic, shall be punished by a fine or imprisonment for a term not exceeding three years.

Misuse of Telecommunication Signals

Article 200

Whoever maliciously or needlessly transmits an internationally used signal of distress or a danger signal, or whoever, by the use of a telecommunication signal, causes deception that there is safety, or whoever misuses an internationally accepted telecommunication signal, shall be punished by imprisonment for a term between six months and five years.

Terrorism
Article 201

(1) Whoever perpetrates a terrorist act with the aim of seriously intimidating a population or unduly compelling the Bosnia and Herzegovina authorities, government of another state or international organisation to perform or abstain from performing any act, or with the aim of seriously destabilising or destroying the fundamental political, constitutional, economic or social structures of Bosnia and Herzegovina, of another state or international organisation,

shall be punished by imprisonment for a term not less than five years.

(2) If the death of one or more people resulted from perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator

shall be punished by imprisonment for a term not less than eight years.

(3) If in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article the perpetrator intentionally deprived another person of his life, he

shall be punished by imprisonment for a term not less than ten years or long-term imprisonment.

(4) Whoever procures or prepares any means of, or removes an obstacle to, or undertakes any other act to create conditions for, the perpetration of the criminal offence under Paragraph (1) of this Article, shall be punished by a prison sentence between one and ten years.
(5) A *terrorist act*, in terms of this Article, means one of the following acts which, given its nature or its context, may cause serious damage to a state or international organisation:
a) Attack upon person's life, which may cause death;
b) Attack upon the physical integrity of a person;
c) Unlawful confinement of, keeping confined or in some other manner depriving another of the freedom of movement, or restricting it in some way, with the aim to force him or some other person to do or to omit or to bear something (kidnapping) or taking of hostages;

Causing a great damage to facility of Bosnia and Herzegovina, facility of government of another state or public facility, a transport system, an infrastructure facility, including an information system, a fixed platform located on the continental shelf, a public place or private property, likely to endanger human life or result in major economic loss;

Kidnapping of aircraft, ships or other means of public or goods transport;

Manufacture, possession, acquisition, transport, supply, use of or training for the use of weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research into, and development of, biological and chemical weapons or radioactive material;

Releasing dangerous substances, or causing fire, explosion or floods the effect of which is to endanger human life;

Interfering with or disrupting the supply of water, power or any other fundamental natural resource the effect of which is to endanger human life;

Threatening to perpetrate any of the acts referred to in items a) to h) of this paragraph.

Funding of Terrorist Activities
Article 202

(1) Whoever by any means, directly or indirectly, provides or collects funds with the aim to use them or knowing that they are to be used, in full or in part, in order to perpetrate:

the criminal offence referred to in the following Articles of this Code: 191 (Taking of Hostages), 192 (Endangering Internationally Protected Persons), 194 (Illicit Procurement and Disposal of Nuclear Material), 194a (Endangering Nuclear Facilities), 196 (Piracy), 197 (Hijacking an Aircraft or a Ship or Seizing a Fixed Platform), 198 (Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), 199 (Destruction and Removal of Signal Devices Utilised for the Safety of Air Traffic), 200 (Misuse of Telecommunication Signals), 201 (Terrorism), 202a (Encouraging Terrorist Activities in Public), 202b (Recruitment for Terrorist Activities), 202c (Training to Perform Terrorist Activities);

any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking active part in the hostilities in an armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel the authorities of Bosnia and Herzegovina or any other authorities or an international organisation to perform or to abstain from performing any act, shall be punished by imprisonment of not less than three years.

(3) The funds collected for the perpetration or obtained as a result of the perpetration of the criminal offence under paragraph (1) of this Article shall be confiscated.

Encouraging Terrorist Activities in Public
Article 202a

Whoever publicly, through the media, disseminates or otherwise sends out a message to the public with the aim of encouraging another person to perpetrate the criminal offences referred to in the following Articles of this Code: 191 (Taking of Hostages), 192 (Endangering Internationally Protected Persons), 194 (Illicit Procurement and Disposal of Nuclear Material), 194a (Endangering Nuclear Facilities), 196 (Piracy), 197 (Hijacking an Aircraft or a Ship or Seizing Fixed Platforms), 198 (Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), 199 (Destruction and Removal of Signal Devices Utilised for the Safety of Air Traffic), 200 (Misuse of Telecommunication Signals), 201 (Terrorism), 202 (Funding of Terrorist Activities), 202b (Recruitment for Terrorist Activities), 202c (Training to Perform Terrorist Activities) and 202d (Organising a Terrorist Group), shall be punished by a prison sentence of not less than three years;

Recruitment for Terrorist Activities
Article 202b.

Whoever recruits or incites another person to perpetrate or participate, or assist in the perpetration, or join a terrorist group for the purpose of perpetrating any of the criminal offences referred to in the following Articles of this Code: 191 (Taking of Hostages), 192 (Endangering Internationally Protected Persons), 194 (Illicit Procurement and Disposal of Nuclear Material), 194a (Endangering Nuclear Facilities), 196 (Piracy), 197 (Hijacking an Aircraft or a Ship or Seizing a Fixed Platform), 198 (Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), 199 (Destruction and Removal of Signal Devices Utilised for the Safety of Air Traffic), 200 (Misuse of Telecommunication Signals), 201 (Terrorism), 202 (Funding of Terrorist Activities), 202a (Encouraging Terrorist Activities in Public) and 202c (Training to Perform Terrorist Activities), shall be punished by a prison sentence of not less than three years.

Training to Perform Terrorist Activities
Article 202c

(1) Whoever trains another person to manufacture or use explosives, fire arms or other weapons or harmful or dangerous materials or explosive devices, or otherwise trains another person in specific

methods, techniques or skills with the purpose of perpetrating any of the criminal offences referred to in the following Articles of this Code: 191 (Taking of Hostages), 192 (Endangering Internationally Protected Persons), 194 (Illicit Procurement and Disposal of Nuclear Material), 194a (Endangering Nuclear Facilities), 196 (Piracy), 197 (Hijacking an Aircraft or a Ship or Seizing a Fixed Platform), 198 (Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), 199 (Destruction and Removal of Signal Devices Utilised for the Safety of Air Traffic), 200 (Misuse of Telecommunication Signals), 201 (Terrorism), 202 (Funding of Terrorist Activities), 202a (Encouraging Terrorist Activities in Public) and 202b (Recruitment for Terrorist Activities), shall be punished by a prison sentence of not less than three years.
(2) Whoever provides means for the training, or otherwise renders available a facility or a space, aware that they will be used for the perpetration of the criminal offence referred to in paragraph (1) of this Article, shall be punished by the sentence foreseen in paragraph (1) of this Article.

Organising a Terrorist Group
Article 202d

(1) Whoever organises a terrorist group or otherwise unites a minimum of three individuals for the purpose of perpetration of the criminal offences referred to in the following Articles of this Code: 191 (Taking of Hostages), 192 (Endangering Internationally Protected Persons), 194 (Illicit Procurement and Disposal of Nuclear Material), 194a (Endangering Nuclear Facilities), 196 (Piracy), 197 (Hijacking an Aircraft or a Ship or Seizing a Fixed Platform), 198 (Endangering the Safety of Air Traffic and Maritime Navigation or Fixed Platforms), 199 (Destruction and Removal of Signal Devices Utilised for the Safety of Air Traffic), 200 (Misuse of Telecommunication Signals), 201 (Terrorism), 202 (Funding of Terrorist Activities), 202a (Encouraging Terrorist Activities in Public), 202b (Recruitment for Terrorist Activities) or 202c (Training to Perform Terrorist Activities), shall be punished by a prison sentence of not less than five years.
(2) Whoever becomes a member of the group referred to in paragraph (1) of this Article or otherwise participates in the activities of a terrorist group, which includes providing financial or any other assistance, shall be punished by a prison sentence of not less than three years.
(3) A member of the group referred to in paragraph (1) of this Article who discloses the group before participating in a criminal offence as its member or on its behalf, shall be fined or punished by a prison sentence not exceeding three years, and may even be acquitted.

Failure to Enforce Orders and Sentences of the International Criminal Tribunal

Article 203

An official person in the institutions of Bosnia and Herzegovina, entity institutions and the institution of the Brčko District of Bosnia and Herzegovina who refuses to act upon the order of international criminal tribunal to arrest or detain or extradite to the international criminal tribunal a person against whom the proceedings have been initiated before the international criminal tribunal or if he in any other way prevents enforcement of that order or who refuses enforcement of a legally valid and final sentence of the international criminal tribunal or if in any other way he prevents enforcement of such sentence, shall be punished by imprisonment for a term between one and ten years.

"Article 162b.

(Unlawful Establishing and Joining Foreign Paramilitary or Parapolice Formations)

(1) Whoever, in violation of the Law on Defence of Bosnia and Herzegovina or the Law on Service in the Armed Forces of Bosnia and Herzegovina, organises, directs, trains, equips or mobilises individuals or groups for the purpose of their joining in any way foreign military, foreign paramilitary or foreign

parapolice formations that are acting outside the territory of Bosnia and Herzegovina, shall be punished by imprisonment for a term not less than five years.
(2) Whoever joins in any way a foreign military, foreign paramilitary or foreign parapolice formation, trained, equipped or mobilised as provided by paragraph (1) of this Article, shall be punished by imprisonment for a term not less than three years.
(3) Whoever procures or renders operable the means, removes obstacles, creates plans or makes arrangements with others or recruits another person or undertakes any other action creating the conditions for direct perpetration of this criminal offence, shall be punished by imprisonment for a term between one and ten years.
(4) Whoever publicly, by way of public media, distributes or in any other way conveys a message to the public, which has the purpose of inciting another person to perpetrate this criminal offence, shall be punished by imprisonment for a term between three months and three years.
(5) A perpetrator of the criminal offence referred to in paragraph (1) of this Article, who, by exposing the group, prevents the perpetration of the criminal offence or exposes the group prior to the perpetration of the criminal offence, shall be punished by imprisonment for a term between six months and three years, but may also be released from punishment.

(6) Provisions of this Article shall not be applicable to the persons who have acquired in a lawful manner the citizenship of a foreign country recognized by Bosnia and Herzegovina in whose army or military formation they serve, or they serve in the military formations under control of governments internationally recognized by the United Nations, established on the basis of law."

ANNEX VI – CRIMINAL CODE OF FBIH

Article 22

Legal Assistance and Official Cooperation

(1) All courts of the Federation shall be bound to provide legal assistance to the court conducting a criminal proceeding.

(2) All authorities of the Federation shall be bound to maintain official cooperation with courts, prosecutors and other bodies participating in criminal proceedings.

Article 28

Attempt

(1) Whoever intentionally commences perpetration of a criminal offence, but does not complete it, shall be punished for the attempted criminal offence when, for the criminal offence in question, the punishment of imprisonment for a term of three years or a more severe punishment may be imposed, and for the attempt of another criminal offence when the law expressly prescribes punishment for the attempt alone.

(2) A perpetrator shall be punished for an attempt of criminal offence within the limits of the punishment prescribed for the same criminal offence completed, but may also be punished less severely.

Article 33

Accessory

(1) Whoever intentionally helps another in perpetration of a criminal offence, shall be punished as if he himself perpetrated such offence, but may be punished less severely.

(2) The following, in particular, shall be considered as helping in the perpetration of a criminal offence: giving advice or instructions as to how to perpetrate a criminal offence, supplying the perpetrator with tools for perpetrating a criminal offence, removing obstacles to the perpetration of criminal offence, and promising, prior to the perpetration of the criminal offence, to conceal the existence of the criminal offence, to hide the perpetrator, the tools used for perpetrating the criminal offence, traces of the criminal offence, or items acquired by perpetration of the criminal offence.

(3) Article 31

(4) ***Co-perpetration***[1]

(5) If several persons jointly perpetrate a criminal offence, by participating in the perpetration of a criminal offence or by taking some other act by which a decisive contribution can be made to its perpetration, each of them shall be punished by a punishment prescribed for that criminal offence.

Article 32

[1] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), the title of Article 31 was amended to read as follows: "**Co-perpetration**".

Incitement

(1) Whoever intentionally incites another to perpetrate a criminal offence shall be punished as if he had perpetrated such offence.

(2) Whoever intentionally incites another to perpetrate a criminal offence for which a punishment of imprisonment for a term of three years or a more severe punishment may be imposed, and the criminal offence has never been attempted, shall be punished as for the attempt of the criminal offence.

(3) Incitement to commit a criminal offence shall be construed to mean, in particular: pleading, persuading or prompting, portraying benefits of the perpetration of the criminal offence, giving or promising gifts, abusing the state of subordination or dependency, making a person believe in and keeping a person under a mistake of fact or law, deceiving.[2]

Article 78

Forfeiture of objects

(1) Objects used or destined for use in the perpetration of a criminal offence, or those that resulted from the perpetration of a criminal offence, shall be forfeited, if there is a danger that they will be used again for the perpetration of a criminal offence, or if the purpose of protecting the public safety or moral reasons make the forfeiture absolutely necessary, if those objects are owned by the perpetrator.

(2) Objects referred to in paragraph 1 of this Article may be forfeited even if not owned by the perpetrator, if consideration of public safety or moral reasons so require, but such forfeiture does not affect the rights of third parties to obtain damage compensation from the perpetrator.

(3) ***The Law can regulate mandatory forfeiture of objects.***[3]

Article 114

The Basis of the Confiscation of Material Gain

(1) Nobody is allowed to retain material gain acquired by the perpetration of a criminal offence.

(2) The gain referred to in paragraph 1 of this Article shall be confiscated by the court decision, which established the perpetration of a criminal offence, under the terms set forth under this Code.

(3) (deleted)[4]

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[2] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), in Article 32, after paragraph (2), a new paragraph (3) was added.

[3] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), Article 78, Paragraph 3 was amended.

Previously:

(3) In the cases referred to in paragraph 2 of this Article, the law may prescribe mandatory forfeiture.

[4] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), in Article 114, paragraph (3) was deleted.

Previously:

Article 114a.[5]
Expanded Confiscation of Material Gain Acquired Through Perpetration of a Criminal Offence

In cases of criminal proceedings for criminal offences referred to in chapters XXII, XXIX and XXXI of this Law, the court can also decide, on basis of Article 114 paragraph (2), to order confiscation material gain for which the prosecutor provides sufficient evidence that there is reasonable suspicion that it was acquired through execution of these criminal offences, and the accused person did not provide evidence to prove that the material gain was acquired legally.

Article 115
Ways of Confiscating Material Gain

(1) All the money, valuable objects and every other material gain acquired by the perpetration of a criminal offence shall be confiscated from the perpetrator, and in case the confiscation is not feasible - the perpetrator shall be obligated to pay an amount of money which corresponds to the acquired material gain. Material gain acquired by perpetration of a criminal offence may be confiscated from a person to whom it has been transferred without compensation or with a compensation which does not correspond to the real value, if the person knew or should have known that the material gain had been acquired by the perpetration of a criminal offence.

(2) If a material gain acquired through the perpetration of criminal offence has been intermingled with property acquired in a legal way, such property may be liable to confiscation not exceeding the assessed value of the intermingled proceeds of criminal offence.

(3) Income or other benefits derived from the material gain acquired through the perpetration of criminal offence or from the property into which proceeds of criminal offence have been converted or from property with which proceeds of criminal offence have been intermingled, shall also be liable to the measures referred to in this Article, in the same manner and extent as the proceeds of the criminal offence.

Article 116
Protection of Injured Party

(1) If criminal proceedings have resulted in awarding property claims to the injured party, the court shall order the confiscation of material gain if it exceeds the awarded property claim of the injured party.

(2) The injured party who has been directed to initiate civil litigation in the course of criminal proceedings regarding his property claim, may demand that he be reimbursed from the amount of the confiscated value, provided that the civil case starts within six months from the day when the decision by which he has been directed to litigate entered into force and if he demands to be compensated from the confiscated value within three months from the day of entering into force of the decision whereby his claim was legally established.

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(3) The court may also confiscate the gain referred to in paragraph 1 of this Article in a separate proceeding if there is a justifiable reason to believe that the gain derives from a criminal offence and the owner or possessor is not able to prove that the gain was acquired legally.

[5] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), after Article 114, a new Article 114a was added.

(3) An injured party who did not report a property claim during the course of a criminal proceedings may demand compensation from the confiscated value, if he has begun litigating his claims within three months from the day when he found out about the judgement which confiscates a material gain, but no longer than within two years from the day when the decision on the confiscation of material gain entered into force, and if within three months from the day of entering into force of the decision by which his claim was legally established he demands compensation from the confiscated value.

Article 117

Taking Effect of the Legal Consequences Incident to Conviction

(1) Sentences for particular criminal offences may entail as legal consequences the termination or loss of certain rights, or ban on gaining certain rights.

(2) Legal consequences incident to conviction may not occur when the perpetrator of a criminal offence has been imposed a fine, judicial admonition or a suspended sentence, or when the perpetrator was released from punishment.

(3) Legal consequences incident to conviction may be prescribed only by law and they take effect by the force of the law in which they were set forth.

Article 118

Types of Legal Consequences Incident to Conviction

(1) Legal consequences incident to conviction relating to the termination or loss of certain rights are the following:

a) Cessation of the performance of particular jobs or functions in government agencies, business enterprises or other legal persons;

b) Termination of employment or cessation of the performance of a particular profession, occupation or activity;

c) Confiscation of permits or approvals issued by an authority or status recognized by the decision of the authority;[6]

d) Deprivation of decorations.

(2) Legal consequences incident to conviction which consist of a ban on gaining particular rights are as follows:

a) Ban on the performance of certain jobs or functions in government agencies, business enterprises or other legal persons;

b) Ban on the acquisition of a particular office, title, position or promotion in service;

c) Prohibition of obtaining any permits or approvals issued by an authority or status recognized by the decision of the authority.

Article 119

[6] In Bold/Italic – According to the Law Amending the Criminal Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 42/10), in Article 118, paragraph (1), after sub-paragraph b), a new sub-paragraph c) was added. The current sub-paragraph c) shall now become sub-paragraph d).

In paragraph (2), sub-paragraph c) was amended.

Previously:

c) Ban on the acquisition of particular permits or licenses that are issued by a decision of government agencies.

Beginning and Duration of Legal Consequences Incident to Conviction

(1) The legal consequences incident to conviction take effect on the day of entering into force of the judgment.

(2) The legal consequences incident to conviction which consist of a ban on gaining particular right last not more than ten years from the day on which the punishment has been served, pardoned or amnestied, or has been barred by the statute of limitation if, for certain legal consequences, a shorter duration is not prescribed by law .

(3) The legal consequences incident to conviction cease by the deletion of the sentence.

Article 120

Termination of Security Measures and Legal Consequences Incident to Conviction on the Basis of the Court Decision

(1) The court may decide to discontinue the application of the security measure of a ban to carry out a certain occupation, activity or duty, if three years have elapsed from the day on which the security measure was imposed.

(2) The court may decide to terminate the legal consequence incident to conviction consisting in the ban on gaining certain right after the lapse of three years from the day on which the punishment has been served, pardoned or amnestied, or barred by the statute of limitation.

(3) In deciding whether to order the termination of a security measure or a legal consequence incident to conviction, the court shall take into account the conduct of the convicted person after the conviction, his readiness to compensate damage caused by the perpetration of a criminal offence and to return material gain acquired through the perpetration of a criminal offence, as well as other circumstances which indicate the justifiability of the termination of a security measure or a legal consequence incident to conviction.

(4) The termination of legal consequences incident to conviction in no way affects the rights of third parties originating from the judgement.

Article 144

Confiscating Material Gain from a Legal Person

If a legal person acquires material gain through the perpetrated criminal offence, the material gain acquired by the perpetration of a criminal offence shall be confiscated from the legal person.

Article 201

Terrorism

(1) Whoever commits a terrorist act with the aim of seriously intimidating a population or unduly compelling the authorities in the Federation to perform or abstain from performing any act, or with the aim of seriously destabilising or destroying the fundamental political, constitutional, economic or social structures in the Federation, shall be punished by imprisonment for a term not less than three years.

(2) If the death of one or more people occurred because of the criminal offence referred to in paragraph 1 of this Article, the perpetrator shall be punished by imprisonment for a term not less than five years.

(3) If, in the course of the perpetration of criminal offence referred to in paragraph 1 of this Article, the perpetrator deprived another person of a life with intent, shall be punished by imprisonment for a term not less than ten years or by long-term imprisonment.

(4) A *terrorist act*, in terms of this Article, means one of the following intentional acts which, given its nature or its context, may cause serious damage to a state or international organisation:

a) Attack against person's life, which may cause death;

b) Attack against the physical integrity of a person;

c) Unlawful confinement of another, keeping confined or in some other manner depriving another of the freedom of movement, or restricting it in some way, with the aim to force him or some other person to do or not to do or to bear something (kidnapping) or taking of hostages;

d) Causing a great damage to facilities of the Federation, or public facilities, the transport system, infrastructure facilities, including an information system, a fixed platform located on the continental shelf, a public place or private property, likely to endanger human beings or result in major economic loss;

e) Kidnapping an aircrafts, ships or other means of public or goods transport;

f) Manufacture, possession, acquisition, transport, supply, use of or training for the use of weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research into, and development of, biological and chemical weapons or radioactive material;

g) Releasing dangerous substances, or causing fire, explosion or floods, the effect of which is to endanger human life;

h) Interfering with or disrupting the supply of water, power or any other fundamental natural resource, the effect of which is to endanger human life;

i) Threatening to perpetrate any of the acts referred to in items a) to h) of this paragraph.

Article 202

Funding of Terrorist Activities

Whoever by any means, directly or indirectly, provides or collects funds with the aim that they should be used or knowing that they are to be used, in full or in part, in order to perpetrate:

a) The criminal offence referred to in Article 200 (*Taking of Hostages*) and 201 (*Terrorism*) of this Code;

b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel the authorities in the Federation to perform or to abstain from performing any act, shall be punished by imprisonment for a term between one and ten years.

Article 200

Taking Hostages

(1) Whoever unlawfully confines, keeps confined or in some other manner deprives or restricts another person of the freedom of movement, or detains him and threatens to kill, to injure or to continue to detain as a hostage, with an aim to compel the Federation to perform or to abstain from performing any act as an explicit or implicit condition for the release of a hostage, shall be punished by imprisonment for a term between one and ten years.

(2) If the death of the hostage occurred because of the criminal offence referred to in paragraph 1 of this Article, the perpetrator shall be punished by imprisonment for a term not less than five years.

(3) If, in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator deprived a hostage of a life with intent, shall be punished by imprisonment for a term not less than ten years or by long-term imprisonment.

Article 272

Money Laundering

(1) Whoever receives, exchanges, holds, disposes of, uses in economic or other business activity, or otherwise conceals or tries to conceal money or property for which he knows to be acquired by perpetration of criminal offence, shall be punished by imprisonment for a term between six months and five years.

(2) If the money or property referred to in paragraph 1 of this Article is of large value, the perpetrators hall be punished by imprisonment for a term between one and ten years.

(3) If, perpetrating the criminal offence referred to in paragraphs 1 and 2 of this Article, the perpetrator acted out of negligence regarding the circumstance that the money or property were acquired by perpetration of criminal offence, shall be punished by a fine or imprisonment for a term not exceeding three years.

(4) Money and property referred to in paragraphs 1 through 3 of this Article shall be forfeited.

Article 338

Conspiracy to Perpetrate a Criminal Offence

Whoever agrees with another to perpetrate a criminal offence prescribed by law in the Federation, for which a punishment of imprisonment of three years or a more severe punishment may be imposed, unless a specific punishment is foreseen for conspiracy of a particular criminal offence, shall be punished by a fine or imprisonment for a term not exceeding one year.

ANNEX VII – CRIMINAL CODE OF RS

Forfeiture of Items

Article 62

(4) Items used or destined for use in the perpetration of a criminal offence, or those items resulted from the perpetration of a criminal offence may be forfeited, if those items are owned by the perpetrator.

(5) Items referred to in Paragraph 1 of this Article may be forfeited even if not owned by the perpetrator when interest of public safety or moral reasons so require, but such forfeiture does not affect the rights of third parties to obtain damage compensation.

(6) The law may provide for mandatory forfeiture of items.

punished by a fine or imprisonment for a term not exceeding one year.

Attempted Criminal Offense

Attempt

Article 20

(3) Whoever intentionally commences execution of a criminal offence, but does not complete such offence, shall be punished for the attempted criminal offence for which the punishment of imprisonment for a term of three years or a more severe punishment may be pronounced, and for the attempt of another criminal offences only when the law explicitly prescribes punishment for the attempt alone.

(4) Perpetrator shall be punished within the limits of the punishment prescribed for the criminal offence in case of attempt, but may be also punished less severely.

Article 21

Legal Assistance and Official Cooperation

(1) All courts in Republika Srpska shall provide legal assistance to the court conducting criminal proceedings.

(2) All authorities of Republika Srpska shall maintain official cooperation with the courts, the prosecutor and other bodies conducting criminal proceedings.

Accessories

Article 25

(6) Whoever intentionally helps another to perpetrate a criminal offence shall be punished as if he himself perpetrated such offence, but the punishment may be less severe.

(7) The following, in particular, shall be considered as helping in the perpetration of a criminal offence: giving advice or instructions as to how to perpetrate a criminal offence, supplying the perpetrator with tools for perpetration of the criminal offence, removing obstacles to the perpetration of criminal offence, and promising, prior to the perpetration of the criminal offence, to cover up the criminal offence, to hide the perpetrator, the tools used for perpetrating the criminal offence, traces of the criminal offence, or items acquired by the perpetration of the criminal offence.

Accomplices

Article 23

If several persons who, by participating in the perpetration of a criminal offence or otherwise, have jointly perpetrated a criminal offence, each of them shall be punished as prescribed by law.

Incitement

Article 24

(4) Whoever intentionally incites another to perpetrate a criminal offence, shall be punished as if he himself has perpetrated the offence.

(5) Whoever intentionally incites another to perpetrate a criminal offence for which a punishment of imprisonment for a term of three years or a more severe punishment is prescribed by law, and the criminal offence has never been attempted, shall be punished as for the attempt of the criminal offence.

(6) Incitement to commit a criminal offence shall be construed to mean, in particular: pleading, persuading or prompting, portraying benefits of the perpetration of the criminal offence, giving or promising gifts, abusing the state of subordination or dependency, making a person believe in and keeping a person under a mistake of fact or law, deceiving.[7]

The Basis of the Forfeiture of the Property Gain

Article 94

(4) Nobody shall be allowed to retain property gain obtained by commission of criminal offense.

(5) The property gain referred to in Paragraph 1 of this Article shall be forfeited by the court decision, which established the perpetration of a criminal offence, under the terms set forth under this Code.

Manner of the Property Gain Forfeiture

Article 95

(4) The money, valuable items and every other type of property gain obtained by commission of criminal offense shall be forfeited from the perpetrator, and in case the forfeiture is not feasible - the perpetrator shall be obligated to pay an amount of money which corresponds to the obtained property gain.

(5) Property gain obtained by commission of criminal offense may be forfeited from persons to whom that property gain has been transferred without compensation or with a compensation which does not correspond to the real value, if the persons in question knew or should have known that the property gain was obtained by commission of criminal offense.

Protection of Injured Party

Article 96

(4) If criminal procedure has resulted in awarding property claims to the injured party, the court shall order the forfeiture of property gain if such property gain exceeds the awarded property claim of the injured party.

(5) The injured party who has been directed to initiate civil case in the course of criminal proceedings regarding his property claim, may demand that he be reimbursed from the amount of the forfeited value,

[7] Underline – According to the Law on Amendments to the Criminal Code of Republika Srpska ("Official Gazette of Republika Srpska", 73/10), in Article 24, Paragraph 2, the words: "five years" were replaced with words: "three years".

After Paragraph 2, a new Paragraph 3 was added.

provided that the civil case is instituted within six months from the day when the decision by which he has been directed to civil case became final and if he demands to be compensated from the forfeited value within three months from the day when the decision legally establishing his property claim became final.

(6) An injured party who did not report a property claim during the course of a criminal proceedings may demand compensation from the forfeited value, if he has instituted civil case within three months from the day when he found out about the verdict on forfeiture of property gain, and no later than two years from the day when the decision on the forfeiture of property gain became final, and if within three months from the day when the decision legally establishing his claim, he demands compensation from the forfeited value.

Forfeiture of the Property Gain from a Legal Person

Article 143

If a legal person acquires property gain by the perpetration of a criminal offence, such property gain shall be forfeited from the legal person.

Money Laundering

Article 280

(1) Whoever receives, exchanges, keeps, disposes of or uses in corporate or other business or conceals or tries to conceal money or property he knows was obtained by commission of criminal offense ,
shall be punished by imprisonment for a term between six months and five years.

(2) If the perpetrator referred to in Paragraph 1 of this Article is at the same time an accessory or accomplice in the criminal offence that resulted in obtaining money or property gain referred to in the preceding Paragraph,

he shall be punished by imprisonment for a term between one and eight years.

(3) If the money or property referred to in Paragraphs 1 and 2 of this Article is of high value,

the perpetrator shall be punished by imprisonment for a term between one and ten years.

(4) If the criminal offences referred to in preceding Paragraphs are committed by a group of people who joined with the intention of committing such criminal offences,

the perpetrator shall be punished by imprisonment for a term between two and twelve years.

(5) If, while committing the criminal offences referred to in Paragraphs 1, 2 and 3 of this Article, the perpetrator acted negligently concerning the fact that the money or property were obtained by commission of a criminal offence,

he shall be punished by imprisonment for a term not exceeding three years.

(6) The money and property referred to in preceding Paragraphs shall be forfeited.

Conspiracy to Commit a Criminal Offence

Article 384

Whoever agrees with another to commit a criminal offence punishable by imprisonment for a term of three years or more, shall be

Terrorism

Article 299

(1) Whoever perpetrates an act of terrorism with the intention of seriously intimidating population or compelling the authorities of Republika Srpska to perform, or to abstain from performing any act, or with the aim of seriously destabilizing or destroying the fundamental political, constitutional, economic or social structures of Republika Srpska,

shall be punished by imprisonment for a term not less than three years.

(2) If the death of one or several persons occurred as a result of the offence referred to in Paragraph 1 of this Article , the perpetrator

shall be punished by imprisonment for a term not less than five years.

(1) If, in the course of the perpetration of the offence referred to in Paragraph 1 of this Article , the perpetrator intentionally deprives another person of his life,

he shall be punished by imprisonment for a term not less than ten years or long-term imprisonment.

(4) "An act of terrorism", for the purpose of this Article ,shall be understood to mean one of the following intentional acts which, given its nature or its context, may cause serious damage to the State or international organization:

1) An attack against a person's life, which may cause death;
2) An attack against the physical integrity of a person;
3) Any unlawful confinement, keeping confined or in some other way depriving another of his liberty, or restricting his freedom of movement, with the intention of compelling him or some other person to perform or refrain from performing any act, or to suffer (abduction) or taking hostages,
4) Causing serious damage to the facilities of Republika Srpska, public facilities, transport system, infrastructure facilities, including any information system, a fixed platform located on the continental shelf, a public place or private property whose damage is likely to endanger human lives or result in major economic loss;
5) Hi-jacking of aircraft, ships or other means of public transport or freight carriage;
6) Manufacture, possession, acquisition, transport, supply, use of, or training for the use of, weapons, explosives, nuclear, biological or chemical weapons or radioactive material, including research and development of biological and chemical weapons or radioactive material;
7) Releasing dangerous substances, or causing fire, explosion or floods, with the aim to endanger human life;

8) Interfering with or disrupting the supply of water, power or any other fundamental natural resources with the aim to endanger human life;

9) Threatening to perpetrate any of the acts referred to in items 1) through 8) of this Paragraph.

Taking Hostages

Article 300

(1) Whoever unlawfully confines, keeps confined or in some other way deprives another of his liberty, restricts his freedom of movement, captures, detains, threatens to kill, injure or continue to detain that person as a hostage, with the intention of compelling Republika Srpska to perform or to abstain from performing any act, as an explicit or implicit condition for the release of a hostage,

shall be punished by imprisonment for a term between one and ten years.

(2) If, as a result of the offence referred to in Paragraph 1 of this Article , the death of any hostage occurred ,

the perpetrator shall be punished by imprisonment for a term not less than five years.

(2) If, in the course of the perpetration of the offence referred to in Paragraph 1 of this Article, the perpetrator intentionally deprives a hostage of his life,

he shall be punished by imprisonment for a term not less than ten years or long term imprisonment.

Funding the Terrorist Activities

Article 301

(1) Whoever, by any means, directly or indirectly, provides or collects funds with an intention that they should be used, or knowing that they are to be used, in full or in part, to perpetrate:

1) The offence referred to in Articles 299 (*Terrorism*) and 300 (*Taking Hostages*) of this Code;

2) any other offense that might cause a death or serious bodily injury to a civilian, or to any other person not taking an active part in any hostilities during armed conflict, where the purpose of such act, by its very nature or context, is to intimidate a population, or to compel the authorities of Republika Srpska to perform or to abstain from performing any act,

shall be punished by imprisonment for a term between one and ten years.

ANNEX VIII – CRIMINAL CODE OF BRČKO DISTRICT

Attempt

Article 28

(1) Whoever intentionally commences execution of a criminal offence, but does not complete such offence, shall be punished for the attempted criminal offence when, for the criminal offence in question, the punishment of imprisonment for a term of three years or a more severe punishment may be imposed, and for the attempt of another criminal offences when the law expressly prescribes punishment of the attempt alone.

(2) An attempted criminal offence shall be punished within the limits of the punishment prescribed for the same criminal offence perpetrated, but the punishment may also be reduced.

Accomplices

Article 31

If several persons who, by participating in the perpetration of a criminal offence or by taking some other act by which a decisive contribution has been made to its perpetration, have jointly perpetrated a criminal offence, shall each be punished as prescribed for the criminal offence.

Incitement

Article 32

(1) Whoever intentionally incites another to perpetrate a criminal offence, shall be punished as if he himself has perpetrated such offence.

(2) Whoever intentionally incites another to perpetrate a criminal offence for which a punishment of imprisonment for a term of three years or a more severe punishment is prescribed by law, and the criminal offence has never been attempted, shall be punished as if it was the attempt of the criminal offence.

Accessory

Article 33

(1) Whoever intentionally helps another to perpetrate a criminal offence shall be punished as if he himself perpetrated such offence, but the punishment may be reduced.

(2) The following, in particular, shall be considered as helping in the perpetration of a criminal offence: giving advice or instructions as to how to perpetrate a criminal offence, supplying the perpetrator with tools for perpetrating the criminal offence, removing obstacles to the perpetration of criminal offence, and promising, prior to the perpetration of the criminal offence, to conceal the criminal offence, to hide the perpetrator, the tools used for perpetrating the criminal offence, traces of the criminal offence, or goods acquired by perpetration of the criminal offence.

Forfeiture

Article 78

(1) Forfeiture shall be ordered with regard to objects used or destined for use in the perpetration of a criminal offence, or to those that resulted from the perpetration of a criminal offence, when there is a danger that those objects will be used again for the perpetration of a criminal offence or when the purpose of protecting the public safety or for moral reasons make the forfeiture seem absolutely necessary, if those objects are owned by the perpetrator.

(2) Objects referred to in paragraph 1 of this Article may be forfeited even if not owned by the perpetrator when consideration of public safety and moral reasons require so, but such forfeiture does not affect the rights of third parties to obtain damage compensation from the perpetrator.

(3) The law may provide for mandatory forfeiture in the case of paragraph 2 of this Article.

The Basis of the Confiscation of Material Gain Acquired Through Perpetration of a Criminal Offence

Article 114

(1) Nobody is allowed to retain material gain acquired by the perpetration of a criminal offence.

(2) The gain referred to in paragraph 1 of this Article shall be confiscated by the court decision, which established the perpetration of a criminal offence, under the terms set forth under this Code.

(3) The court may also confiscate the gain referred to in paragraph 1 of this Article in a separate proceeding if there is a probable cause to believe that the gain derives from a criminal offence and the owner or possessor is not able to give evidence that the gain was acquired legally.

Ways of Confiscating Material Gain Acquired Through Perpetration of a Criminal Offence

Article 115

(1) All the money, valuable objects and every other material gain acquired by the perpetration of a criminal offence shall be confiscated from the perpetrator, and in case the confiscation is not feasible - the perpetrator shall be obliged to pay an amount of money which corresponds to the acquired material gain. Material gain acquired by perpetration of a criminal offence may be confiscated from persons to whom it has been transferred without compensation or with a compensation which does not correspond to the real value, if the persons knew or could have known that the material gain had been acquired by the perpetration of a criminal offence.

(2) If proceeds of a criminal offence have been intermingled with property acquired from legitimate sources, such property shall be liable to confiscation not exceeding the assessed value of the material gain acquired through perpetration of a criminal offence.

(3) Income or other benefits derived from the proceeds of a criminal offence, from property into which proceeds of criminal offence have been converted, or from property with which proceeds of criminal offence have been intermingled shall also be subject to the measures referred to in this Article, in the same manner and extent as the proceeds of the criminal offence.

Protection of Injured Party

Article 116

(1) If criminal procedure has resulted in awarding property claims to the injured party, the court shall order the confiscation of material gain if it exceeds the awarded property claim of the injured party.

(2) The injured party who has been directed to initiate civil litigation in the course of criminal proceedings regarding his property claim, may demand that he be reimbursed from the amount of the confiscated value, provided that the civil case is started within six months from the day when the decision by which he has been directed to litigate took effect and if he demands to be compensated from the confiscated value within three months from the day when his claim was legally established.

(3) An injured party who did not report a property claim during the course of a criminal proceeding may demand compensation from the confiscated value, if he has begun litigating his claims within three months from the day when he found out about the judgement which confiscates a material gain, but no longer than within two years from the day when the decision on the confiscation of material gain took

effect, and if within three months from the day when the decision by which his claim was established he demands compensation from the confiscated value.

Taking Effect of the Legal Consequences Incident to Conviction

Article 117

(1) Convictions for particular criminal offences may entail as legal consequences the termination or loss of certain rights, or bar on the acquisition of certain rights.

(2) Legal consequences incident to conviction may not occur when the perpetrator of a criminal offence has been imposed a fine or a suspended sentence, or when the court has released him from punishment.

(3) Legal consequences incident to conviction may be prescribed only by law and they take effect by the force of the law in which they were set forth.

Types of Legal Consequences Incident to Conviction

Article 118

(1) Legal consequences incident to conviction relating to the termination or loss of certain rights are the following:

a) Cessation of the performance of particular jobs or functions in governmental agencies, business enterprises or other legal persons;

b) Termination of employment or cessation of the performance of a particular office, title or position;

c) Deprivation of decorations.

(2) Legal consequences incident to conviction which consist of a bar on the acquisition of particular rights are as follows:

a) Bar on the performance of certain jobs or functions in governmental agencies, business enterprises or other legal persons;

b) Bar on the acquisition of a particular office, title, position or promotion in service;

c) Bar on the acquisition of particular permits or licenses that are issued by a decision of governmental agencies.

Beginning and Duration of Legal Consequences Incident to Conviction

Article 119

(1) Legal consequences incident to conviction shall take effect on the day of effectiveness of the sentence.

(2) Legal consequence incident to conviction which consist of a bar on the acquisition of particular right may not exceed ten years from the day on which the punishment has been served, pardoned, or has fallen under the statute of limitations, except for certain legal consequences for which law provides a shorter period of duration.

(3) Legal consequences incident to conviction shall cease by the deletion of the sentence.

Confiscating Material Gain from a Legal Person

Article 144

If a legal person acquires material gain by the perpetration of a criminal offence, the material gain acquired by the perpetration of a criminal offence shall be confiscated from the legal person.

Taking Hostages

Article 197

(1) Whoever unlawfully confines, keeps confined or in some other manner deprives another person of the freedom of movement, or restricts it in some way, or detains and threatens to kill, to injure or to continue to detain as a hostage, with an aim to compel the Brcko District of Bosnia and Herzegovina, to perform or to abstain from performing any act as an explicit or implicit condition for the release of a hostage, shall be sentenced to imprisonment for a term between one and ten years.

(2) If, by the criminal offence referred to in paragraph 1 of this Article, the death of the hostage is caused, the perpetrator shall be sentenced to imprisonment for a term not less than five years.

(3) If, in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator deprives a hostage of his life intentionally, he shall be sentenced to imprisonment for a term not less than ten years or a long-term imprisonment.

Terrorism

Article 198

(1) Whoever perpetrates a terrorist act with the aim of seriously intimidating the population or compelling the authorities of the Brcko District of Bosnia and Herzegovina, to perform or abstain from performing any act, or with the aim of seriously destabilising or destroying the fundamental political, constitutional, economic or social structures or values of the Brcko District of Bosnia and Herzegovina, shall be sentenced to imprisonment for a term not less than three years.

(2) If the death of one or more persons resulted from the perpetration of the criminal offence referred to in paragraph 1 of this Article, the perpetrator shall be sentenced to imprisonment for a term not less than five years.

(3) If in the course of the perpetration of the criminal offence referred to in paragraph 1 of this Article the perpetrator intentionally deprived another person of his life, he shall be sentenced to imprisonment for a term not less than ten years or a long-term imprisonment.

(4) A *terrorist act*, in terms of this Article, shall refer to one of the following intentional acts which, given its nature or its context, may cause serious damage to a state or international organisation:

a) Attack upon person's life, which may cause death;

b) Attack upon the physical integrity of a person;

c) Unlawful confinement of, keeping confined or in some other manner depriving another of the freedom of movement, or restricting it in some way, with the aim to force him or some other person to do or abstain from doing something or to bear something (kidnapping) or taking hostages;

d) Causing great damage to facilities of the Brcko District of Bosnia and Herzegovina, or public facilities, a transport system, infrastructure facilities, including the information system, a public place or private property, likely to endanger human lives or result in major economic loss;

e) Hijacking of an aircraft, ship or another means of public or goods transport;

f) Manufacture, possession, acquisition, transport, supply, use or training for the use of weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research into, and development of, biological and chemical weapons or radioactive material;

g) Releasing dangerous substances, or causing fire, explosion or floods the effect of which is to endanger human lives;

h) Interfering with or disrupting the supply of water, power or any other fundamental natural resource the effect of which is to endanger human lives;

i) Threatening to perpetrate any of the acts referred to in items a) to h) of this paragraph.

Funding of Terrorist Activities

Article 199

Whoever by any means, directly or indirectly, provides or collects funds with the aim that they be used or knowing that they are to be used, in full or in part, in order to perpetrate:

a) A criminal offence referred to in Article 197 (*Taking Hostages*), 198 (*Terrorism*) of this Code;

b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate population, or to compel the authorities of the Brcko District of Bosnia and Herzegovina to perform or to abstain from performing any act, shall be sentenced to imprisonment for a term between one and ten years.

Money Laundering

Article 265

(1) A person who accepts, exchanges, keeps, disposes of, uses in commercial or other business, or in other way conceals the money or property that person knows to have been obtained through a criminal offence, or conceals or attempts to conceal it shall be sentenced to prison from six months to five years.

(2) If the money or property gain referred to in Paragraph 1 of this Article is of large value, the perpetrator shall be sentenced to prison from one to ten years.

(3) If in the commission of the criminal offences from Paragraphs 1 and 2 of this Article, the perpetrator was negligent to whether the money or property gain have been obtained through a criminal offence, the perpetrator shall be fined or sentenced to prison of up to three years.

(4) The money or property gain from Paragraphs 1 to 3 of this Article shall be forfeited.

Article 332

Whoever agrees with another person to perpetrate a criminal offence defined by the law of Brcko District of BiH, for which a punishment of imprisonment of three years or a more severe punishment may be imposed, unless a more severe punishment is foreseen for conspiracy to commit a particular criminal offence, shall be fined or sentenced to up to one year in prison.

Article 334

(1) Whoever organizes or otherwise associates three or more persons with an aim of perpetrating criminal offences prescribed by the Code of Brcko District of BiH, for which a three-year imprisonment sentence, or a more severe sentence may be imposed, unless a separate punishment is foreseen for such organizing or associating for the purpose of perpetrating a particular criminal offence, shall be sentenced to six months to five years in prison.

(2) Whoever becomes a member of the group of people or an association from Paragraph 1 of this Article, shall be punished by a fine or sentenced to one year in prison.

(3) A member of a group of people who exposes such a group or a member of an association who exposes such an association prior to him having perpetrated criminal offence within its ranks or for its sake, may be released from punishment.

(4) The organiser who prevents the perpetration of the criminal offences referred to in Paragraph 1 of this Article by exposing the group of people or association or otherwise, shall be punished by a fine or sentenced to one year in prison, and may be released from punishment.

ANNEX IX - CRIMINAL PROCEDURE CODE OF BIH

Article 19

Preliminary Issues

(1) If the application of the Criminal Code depends on a prior ruling on a point of law that falls under the jurisdiction of a Court in other proceedings, or under the jurisdiction of another body, the Court trying the criminal case may itself rule on that point of law in accordance with the applicable provisions of this Code concerning the presentation of evidence in criminal proceedings. The Court's ruling on that point of law takes effect only with respect to the particular criminal case that the Court is trying.
(2) If a Court in other proceedings or another body has already ruled on the prior point of law, such ruling shall not be binding on the Court with respect to its assessment of whether a particular criminal offense has been committed.

Article 65

Order for Seizure of Objects

(1) Objects that are the subject of seizure pursuant to the Criminal Code or that may be used as evidence in the criminal proceedings shall be seized temporarily and their custody shall be secured pursuant to a Court decision.
(2) The seizure warrant shall be issued by the Court on the motion of the Prosecutor or on the motion of authorized officials who have been approved by the Prosecutor.
(3) The seizure warrant shall contain the name of the Court, legal grounds for undertaking the action of seizure of objects, indication of the objects that are the subject of seizure, the name of the person from whom objects are to be seized, and the timeframe within which the objects are to be seized.
(4) The authorized official shall seize objects on the basis of the issued warrant.
(5) Anyone in possession of such objects must turn them over at the order of the Court. A person who refuses to surrender articles may be fined in an amount up to 50.000 KM, and may be imprisoned if he persists in his refusal. Imprisonment shall last until the article is surrendered or until the end of criminal proceedings, but no longer than 90 days. An official or responsible person in a state body or a legal entity shall be dealt with in the same manner.
(6) The provisions of Paragraph 5 of this Article shall also apply to the data stored in devices for automated or electronic data processing. In obtaining such data, special care shall be taken with respect to regulations governing the maintenance of confidentiality of certain data.
(7) An appeal against a decision on fine or on imprisonment shall be decided by the Panel. An appeal against the decision on imprisonment shall not stay execution of the decision.
(8) When articles are seized, a note shall be made of the place where they were found, and they shall be described, and if necessary, establishment of their identity shall also be provided for in some other manner. A receipt shall be issued for articles seized.
(9) Measures referred to in Paragraph 5 and 6 of this article may not be applied to the suspect, or the accused or to persons who are exempt from the duty to testify.

Article 72

Order Issued to a Bank or to Another Legal Person

(1) If there are grounds for suspicion that a person has committed a criminal offense related to acquisition of material gain, the Court may at the motion of the Prosecutor issue an order to a bank or another legal person performing financial operations to turn over information concerning the bank accounts of the suspect or of persons who are reasonably believed to be involved in the financial transactions or affairs of the suspect, if such information could be used as evidence in the criminal proceedings.
(2) The Court may, on the motion of the Prosecutor, order that other necessary measures referred to in Article 116 of this Code be taken in order to enable the detection and finding of the illicitly gained property and collection of evidence thereupon.
(3) In case of an emergency, any of the measures referred to in Paragraph 1 may be ordered by the Prosecutor on the basis of an order. The Prosecutor shall seal the obtained information until the issuance of the court warrant. The Prosecutor shall immediately inform the preliminary proceedings judge on the measures undertaken, who may issue a court warrant within 72 hours. In case the preliminary proceedings judge does not issue the warrant, the Prosecutor shall return such information without accessing it.
(4) The Court may issue a decision ordering a legal or physical person to temporarily suspend a financial transaction that is suspected to be a criminal offense or intended for the commission of the criminal offense, or suspected to serve as a disguise for a criminal offense or disguise of a gain obtained by a criminal offense.
(5) The decision referred to in the previous Paragraph shall order that the financial resources designated for the transaction referred to in Paragraph 4 of this Article and cash amounts of domestic or foreign currency be temporarily seized pursuant to Article 65(1) of this Code and be deposited in a special account and kept until the end of the proceedings or until the conditions for their return are met.
(6) An appeal may be filed against a decision referred to in Paragraph 4 of this Article by the Prosecutor, the owner of the cash in domestic or foreign currency, the suspect, the accused and the legal or physical person referred to in Paragraphs 4 and 5 of this Article.

Article 73

Temporary Seizure of Property and Arrest in Property

(1) At any time during the proceedings, the Court may, upon the motion of the Prosecutor, issue a temporary measure of property seizure under the Criminal Code of Bosnia and Herzegovina, arrest in property or shall take other necessary temporary measures to prevent any use, transfer or disposal of such property.
(2) If there is a risk of delay, an authorized official may temporarily seize property referred to in Paragraph 1 of this Article, may carry out an arrest in property or take other necessary temporary measures to prevent any use, transfer or disposal of such property. An authorized official shall immediately inform the Prosecutor about the measures taken, while the preliminary proceedings judge shall decide about the measures within 72 hours following the undertaking of the measures.
(3) If the Court denies approval, the measures taken shall be terminated and the objects or property seized returned immediately to the person from whom they have been seized.

Article 217

Conducting an Investigation

(1) In the course of investigation, the Prosecutor may undertake all investigative actions, including the questioning of the suspect and hearing of the injured party and witnesses, crime scene investigation and

reconstruction of events, undertaking special measures to protect witnesses and information and may order the necessary expert evaluation.
(2) The record on the undertaken investigative measures shall be made in accordance with this Code.
(3) If the suspect is held in custody, the order to bring him for questioning shall be issued by the Prosecutor, who shall notify the preliminary proceedings judge.

Article 218

Prosecutor Supervising the Work of the Authorized Officials

(1) If there are grounds for suspicion that a criminal offense has been committed that carries a prison sentence of more than five (5) years, an authorized official shall immediately inform the Prosecutor and shall under the Prosecutor's direction take the steps necessary to locate the perpetrator, to prevent the suspect or accomplice from hiding or fleeing, to detect and secure the clues to the criminal offense and objects which might serve as evidence, and to gather all information that might be of use for the criminal proceedings.
(2) If there are grounds for suspicion that the criminal offense referred to in Paragraph 1 of this Article has been committed, and the delay would pose a risk, an authorized official is obligated to carry out necessary actions in order to fulfil the tasks referred to in Paragraph 1 of this Article. When carrying out these actions, the authorized
official is obligated to act in accordance with this Code. The authorized official shall be bound to inform the Prosecutor on all taken actions immediately and deliver the collected items that may serve as evidence.
(3) If there are grounds for suspicion that a criminal offense has been committed that carries a prison sentence of up to five (5) years, an authorized official shall inform the Prosecutor of all available information, actions and measures performed no later than seven (7) days after forming the grounds for suspicion that a criminal offense has been committed.

Article 223

Preservation of Evidence by the Court

(1) Whenever it is in the interest of justice that the witness's testimony be taken in order to use it at the main trial because the witness may be unavailable to the Court during the trial, the preliminary proceedings judge may, upon the request of the parties or the defense attorney, order that the testimony of the witness in question be taken at special hearing. The special hearing shall be conducted in accordance with Article 262 of this Code.
(2) Prior to using the witness statement referred to in Paragraph 1 of this Article, the party or the defense attorney requesting for the statement to be considered as evidence at the main trial, must prove that despite all efforts to secure the witness's presence at the main trial, the witness remains unavailable. The statement in question may not be used if the witness is present at the main trial.
(3) If the parties or the defense attorney are of the opinion that a certain evidence may disappear or that the presentation of such evidence at the main trial may not be possible, the parties or the defense attorney shall propose to the preliminary proceedings judge to take necessary actions aimed at the preservation of evidence. If the preliminary proceedings judge accepts the proposal on taking actions of presentation of evidence, he shall inform the parties and defense attorney accordingly.
(4) If the preliminary proceedings judge rejects the proposal referred to in Paragraphs 1 and 3 of this Article, he shall issue a decision that can be appealed against to the Panel referred to in Article 24(7) of this Code.

Article 285

Guilty Verdict

(1) In a guilty verdict, the Court shall pronounce the following:

the criminal offense for which the accused is found guilty along with a citation of the facts and circumstances that constitute the elements of the criminal offense and those on which the application of a particular provision of the Criminal Code depends;

the legal name of the criminal offense and the provisions of the Criminal Code that were applied;

the punishment to which the accused is sentenced or released from punishment under the provisions of the Criminal Code;

a decision on suspended sentence;

a decision on security measures and forfeiture of property gain and a decision on return of objects (Article 74) if such objects have not been returned to their owner or the possessor;

a decision crediting pretrial custody or time already served;

a decision on costs of criminal proceedings and on a claim under property law, and the decision that the legally binding verdict shall be announced in the press, or radio or television;

(2) If the accused has been fined, the verdict shall indicate the deadline for payment, or way to substitute the fine in case the accused fails to pay.

Article 391

Forfeiture of Items

(1) The items that need to be forfeited under the Criminal Code of Bosnia and Herzegovina shall be forfeited also when the criminal proceedings were not completed by a verdict finding the accused guilty, if so required by the interests of general security and ethics, on which a separate decision shall be issued.
(2) The decision referred to in Paragraph 1 of this Article shall be issued by the judge or Panel at the moment when the proceedings are completed or dismissed.
(3) The decision on the forfeiture of items referred to in Paragraph 1 of this Article shall be issued by the judge or Panel if the verdict finding the accused guilty does not include such a decision.
(4) A certified copy of the decision on forfeiture of items shall be delivered to the owner of the items concerned if the owner is known.
(5) The owner of the items may appeal the decision referred to in Paragraphs 1, 2 and 3 of this Article on the ground of the lack of a legal basis for forfeiture of items.

Article 392

Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) The property gain obtained by commission of a criminal offense shall be established in a criminal procedure *ex officio*.
(2) The Prosecutor shall be obligated to collect evidence during the procedure and examine the circumstances that are important for the establishment of the property gain obtained by commission of a criminal offense.
(3) If the injured party submitted a claim under property law for repossession of items obtained through a criminal offense, or the amount that is equivalent to the value of such items, the property gain shall be established only in the part that is not included in the claim under property law.

Article 393

Procedure for Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) When the forfeiture of property gain obtained through a criminal offense is a possibility, the person to whom the property gain is transferred and the representative of the legal person shall be summoned to the main trail for hearing. They shall be warned in the subpoena that the procedure shall be conducted without their presence.
(2) A representative of the legal person shall be heard at the main trial after the accused. The same procedure shall apply to the person to whom the property gain was transferred if that person is not summoned as a witness.
(3) The person to whom the property gain is transferred as well as the representative of legal person shall be authorised to propose evidence in relation to the establishment of property gain and to question the accused, witnesses and expert witnesses upon approval by the judge or the presiding judge.
(4) The exclusion of the public at the main trial shall not refer to the person to whom the property gain is transferred and the representative of the legal person.
(5) If during the main trial the Court establishes that the forfeiture of property gain is a possibility, the Court shall adjourn the main trial and shall summon the person to whom the property gain was transferred, and a representative of the legal person.

Article 394

Establishment of Property Gain Obtained by Commission of Criminal Offense

The Court shall establish the value of property gain by a free estimate if the establishment would be linked to disproportional difficulties or a significant delay of the procedure.

ANNEX X - CRIMINAL PROCEDURE CODE OF FBIH

Article 79

Order for Seizure of Objects

(1) Objects that are the subject of seizure pursuant to the Criminal Code or that may be used as evidence in the criminal proceedings shall be seized and their custody shall be secured pursuant to a court decision.
(2) The seizure warrant shall be issued by the court on the motion of the prosecutor or on the motion of authorized officials upon the approval of the prosecutor.
(3) The seizure warrant shall contain the name of the court, legal grounds for undertaking the action of seizure of objects, indication of the objects that are subject to seizure, the name of persons from whom objects are to be seized and the place where the objects are to be seized, a timeframe within which the objects are to be seized. (deleted)[8]
(4) The authorized official shall seize objects on the basis of the issued warrant.
(5) Anyone in possession of such objects must turn them over at the request of the court. A person who refuses to surrender objects may be fined in an amount up to 50.000 KM, and may be imprisoned if he persists in his refusal. Imprisonment shall last until the object is surrendered or until the end of criminal proceedings, but no longer than 90 days. An official or responsible person in a governmental body or a legal entity shall be dealt with in the same manner.
(6) The provisions of Paragraph 5 of this Article shall also apply to the data stored in a computer or similar devices for automatic or electronic data processing. In obtaining such data, special care shall be taken with respect to regulations governing the maintenance of confidentiality of certain data.
(7) An appeal against a decision on a fine or on imprisonment shall be decided by the panel. An appeal against the decision on imprisonment shall not stay execution of the decision.
(8) When objects are seized, a note shall be made of the place where they were found, and they shall be described, and if necessary, establishment of their identity shall also be provided for in some other manner. A receipt shall be issued for seized objects.
(9) Forceful measures referred to in Paragraph 5 and 6 of this Article may not be applied to the suspect or accused or to persons who are exempt from the duty to testify.

Article 86

Order Issued to a Bank or to Another Legal Person

(1) If there are grounds for suspicion that a person has committed a criminal offense related to the acquisition of material gain, the court may, at the motion of the prosecutor, issue an order to a bank or another legal person performing financial operations to turn over information concerning the bank accounts and other financial transactions of the suspect or of persons who are reasonably believed to be involved in the financial transactions or affairs of the suspect, if such information could be used as evidence in the criminal proceedings.
(2) The court may, on the motion of the prosecutor, order that other necessary measures referred to in Article 116 of this Code be taken in order to enable the detection and finding of the illicitly gained property and collection of evidence about it.
(3) In case of an emergency, any of the measures under Paragraph 1 of this Article may be ordered by the

[8]Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 79, Paragraph 3, after the words: "objects are to be seized", a comma was replaced with the word: "and", and the words: ", and a notification of the right of the affected person to a legal remedy" were deleted.

prosecutor on the basis of an order. The prosecutor shall immediately inform the court who shall issue a court warrant within 72 hours. The prosecutor shall seal the obtained information until the issuance of the court order. In case the court[9] fails to issue the said order, the prosecutor shall be bound to return such data without opening them.

(4) The court may issue a decision ordering a legal or physical person to temporarily suspend a financial transaction that is suspected to be a criminal offense or intended for the commission of the criminal offense, or suspected to serve as a disguise for a criminal offense or disguise of proceeds obtained through a criminal offense.

(5) The decision referred to in Paragraph 4 of this Article shall order that the financial resources designated for the transaction referred to in Paragraph 4 of this Article and cash amounts of domestic or foreign currency be seized pursuant to Article 79 Paragraph 1 of this Code and be deposited in a special account and kept until the end of the proceedings or until the conditions for their return are met.

(6) An appeal may be filed against a decision referred to in Paragraph 4 of this Article by the prosecutor, the owner of the assets or cash in domestic or foreign currency, the suspect, the accused and the legal or physical person referred to in Paragraphs 4 and 5 of this Article.

Article 87

Seizure of Property

(1) At any time during the proceedings, the court may, upon the motion of the prosecutor, order a temporary measure seizing the illicitly gained property under the Criminal Code, arrest in property or shall take other necessary temporary measures to prevent any use, transfer or disposal of such property.

(2) If there is danger in delay, an authorized official may seize property referred to in Paragraph 1 of this Article, may carry out an arrest in property or take other necessary temporary measures to prevent any use, transfer or disposal of such property. An authorized official shall immediately inform the prosecutor about the measures taken and the preliminary proceedings judge shall decides about the measures taken within 72 hours. (deleted)[10]

(3) (deleted)The approval is denied, the measures taken shall be terminated and the objects or property seized returned immediately to the person from whom they have been seized.

Article 232

Conducting an Investigation

(1) In the course of investigation, the prosecutor may undertake all investigative actions, including the questioning of the suspect and hearing of the injured party and witnesses, crime scene investigation and reconstruction of events, undertaking special measures to protect witnesses and information and may order the necessary expert evaluation.

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[9] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 86, Paragraph 2, the words: "The preliminary proceedings judge" were replaced with the words: "The court".

In Paragraph 3, the words: "the preliminary proceedings judge" were replaced with the words: "the court", and the words: "the preliminary proceedings judge" were replaced with the words: "the court".

[10] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 87, Paragraph 2, the words: "the measures taken must be confirmed" were replaced with the words: "shall decides about the measures taken", and the words: "following the undertaking of the measures" were deleted.

In Paragraph 3, the word: "court" was deleted.

(2) The record on the undertaken investigative measures shall be made in accordance with this Code.
(3) If the suspect is placed in custody, the order for bringing him to questioning shall be issued by the Prosecutor who shall notify the preliminary proceedings judge.[11]

Article 233

Prosecutor Supervising the Work of the Authorized Officials

(1) If there are grounds for suspicion that a criminal offense that carries a prison sentence of more than five (5) years has been committed, an authorized official shall immediately inform the prosecutor and shall under the prosecutor's direction take the steps necessary to locate the perpetrator, to prevent the suspect or accomplice from hiding or fleeing, to detect and secure the traces of the criminal offense and objects which might serve as evidence, and to gather all information that might be of use for the criminal proceedings.
(2) If there are grounds for suspicion that the criminal offense referred to in Paragraph 1 of this Article has been committed, and there is danger in delay, an authorized official is obligated to carry out necessary actions in order to fulfill the tasks referred to in Paragraph 1 of this Article. When carrying out these actions, the authorized official is obligated to act in accordance with this Code. The authorized official shall be bound to inform the prosecutor on all taken actions immediately and deliver the collected items that may serve as evidence.
(3) If there are grounds for suspicion that a criminal offense that carries a prison sentence of up to five (5) years has been committed, an authorized official shall inform the prosecutor of all available information, actions and measures performed no later than seven (7) days after forming the grounds for suspicion that a criminal offense has been committed.
(4) (deleted)[12]

Article 238

Preservation of Evidence by the Court

(1) Whenever it is in the interest of justice that the witness's testimony be taken in order to use it at the main trial because the witness may be unavailable to the court during the trial, the preliminary proceedings judge may, upon the request of the parties or the defense attorney, order that the testimony of the witness in question be taken at special hearing. The special hearing shall be conducted in accordance with Article 277 of this Code.
(2) Prior to use of the statement referred to in Paragraph 1 of this Article, the party or the defense attorney requesting for the statement to be considered as evidence at the main trial, must prove that despite all efforts to secure the witness's presence at the main trial, the witness remains unavailable. (deleted)[13]

[11] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 232, after Paragraph 2, a new Paragraph 3 was added.

[12] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 233, Paragraph 4 wad deleted.

Previously:

(4) In cases referred to in Paragraphs 1 through 3 of this Article, the prosecutor shall issue an order on conducting the investigation if he considers it necessary.

[13] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in

(3) If the parties or the defense attorney are of the opinion that a certain evidence may disappear or that the presentation of such evidence at the main trial may not be possible, the parties or the defense attorney shall propose to the preliminary proceedings judge to take necessary actions aimed at the preservation of evidence. If the preliminary proceedings judge accepts the proposal on taking actions of presentation of evidence, he shall inform the parties and defense attorney accordingly.
(4) If the preliminary proceedings judge rejects the proposal referred to in Paragraphs 1 and 3 of this Article, he shall issue a decision that can be appealed against to the panel referred to in Article 25, Paragraph 6.

Article 300

Guilty Verdict

(1) In a guilty verdict, the court shall pronounce the following:

a) the criminal offense for which the accused is found guilty along with a citation of the facts and circumstances that constitute the elements of the criminal offense and those on which the application of a particular provision of the Criminal Code depends;
b) the legal name of the criminal offense and the provisions of the Criminal Code that was applied;
c) the punishment pronounced against the accused or released from punishment under the provisions of the Criminal Code;
d) a decision on suspended sentence;
e) a decision on security measures, forfeiture of property gain and a decision on return of items (Article 88) if such items have not been returned to their owner or the possessor;
f) a decision crediting pretrial custody or time already served;
g) a decision on costs of criminal proceedings and on a claim under property law, and the decision that the legally binding verdict shall be announced in the media;

(2) If the accused has been fined, the verdict shall indicate the deadline for payment, or way to substitute the fine in case that the accused does not pay. [14]

Article 412

Forfeiture of Items

(1) The items that need to be forfeited under the Criminal Code shall be forfeited also when the criminal proceedings are not completed by a verdict, which declares the accused[15] guilty, if this is required by the interests of general security and moral. A separate decision shall be issued on this.
(2) The decision referred to in Paragraph 1 of this Article shall be issued by the judge of Panel at the moment when the proceedings are completed or when dismissed.

Article 238, the sentence: "The statement in question may not be used if the witness is present at the main trial." was deleted.

[14] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 300, Paragraph 2, the words: "is not able to pay" were replaced with the words: "does not pay".

[15] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of Bosnia and Herzegovina", 9/09), in Article 412, Paragraph 1, the words: "convicted person" were replaced with the word: "accused", and after the word: "security", the words: "and moral" were added.

In Paragraph 2, the word: "court" was replaced with the words: "judge or Panel".

In Paragraph 3, the word: "court" was replaced with the words: "judge or Panel"

(3) The decision on forfeiture of items referred to in Paragraph 1 of this Article shall be issued by the judge or Panel when the guilty verdict fails to issue such a decision.
(4) A certified copy of the decision on forfeiture of items shall be delivered to the owner of the items concerned if the owner is known.
(5) The owner of the items may appeal the decision referred to in Paragraphs 1 through 3 of this Article on the ground of the lack of a legal basis for forfeiture of items.

Article 413

Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) The property gain obtained by commission of a criminal offense shall be established in criminal proceedings *ex officio*.
(2) The prosecutor shall be obligated to collect evidence during the proceedings and examine the circumstances that are important for the establishment of the property gain obtained by commission of a criminal offense.
(3) If the injured party submitted a claim under property law for repossession of items obtained through a criminal offense, or the amount that is equivalent to the value of such items, the property gain shall be established only in the part that is not included in the claim under property law.

Article 414

Procedure for Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) When the forfeiture of property gain obtained through a criminal offense is a possibility, the person to whom the property gain is transferred and the representative of the legal person shall be summoned to the main trail for hearing. They shall be warned in the subpoena that the proceedings shall be conducted without their presence.
(2) A representative of the legal person shall be heard at the main trial after the accused. The same procedure shall apply to the person to whom the property gain was transferred if that person is not summoned as a witness.
(3) The person to whom the property gain is transferred as well as the representative of legal person shall be authorized to propose evidence in relation to the establishment of property gain and to question the accused, witnesses and expert witnesses upon approval by the judge or the presiding judge.
(4) The exclusion of the public at the main trial shall not refer to the person to whom the property gain is transferred and the representative of the legal person.
(5) If during the main trial the court establishes that the forfeiture of property gain is a possibility, the court shall adjourn the main trial and shall summon the person to whom the property gain was transferred, and a representative of the legal person.

Article 415

Establishment of Property Gain Obtained by Commission of Criminal Offense

The court shall establish the value of property gain by a free estimate if the establishment would be linked to disproportional difficulties or a significant delay of the proceedings.

ANNEX XI - CRIMINAL PROCEDURE CODE OF RS

Article 129

Warrant for Seizure of Objects

(10) Objects that are the subject of seizure pursuant to the Criminal Code or that may be used as evidence in the criminal proceedings shall be seized temporarily and their custody shall be secured pursuant to a court decision.

(11) The seizure warrant shall be issued by the preliminary proceedings judge on the motion of the prosecutor or on the motion of authorized officials approved by the prosecutor.

(12) The seizure warrant shall contain the name of the court, legal grounds for undertaking the action of seizure of objects, indication of the objects that are subject to seizure, the name of persons from whom objects are to be seized, the place where the objects are to be seized and a timeframe within which the objects are to be seized.[16]

(13) The authorized official shall seize objects on the basis of the issued warrant.

(14) Anyone in possession of such objects must turn them over at the request of the preliminary proceedings judge. A person who refuses to surrender articles may be fined in an amount up to 50,000 KM, and may be imprisoned if he persists in his refusal. Imprisonment shall last until the article is surrendered or until the end of criminal proceedings, but no longer than 90 days. The same provisions shall apply to an official or responsible person in a state body or a legal entity.

(15) The provisions of Paragraph 5 of this Article shall also apply to the data stored in devices for automated or electronic data processing. In obtaining such data, special care shall be taken with respect to regulations governing the maintenance of confidentiality of certain data.

(16) An appeal against a decision on fine or on imprisonment shall be decided by the panel (article 24 paragraph 5). The appeal shall not stay execution of the decision.

(17) When articles are seized, a note shall be made of the place where they were found, and they shall be described, and if necessary, establishment of their identity shall also be provided for in some other manner. A receipt shall be issued for articles seized.

(18) Forceful measures referred to in Paragraph 5 and 6 of this article may not be applied to the suspect or the accused or to persons who are exempted from the duty to testify.

Article 136

Order Issued to a Bank or to Another Legal Person

[16] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of Republika Srpska, "Official Gazette of Republika Srpska", 119/08, in Article 129, Paragraph 3 was changed.

Previously:

(3) The seizure warrant shall contain the name of the court, legal grounds for undertaking the action of seizure of objects, indication of the objects that are subject to seizure, the name of persons from whom objects are to be seized, the place where the objects are to be seized, a timeframe within which the objects are to be seized, and notification of the right of the affected person to a legal remedy.

In Paragraph 5, number: "5.000" was replaced with the number: "50.000".

(7) If there are grounds for suspicion that a person has committed a criminal offense related to acquisition of material gain, the preliminary proceedings judge may at the motion of the prosecutor issue an order to a bank or another legal person performing financial operations to disclose information concerning the bank accounts of the suspect or of persons who are reasonably believed to be involved in the financial transactions or affairs of the suspect, if such information could be used as evidence in the criminal proceedings.

(8) The preliminary proceedings judge may, on the motion of the prosecutor, order that other necessary measures referred to in Article 226 of this Code be taken in order to enable the detection and finding of the illicitly gained property and collection of evidence thereupon.

(9) In case of an emergency, any of the above mentioned measures may be ordered by the prosecutor on the basis of an order. The prosecutor shall immediately inform the preliminary proceedings judge who shall issue a court warrant within 72 hours. The prosecutor shall seal the obtained information until the issuance of the court warrant. In case the preliminary proceedings judge fails to issue the said warrant, the prosecutor shall be bound to return such information without having an access to it.

(10) The court may issue a decision ordering a legal or physical person to temporarily suspend a financial transaction that is suspected to be a criminal offense or intended for the commission of the criminal offense, or suspected to serve to conceal a criminal offense or conceal the proceeds of crime.

(11) The decision referred to in the previous Paragraph shall order that the financial resources designated for the transaction referred to in Paragraph 4 of this Article and cash amounts of domestic or foreign currency be temporarily seized pursuant to Article 129 Paragraph 1 of this Code and be deposited in a special account and kept until the end of the proceedings or until the conditions for their return are met.

(12) An appeal may be filed against the decision referred to in Paragraph 4 of this Article by the prosecutor, the owner of the cash in domestic or foreign currency, the suspect, the accused and the legal or physical person referred to in Paragraphs 4 and 5 of this Article.

Article 137

Temporary Seizure of Illicitly Gained Property and Arrest in Property[17]

(4) At any time during the proceedings, the court may, upon the motion of the prosecutor, issue an interlocutory order for seizure; confiscation or arrest of property under the Criminal Code or shall issue other necessary interlocutory orders to prevent any use, transfer or disposal of such property. (deleted)

(5) If a delay would be detrimental, an authorized official may temporarily seize property referred to in Paragraph 1 of this Article, may carry out an arrest in property or take other necessary temporary measures to prevent any use, transfer or disposal of such property. An authorized official shall immediately inform the prosecutor about the measures taken and the preliminary proceedings judge shall decides about the measures taken within 72 hours.

[17] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of Republika Srpska, "Official Gazette of Republika Srpska", 119/08, the title of Article 137 was changed from: "Temporary Seizure of Illicitly Gained Property" to: "Temporary Seizure of Illicitly Gained Property and Arrest in Property".

In Paragraph 1 of this Article, the words: "illicitly gained" were deleted.

In Paragraph 2, the words: "and the measures taken must be confirmed by the preliminary proceedings judge within 72 hours following the undertaking of the measures" were replaced with the words: "and the preliminary proceedings judge shall decides about the measures taken within 72 hours".

(6) If the preliminary proceedings judge denies the approval, the measures taken shall be terminated and the objects or property seized returned immediately to the person from whom they have been seized.

Article 217

Conducting an Investigation

(4) In the course of investigation, the prosecutor may undertake all investigative actions, including the questioning of the suspect and hearing of the injured party and witnesses, crime scene investigation and reconstruction of events, undertaking special measures to protect witnesses and information and may order the necessary expert evaluation.

(5) The record on the undertaken investigative actions shall be made in accordance with this Code.

(6) If the suspect is placed in custody, the order for brining him to questioning shall be issued by the Prosecutor who shall notify the preliminary proceedings judge.[18]

Article 218

Prosecutor Supervising the Work of the Authorized Officials

(5) If there are grounds for suspicion that a criminal offense has been committed punishable by a prison sentence of more than five (5) years, an authorized official shall immediately inform the prosecutor and shall under the prosecutor's direction take the steps necessary to locate the perpetrator, to prevent the suspect or accomplice from hiding or fleeing, to detect and secure the clues to the criminal offense and objects which might serve as evidence, and to gather all information that might be of use for the criminal proceedings.

(6) If there are grounds for suspicion that the criminal offense referred to in Paragraph 1 of this Article has been committed, and the delay would be detrimental, an authorized official is obliged to carry out necessary actions in order to fulfill the tasks referred to in Paragraph 1 of this Article. When carrying out these actions, the authorized official is obliged to act in accordance with this Code. The authorized official is bound to inform the prosecutor on all taken actions immediately and deliver the collected items that may serve as evidence.

(7) If there are grounds for suspicion that a criminal offense has been committed punishable by a prison sentence of up to seven (7)[19] years, an authorized official shall inform the prosecutor of all available information and investigative actions performed no later than seven (7) days after finding out there are grounds for suspicion that a criminal offense has been committed.

(8) (deleted)

Article 223

Preservation of Evidence by the Court

[18] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of Republika Srpska, "Official Gazette of Republika Srpska", 119/08, in Article 217, after Paragraph 2, a new Paragraph 3 was added.

[19] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of Republika Srpska, "Official Gazette of Republika Srpska", 119/08, in Article 218, in Paragraph 3, the word: "three (3)" was replaced with the word: "seven (7)".

Paragraph 4 was deleted.

Previously:

(4) In cases referred to in Paragraphs 1 through 3 of this Article, the prosecutor shall issue an order on conducting the investigation if he considers it necessary.

(5) Whenever it is in the interest of the administration of justice that the witness's testimony be taken in order to use it at the main trial because the witness may be unavailable to the court during the trial, the preliminary proceedings judge may, upon the request of the parties or the defense attorney, order that the testimony of the witness in question be taken at a special hearing (deposition). The deposition shall be conducted in accordance with Article 269 of this Code.

(6) Prior to use of the deposition referred to in Paragraph 1 of this Article, the party or the defense attorney requesting for the deposition to be considered as evidence at the main trial, must prove that despite all efforts to secure the witness's presence at the main trial, the witness remains unavailable. The deposition in question may not be used if the witness is present at the main trial.

(7) If the parties or the defense attorney are of the opinion that a certain evidence may disappear or that the presentation of such evidence at the main trial may not be possible, the parties or the defense attorney shall move the preliminary proceedings judge for taking necessary actions aimed at the preservation of evidence. If the preliminary proceedings judge accepts the motion for presentation and examination of evidence, he shall inform the parties and defense attorney accordingly.

(8) If the preliminary proceedings judge rejects the motion referred to in Paragraphs 1 and 3 of this Article, he shall issue a decision that can be appealed against to the Panel referred to in Paragraph 5 of Article 24 of this Code.

Article 291

Guilty Verdict

(1) In a guilty verdict, the court shall pronounce the following:

a) the criminal offense for which the accused is found guilty along with a citation of the facts and circumstances that constitute the elements of the criminal offense and those on which the application of a particular provision of the Criminal Code depends;

b) the legal title of the criminal offense and the provisions of the Criminal Code that was applied;

c) the punishment to which the accused is sentenced or released from punishment under the provisions of the Criminal Code;

d) a decision on suspended sentence;

e) a decision on security measures and forfeiture of the proceeds of crime and a decision on return of objects (Article 138) if such objects have not been returned to their owner or the possessor;

f) a decision crediting the period of pre-trial custody or time already served;

g) a decision on costs of criminal proceedings and on a property claim, and the decision that the finally binding verdict shall be announced in the press, or radio or television.

(2) If the accused has been fined, the verdict shall indicate the deadline for payment, or way to substitute the fine in case that the accused does not pay.[20]

Article 402

Forfeiture of Items

[20] Double Underline – According to the Law on Changes and Amendments to the Criminal Procedure Code of Republika Srpska, "Official Gazette of Republika Srpska", 119/08, in Article 291, in Article 2, the words: "is not able to pay", were replaced with the words: "does not pay".

(1) The items that need to be forfeited under the Criminal Code shall be forfeited also when the criminal procedure is not completed by a verdict, which declares the accused guilty, if this is required in the interests of general security. A separate decision shall be issued on this.

(2) The decision referred to in Paragraph 1 of this Article shall be issued by the court at the moment when the proceedings are concluded or dismissed.

(3) The decision on forfeiture of items referred to in Paragraph 1 of this Article shall be issued by the court when the verdict, which declares the accused guilty, fails to contain such a decision.

(4) A certified copy of the decision on forfeiture of items shall be delivered to the owner of the items concerned if the owner is known.

(5) The owner of the items may appeal the decision from Paragraphs 1, 2 and 3 of this Article on the grounds of non-existence of a legal basis for forfeiture of items.

Article 403

Forfeiture of the Proceeds of Crime (*Criminal Forfeiture*)

(1) The existence of proceeds of a criminal offense shall be established in a criminal procedure *ex officio*.

(2) The prosecutor shall be obliged to collect evidence during the procedure and examine the circumstances that are important for the assessment of the proceeds of a criminal offense.

(3) If the injured party submitted a claim for repossession of items obtained through a criminal offense, or the amount that is equivalent to the value of such items, the existence of proceeds of crime shall be established only in the part that is not included in the property claim.

Article 404

Criminal Forfeiture Procedure

(1) When forfeiture of the proceeds of crime is a possibility, the person to whom the proceeds of crime are transferred and the representative of the legal person shall be summoned to the main trial for hearing. They shall be warned in the subpoena that the procedure may be conducted without their presence.

(2) A representative of the legal person shall be heard at the main trial after the accused. The same procedure shall apply to the person to whom the proceeds of crime were transferred if that person is not summoned as a witness.

(3) The person to whom the proceeds of crime are transferred as well as the representative of legal person shall be authorised to propose evidence in relation to the assessment of proceeds of crime and to question the accused, witnesses and expert witnesses upon approval by the judge or the presiding judge.

(4) The exclusion of the public at the main trial shall not refer to the person to whom the proceeds of crime are transferred and the representative of the legal person.

(5) If during the main trial the court establishes that the forfeiture of the proceeds of crime is a possibility, the court shall adjourn the main trial and shall summon the person to whom the proceeds of crime were transferred, and a representative of the legal person.

Article 405

Determination of the Value of Proceeds of Crime

The court shall determine the value of proceeds of crime by a free estimate if the assessment would involve disproportional difficulties or a significant delay of the procedure.

ANNEX XII - CRIMINAL PROCEDURE CODE OF BD

Article 65

Order for Seizure of Objects

(1) Objects that are to be seized pursuant to the Criminal Code of the Brcko District of BiH or that might be used as evidence in the criminal proceedings shall be seized temporarily and their custody shall be provided for on the grounds of a court decision.
(2) The seizure warrant shall be issued by the Court, upon a motion by the Prosecutor or authorized officials who have been granted the approval by the Prosecutor.
(3) The seizure warrant shall contain the name of the Court, legal grounds for the seizure of objects, indication of the objects that are subject to seizure, the name of persons from whom objects are to be seized, place where the objects are to be seized, a timeframe within which the objects are to be seized, and instruction on legal remedy.
(4) The authorized official shall seize objects on the basis of the issued warrant.
(5) Anyone in possession of such objects must turn them over upon the order of the Court. A person who refuses to hand out articles may be fined 50.000 KM, and may be imprisoned if he persists in his refusal. Imprisonment shall last until the article is handed out or until the end of criminal proceedings, but no longer than 90 days. An official or responsible person in a state body or a legal entity shall be treated in the same manner.
(6) The provisions of Paragraph 5 of this Article shall also apply to the data stored in computers or similar devices for automated data processing. In obtaining such data, special care shall be taken with respect to regulations on confidentiality of certain data.
(7) An appeal against a decision on fine or on imprisonment shall be decided by the panel. An appeal against the decision on imprisonment shall not stay the execution of the decision.
(8) When articles are seized, a note shall be made of the place where they were found, and they shall be described, and if necessary, establishment of their identity shall also be provided for in some other manner. A receipt shall be issued for seized articles.
(9) The measures referred to in Paragraphs 5 and 6 of this article may not be applied to the suspect, or the accused, or to the persons who are exempted from the duty to testify.

Article 72

Order Issued to a Bank or Another Legal Person

(1) If there are grounds for suspicion that a person committed a criminal offense related to acquisition of property, the Court may, upon a motion by the Prosecutor, issue an order to a bank or another legal person engaged in financial transactions to deliver the information concerning the bank deposits and other financial or other transactions of that person and the persons reasonably believed to be involved in these financial transactions or affairs of the suspect, if such information could be used as evidence in the criminal proceedings.
(2) The pre-trial judge may, upon a motion by the Prosecutor, order that other necessary measures referred to in Article 116 of this Law be taken in order to enable the detection and finding of the illicitly gained property and collection of evidence thereupon.
(3) In case of urgency, any of the measures from Paragraph 1 of this Article may be ordered by the Prosecutor on the basis of an order. The Prosecutor shall keep the obtained information sealed until the issuance of the court order. The Prosecutor shall immediately inform the pre-trial judge about the measures taken, who shall issue a court order within 72 hours. The Prosecutor shall keep the obtained information sealed until the issuance of the court order. In case the pre-trial judge fails to issue the said order, the Prosecutor shall be bound to return such information without accessing it.
(4) The Court may issue a decision ordering a legal or physical person to temporarily suspend a financial transaction that is suspected to be a criminal offense or intended for the commission of the criminal

offense, or suspected to serve as a cover for a criminal offense or a cover for a gain obtained by the criminal offense.
(5) The decision referred to in Paragraph 4 of this Article shall order that the financial resources designated for the transaction referred to in Paragraph 4 of this Article and cash amounts in domestic or foreign currency be temporarily seized pursuant to Article 65 Paragraph 1 of this Law, deposited in a special account and kept until the end of the proceedings, or until the conditions for their return are met.
(6) An appeal may be filed against the decision referred to in Paragraph 4 of this Article by the Prosecutor, the owner of the financial resources or the cash in domestic or foreign currency, the suspect or the accused, and the legal or physical person referred to in Paragraphs 4 and 5 of this Article.

Article 73

Provisional Seizure of Property as a Security Mechanism

(1) At any time during the proceedings, upon the proposal of the Prosecutor, the Court may order a temporary measure for seizing property, which shall be done pursuant to the Criminal Code of the Brcko District of BiH, the measure of confiscation or other requisite temporary measure so as to prevent the use, sale or disposal of such property.
(2) If the delay might be risky, an authorized official may temporarily seize the property referred to in Paragraph 1 of this Article, may forfeit the property or take other necessary temporary measures to prevent any use, transfer or disposal of such property. An authorized official shall immediately inform the Prosecutor about the measures taken and these measures must be approved by the pre-trial judge within 72 hours after the measures were taken.
(3) If the pre-trial judge denies the approval, the measures taken shall be terminated and the objects and property seized returned immediately to the person from whom they have been seized.

Article 217

Conducting an Investigation

(1) In the course of conducting the investigation, the Prosecutor may undertake all investigative actions, including the questioning of the suspect and hearing of the injured party and witnesses, crime scene investigation and reconstruction of events, undertaking special measures to ensure safety of witnesses and information and to order necessary expert evaluation.
(2) The record on the undertaken investigative actions shall be made in accordance with this Law.

Article 218

Prosecutor Supervising the Work of Authorized Officials

(1) If there are grounds for suspicion that a criminal offense has been committed that carries a prison sentence of more than five (5) years, an authorized official shall immediately inform the Prosecutor and shall under the Prosecutor's supervision take necessary measures to identify the perpetrator, to prevent the suspect or accomplice from hiding or fleeing, to detect and secure the clues to the criminal offense and objects which might serve as evidence, and to gather all information that might be of use for the criminal proceedings.
(2) If there are grounds for suspicion that a criminal offense referred to in Paragraph 1 of this Article has been committed, and if the delay would pose a risk, an authorized official is obligated to take necessary actions in order to fulfill the tasks referred to in Paragraph 1 of this Article. When taking these actions, the authorized official is obligated to act in accordance with this Law. The authorized official shall be bound to immediately inform the Prosecutor on all actions taken and deliver the collected items that may serve as evidence.
(3) If there are grounds for suspicion that a criminal offense has been committed that carries a prison sentence of up to five (5) years, an authorized official shall inform the Prosecutor of all available

information, actions and measures performed no later than seven (7) days after forming the grounds for suspicion that a criminal offense has been committed.
(4) In cases referred to in Paragraphs 1 through 3 of this Article, the Prosecutor shall issue an order on conducting the investigation if he considers it necessary.

Article 223

Preservation of Evidence by the Court

(1) Whenever it is in the interest of justice that the witness's testimony be taken in order to use it at the main trial because the witness may be unavailable to the Court during the trial, the pre-trial judge may, upon the request of the parties or the defense counsel, order that the testimony of the witness in question be taken at a special hearing. The special hearing shall be conducted in accordance with Article 262 of this Law.
(2) Prior to use of the witness's statement referred to in Paragraph 1 of this Article, the party or the defense counsel requesting for the statement to be considered as evidence at the main trial, must prove that despite all efforts to secure the witness's presence at the main trial, the witness remained unavailable. The statement in question may not be used if the witness is present at the main trial.
(3) If the parties or the defense counsel are of the opinion that certain evidence may disappear or that the presentation of such evidence at the main trial may not be possible, the parties or the defense counsel shall propose to the pre-trial judge to take necessary actions aimed at the preservation of evidence. If the pre-trial judge accepts the proposal on taking actions of presentation of evidence, he shall inform the parties and defense counsel accordingly.
(4) If the pre-trial judge rejects the proposal from Paragraphs 1 and 3 of this Article, he shall issue a decision that can be appealed before the Appellate Court.

Article 285

Judgment of Guilty

(1) In a judgment of guilty, the Court shall pronounce the following:
(1) the criminal offense for which the accused is found guilty along with a citation of the facts and circumstances that constitute the elements of the criminal offense and those on which the application of a particular provision of the Criminal Code depends;
(2) the legal name of the criminal offense and the provisions of the Criminal Code that were applied;
(3) the punishment pronounced to the accused or releasing from punishment under the provisions of the Criminal Code;
(4) a decision on suspended sentence;
(5) a decision on security measures, on forfeiture of property gain and a decision on return of objects (Article 74) if such objects have not been returned to their owner or the possessor;
(6) a decision crediting pretrial custody or time served;
(7) a decision on costs of criminal proceedings, on a claim under property law, and the decision that the legally binding judgment shall be announced in the media;
(8) (2) If the accused has been pronounced a fine, the judgment shall indicate the deadline for payment of the fine and the manner of substituting the fine in case that the accused is not able to pay.

Article 391

Confiscation of Items

(1) Items that must be confiscated under the Criminal Code of Brcko District of BiH shall be confiscated even when a criminal proceeding is not completed by a convicting judgment, if this is required by interest of public safety, on which a separate decision shall be issued.
(2) The decision from Paragraph 1 of this Article shall be issued by the Court at the moment of completing i.e. of dismissing the proceeding.

(3) The decision on confiscation of items from Paragraph 1 of this Article shall be issued by the Court also when the judgment declaring the accused guilty failed to pass such a decision.
(4) A certified copy of the decision on confiscation of items shall be delivered to the owner of the items if the owner is known.
(5) The owner of the item shall be entitled to appeal the decision from Paragraphs 1 through 3 of this Article, based on the lack of a legal grounds for confiscation of items.

Article 392

Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) The property gain obtained by commission of a criminal offense shall be established in a criminal procedure *ex officio*.
(2) The Prosecutor shall be obligated to collect evidence during the procedure and examine the circumstances that are important for the establishment of the property gain obtained by commission of a criminal offense.
(3) If the injured party submitted a claim under property law for repossession of items obtained through a criminal offense, or the amount equivalent to the value of such items, the property gain shall be established only in the part that is not included in the claim under property law.

Article 393

Procedure for Forfeiture of Property Gain Obtained by Commission of Criminal Offense

(1) When the forfeiture of property gain obtained through a criminal offense is an option, the person to whom the property gain was transferred and the representative of the legal person shall be summoned to the main trail for hearing. They shall be warned in the summons that the procedure shall be conducted in their absence.
(2) A representative of the legal person shall be heard at the main trial after the accused. The same procedure shall apply to the person to whom the property gain was transferred if that person was not summoned as a witness.
(3) The person to whom the property gain was transferred as well as the representative of the legal person shall be authorized to propose evidence in relation to the establishment of property gain and to question the accused, witnesses and expert witnesses upon approval by the judge or the presiding judge.
(4) The exclusion of the public at the main trial shall not refer to the person to whom the property gain was transferred and the representative of the legal person.
(5) If during the main trial the Court establishes that the forfeiture of property gain is an option, the Court shall adjourn the main trial and shall summon the person to whom the property gain was transferred, and a representative of the legal person.

Article 394

Establishment of Property Gain Obtained by Commission of Criminal Offense

The Court shall establish the value of property gain obtained by commission of a criminal offense through free assessment, if to establish it otherwise would be linked to disproportional difficulties or a significant delay in the procedure.

ANNEX XIII – CRIMINAL ASSET RECOVERY ACT OF RS

Article 2

1 Provisions of this Act are being applied to criminal offences defined in the Republika Srpska Penal Code („ Republika Srpska Official Gazette “,no 49/03, 108/04, 37/06 and 70/06):

a)crimes against sexual integrity (human trafficking for prostitution Article 198, Abuse of a child or juvenile for pornography Article 199and Production and Broadcasting Child Pornography Article 200);

b) Crimes against public health: Illegal Production and Trafficking with Drugs, Article 224;

c) Crimes against economy and payment system(Counterfeiting or Destroying Business or Commercial Books or Documents, Article 275, Counterfeiting of Credit Cards and Other Non-cash Payment Cards Article 276, Counterfeiting Representations of Value Article 277, Money Laundering ,Article 280, Illegal Trade Article 281, Tax and Contribution Evasion Article 287);

d) Crimes Against Authority (abuse of powers or vested authorities Article 347, Embezzlement Article 348, Fraud Article 349,Receiving Bribe Article 351, Offering Bribe Article 352 and Illegal Mediation Article 353);

e) Organized crime (Article 383a)

f) crimes against public order (Manufacturing and Purchasing Weapons and Items to Committ Criminal Offence, Article 398 and Illegal Production and Trafficking with Weapons and Explosive Devices Article 399);

g) Crimes Against Humanity and Values Protected by the International Law.

2 Provisions of this Act shall be applicable to all criminal offences defined in the part 1 of this Article, as well as to other criminal offences defined in Republika Srpska Penal Code, and if the assets, that is the value of items that have been used or were aimed to or are a result to a criminal offence exceeds the amount of 50.000, 00convertible marks.

Article 3

1 Certain terms used in this act have the following meaning:

a) Assets are collection of property rights and obligations of the holder of those rights over the real estate and chattels. A property is also considered to be the profit or any other gain that has been either direct or indirect result of the criminal offence, as well as any assets that it had been turned into or merged with.

b) The criminal assets are the assets of the offender, property owner, obtained prior to initiation of criminal proceedings defined in the Article 2 of this Act, that are in obvious discrepancy with his reported incomes. Reported incomes are all the available financial resources of the property owner that may provide its legal background.

c) Decedent is a person who has not been subject to criminal proceedings due to his death, or proceedings against that person have been discontinued, whereas the criminal proceedings against other individuals have established that the assets of the decedent have been proceeds of the criminal offence.

d) Legal successor is the heir of the convicted individual, decedent or their heirs.

e) A third person is a natural or legal entity to whom the criminal assets have been passed on.

f) Owner of the property is an offender or associated persons, decedent, legal successor or a third person.

g)Associated persons are: Family members: spouse, cousin once removed, siblings, adopted children and their descendants sharing the same household and cousins up to three times removed degree; Trustee or trustees, owning at least 50% of the property value or at least 50% of share in the shareholding company, directly or through one of more natural or legal entities and: Other natural and legal entities: offenders, accomplices, **organizer**s in a **criminal conspiracy**, instigators and accomplices (hereinafter referred as: property owner).

e)The forfeiture is a temporary or permanent seizure of proceeds of crime.

Article 18

1 An apartment search and search of other premises of the owner or other individuals may take place in case there are grounds for suspecting that it will result in obtaining evidence pursuant to the Article 15, paragraph 2 of this Act.

2 A search of the owner of the property or other individuals may take place in case there are grounds for suspecting that it will result in obtaining evidence defined in the paragraph 1 of this Article.

Article 19

1 Items that may be used as evidence pursuant to the Article 15 paragraph 2 of this Act, will be temporarily forfeited in accordance with regulations of the Republika Srpska Criminal Procedure, based on the court order and upon the proposal of the prosecutor.

2 Items defined in the paragraph 1 of this Article may, in accordance with Republika Srpska Criminal Procedure Code, be temporarily confiscated regardless the court order, if there is a risk of postponement.

3 RS institutions, and other relevant bodies, organizations and public services are obliged to enable the Unit to have the insight into information, documents and other items pursuant to the paragraph 1 of this Article.

4 The insight and the delivery defined in the paragraph 3 of this Article may not be restrained byappealing to the necessity of keeping the business, official, state,or military secret.

Article 20

1 Upon the prosecutor's elaborate request, the court may issue an order to banking or other financial organization to deliver to the Unit the information regarding the business and private accounts and safety deposit boxes of the property owners, as well as enable the Unit to inspect the safe deposit boxes.

2 Issuing an order defined in the paragraph 1 of this Article the court may grant the Unit the permission to perform automatic processing of the balance sheets of business and personal accounts and safe deposit boxes of the property owner.

2. Temporary assets forfeiture

Article 21

1 The prosecutor may submit a proposal on temporary assets forfeiture if postponed forfeiture proceedings create the risk of hindering execution warrant.

2 The proposal defined in the paragraph 1 of this Article contains information over property owner, description and legal definition of the criminal offence, identification of forfeiture assets, property-tracking document, circumstances that resulted in grounds of suspicion that the property has been acquired as a result of serious crime related activity and reasons that justify the necessity of temporary assets forfeiture.

3 The proposal defined in the paragraph 1 of this Article is to be decided upon by respective court based on the subject matter jurisdiction.

Article 22

1 The prosecutor may issue a restraining order if there is a risk that the owner is to administer illegally acquired property, prior to the court's decision over the proposal defined in the Article 21 paragraph 1of this Act. (The RS Official Gazette, number 58/03, 85/03 and 74/05)

2 The decision on the restrain order is to be brought by the respective court in the line of duty and delivered to respective institution for registry.

3 The measure proposed by the paragraph 1 of this Article, is effective until the court rules the decision over proposal of the prosecutor.

4 The prosecutor will deliver the order defined in the paragraph 1 of this Article to the owner, the court and the Agency.

1. Permanent Assets Forfeiture

Article 28

1 After indictment coming into effect, and not later than one year after final completion of criminal proceedings, the prosecutor shall submit proposal on permanent assets forfeiture of proceeds of crime.

2 The proposal from the paragraph 1 of this Article should provide: information on the indictee, description and legal definition of the criminal offence, the identification of the property subject to forfeiture, evidence on property in possession of indictee and legal assets, evidence that the property had been acquired prior to initiation of criminal proceedings, circumstances pointing out obvious discrepancy between the assets and incomes and reasons that justify the necessity of permanent assets forfeiture. The proposal against the legal successor shall provide evidence that the proceeds of crime have been inherited, and the proposal against the third person should provide evidence that criminal assets have been transferred without any compensation or with the compensation that does not reflect its real value in order to hinder the execution of forfeiture process.

1 The proposal defined in the paragraph 1 of this Article is to be decided upon by the relevant court

Article 29

1 If the proposal defined in the Article 28 paragraph 1 of this Act has been submitted in course of first instance proceedings, the court is to summon up the owner to the main hearing to clarify whether he shall contest the proposal. Shall the owner fail to attend the main hearing or plead over the proposal it will be considered that the proposal is not being contested.

2 Provided that the owner does not contest the proposal, the decision will be given in the verdict. The decision over the proposal may be pleaded against.

3 Shall the owner contest the proposal, the decision is to be brought in separate proceedings. These proceedings are to be completed no later than two years since finding the defendant guilty, or , in terms of the Article 3, point 3 of this Act, it has been established that the decedent is the owner of criminal assets.

4 Shall the court reject the indictment or drop the charges against the defendant, it is to deliver the Republika Srpska Taxation Office the information on defendant's property for further action.

Article 30

1 Once the owner contests the proposal stipulated by the Article 28 paragraph 1of this Act, that is, if the owner did not respond in accordance with the Article 29, paragraph3 of this Act or if the request has been filed upon the final completion of criminal proceedings, the court is to hold a separate hearing to decide upon the request. The hearing is to be scheduled not later than thirty days since reaching the final decision stipulated by the Article 29, paragraph 3 of this Act, that is, since the day the prosecutor filed his request.

2 The court is to summon the owner, his legal representative, if there is one, the prosecutor and other persons whose attendance is necessary for the course of the hearing as defined in the paragraph 1 of this Article. The summons are to be delivered to a valid address, that is, the office of the person summoned up with a warning that the hearing is going to take place, regardless the potential failure to attend.

3 The owner is to be delivered the summons, provided that there is at least fifteen days pause between the date of delivery and date of the scheduled hearing.

4 If the owner fails to attend the hearing, and has no legal representative to speak on his behalf, the court will designate one to represent him.

5 Shall the prosecutor fail to attend, the hearing is to be postponed. The court is obliged to inform the respective prosecutor on such decision.

Article 31

1 The hearing shall begin with presentation of contents of the prosecutor's request. Once commenced, the hearing is to be finalized without interruptions, if possible.

2 Shall the request refer to assets of the convicted person the prosecutor is to present evidence on assets in convict's possession, legal incomes, evidence proving that assets have been acquired prior to initiation of criminal proceedings and circumstances pointing out obvious discrepancy between the assets and incomes of the convict. The convicted person and his legal representative shall provide evidence that either prosecutor's request is ungrounded or that assets have been legally acquired.

3 Shall the request consider the property of legal successor or a third person, the prosecutor is to provide evidence that the legal successor inherited criminal assets, that is,that it had been transferred to the third person without any compensation or with the compensation that does not reflect its real value in order to hinder the execution of forfeiture process. The legal successor, or the third person and its legal representative shall provide evidence that either prosecutor's request is ungrounded or that assets of his legal successor have been acquired legally.

Article 32

1 Upon completion of the hearing, the court is to decide upon approving or rejecting the request for permanent assets forfeiture.

2 The decision on permanent assets forfeiture should provide:information on the owner, description and legal definition of criminal offence, identification of the property subject to forfeiture,that is, the value that is being taken away from the owner provided that the owner managed criminal assets in order to hinder the execution of forfeiture process and decision on costs of management of temporary forfeited assets.

3 Provided that the incomes of the owner or the support of persons one is obliged to maintain are under question the court may by decision defined in the paragraph 2 of this Article and in accordance to provisions of the Law on Executive Procedures leave to the owner a part of his property.

4 The court is to deliver the decision defined in paragraph 1 of this Article to the owner, his defense lawyer, that is, legal representative, prosecutor and the Agency.

5 Immediately upon the delivery of decision defined in the paragraph 2 of this Article the Agency is to undertake measures pertaining to keeping and maintaining of forfeited assets. The Agency is to manage the forfeited assets until the completion of assets forfeiture procedure.

ANNEX XIV – LAW ON OBLIGATIONS (EXTRACTS)

II. OBJECT OF OBLIGATION

What the object of obligation has to be like

Article 46

(1) The contractual obligation can consist of giving, acting, non-acting or enduring.

(2) It has to be feasible, allowed and determined, i.e. determinable.

Nullity of the contract due to the object of obligation

Article 47

When the object of obligation is impossible, illicit, undetermined or indeterminable, the contract is null and void.

Subsequent feasibility

Article 48

The contract, concluded under suspense condition or timeline, is valid if the object of obligation, which had been impossible at the beginning, became possible before fulfilling of conditions or timeline expiry.

When is the object of obligation illicit

Article 49

The object of obligation is illicit if it is in contradiction with the coercive provisions, law and order orfair business practice.

When is the object determinable

Article 50

(1) The object of obligation is determinable if the contract contains the data by which it can be

determined or if the parties have left it for the third person to determine it.

(2) If the third person does not want or cannot determine the object of obligation, the contract is null and void.

III. BASIS

Permissible basis

Article 51

(1) Every contractual obligation has to have a permissible basis.

(2) A basis is impermissible if it is in contradiction with coercive provisions, law and order or fair business practices.

(3) It is presumed that the obligation has a basis even though it has not been expressed.

Nullity of contract due to the basis

Article 52

If the basis does not exist or it is not allowed, the contract is null and void.

Article 103

1) Contract which is contrary to coercive regulations, public order or good business practices is null and void, unless the objective of the violated regulation is related to some other penalty or other legal regulations are applied to a certain case.

2) If conclusion of the contract is forbidden to only one party, the contract shall remain in effect, unless the law prescribes something else for that case; however the party that violated a legal restriction shall bear adequate consequences.

ANNEX XV – Ordinance on Implementation of Restrictive Measures

O R D I N A N C E ON IMPLEMENTATION OF RESTRICTIVE MEASURES ESTABLISHED BY RESOLUTIONS OF THE UN SECURITY COUNCIL 1267 (1999), 1333 (2000), 1363 (2001), 1373 (2001), 1390 (2002), 1455 (2003), 1526 (2004), 1617 (2005), 1735 (2006), 1822 (2008) AND 1904 (2009) AGAINST MEMBERS OF AL-QAIDA, USAMA BIN LADEN, THE TALIBAN AND OTHER INDIVIDUALS, GROUPS, UNDERTAKINGS AND ENTITIES ASSOCIATED WITH THEM

Article 1

(Subject of the Ordinance)

This Ordinance shall determine the manner of implementation of restrictive measures established by resolutions of the UN Security Council 1267 (1999), 1333 (2000), 1363 (2001), 1373 (2001), 1390 (2002), 1455 (2003), 1526 (2004), 1617 (2005), 1735 (2006), 1822 (2008) and 1904 (2009) and which also relate to Consolidated List of persons, subject to measures of resolutions 1267 (1999) and 1333 (2000) (hereinafter: Consolidated List).

Article 2

(Definitions of terms)

Particular terms used in this Ordinance shall have the following meaning:

a) **Committee** is a body of UN Security Council concerning Al-Qaida members, Usama bin Laden and the Taliban and other individuals, groups, undertakings and organizations associated with them, established pursuant to Security Council resolution 1267 (1999);

b) **Armament** is the weapon and military equipment included in the List of armament and military equipment (Official Gazette of Bosnia and Herzegovina no. 94/09 and 82/10);

c) **Dual-use goods** include all items listed on the List of goods and technology (hereinafter: List of dual-use), including software and technology that can be used both in civilian and military purposes and goods which can be used in non-explosive purposes, but which in any way can help in the production and dissemination of chemical, biological or nuclear weapons or could be used for military end use or the intended end user, or state to which the conduct of international restrictive measures. List of dual-use goods (Official Gazette of Bosnia and Herzegovina no. 40/10);

d) **Goods for special purposes** are all non-military means for commercial purposes that could threaten the security of Bosnia and Herzegovina mentioned in the List of goods for special purposes (Official Gazette of Bosnia and Herzegovina no. 52/10);

e) **Funds** mean financial assets and benefits of every kind, such as:

1) Cash, cheques, claims on money, promissory notes, payment orders and other payment instruments,

2) Deposits with financial institutions or other entities, balances on accounts, claims and rights arising from claims,

3) Securities subject to stock exchange or other type of trade, such as stocks and shares, certificates, bonds and other kinds of securities,

4) Interest, dividends and other income generated by assets,

5) Credit, right of set-off, performance guarantees and other financial commitments,

6) Letters of credit, bill of lading, consignment note, contract,

7) Documents evidencing an interest in funds or financial resources,

8) Every other instrument to stimulate export financing;

g) **Economic resources** mean assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but can be used to obtain funds, goods or services.

Article 3

(Volume of International Restrictive Measures)

(1) In accordance with the provisions of Article 1 of this Ordinance, international restrictive measures against members of Al-Qaida, Osama bin Laden, the Taliban and other individuals, groups, undertakings and organizations associated with them, include the following:

a) Freeze without delay the funds and other financial assets or economic resources including funds derived from property owned by persons from the List or under their direct or indirect supervision or under control of persons acting on their behalf or their instructions, or the person acting in as their successors;

b) Prevent the entry into and transit through the territory of Bosnia and Herzegovina;

c) Prevent the direct or indirect supply, sale and traffic of arms and related material, including military, dual use equipment and special purpose and military vehicles meant for special, technical guidance, assistance or training related to military activities, in conjunction with individuals, groups, associations and organizations listed in the Consolidated List.

Article 4

(Publication Procedures of Consolidated List)

(1) The latest version of the Consolidated List, which the Committee published on 05 October 2011, is part of the Annex to this Ordinance and will be available on the official website of the Ministry of Security of Bosnia and Herzegovina (hereinafter: Ministry) (www.msb.gov.ba) on the date of enactment of this Ordinance.

(2) For any further publication of the updated Consolidated List, the Council of Ministers of Bosnia and Herzegovina charges the Ministry, in manner that the same in its original form i.e. as received from the fit of the competent authority of UN Security Council, makes available on its own website.

(3) On the date of publication of a new updated Consolidated List, the same shall supersede the previous Consolidated List.

(4) The authorities of Bosnia and Herzegovina are obliged to regularly follow the procedures outlined in paragraphs (1), (2) and (3), and act in accordance with the provisions of this Ordinance and the Law on the application of certain temporary measures for the effective implementation of the mandate of the International Criminal Tribunal for the Former Yugoslavia and other international restrictive measures.

(5) In the case of a notice on new listing of person or entity from Bosnia and Herzegovina, before the publication of these data on the official website of the Ministry, shall be taken the following steps:

a)Freeze without delay all the economic resources and other funds;

b) Inform the person listed and learn in detail about the facts and refer to the possibility of filing a complaint.

Article 5

(Implementation of Financial restrictive measures)

The authorities of Bosnia and Herzegovina will freeze without delay and without prior notice all funds and economic resources of all persons, groups, undertakings and organizations included in the Consolidated List.

(2) The measures referred to in paragraph (1) of this Article shall also apply to economic assets and funds derived from property owned by persons from the Consolidated List or under their direct or indirect supervision or control of persons acting on their behalf or by their instructions, or the person acting as successor. Furthermore, will ensure that any assets owned by other persons not directly or indirectly be available for use by persons from the Consolidated List.

(3) Upon obtaining information from the competent authority on the basis of paragraph (1) of this Article, the Ministry will publish information on its website.

(4) Against a legal act of the competent authority under paragraph (1) of this Article, a procedure may be initiated before Court of Bosnia and Herzegovina.

(5) The competent authorities referred to in paragraph (1) of this Article, are the bodies defined in Article 12 of the Law on Application of Certain Temporary Measures in Support of Effective Implementation of the Mandate of the International Criminal Tribunal for the Former Yugoslavia and Other International Restrictive Measures.

Article 6

(The application of restrictive measures prohibiting entry in and transit through the territory of Bosnia and Herzegovina)

(1) It is forbidden to enter Bosnia and Herzegovina or transit through Bosnia and Herzegovina for Usama bin Laden, members of Al-Qaida, the Taliban and other individuals, members of groups, undertakings and organizations associated with them, and included in the Consolidated List, compiled by the Committee.

(2) Measures referred to in paragraph (1) shall not apply to persons from the Consolidated List which are citizens of Bosnia and Herzegovina.

(3) Measures referred to in paragraph (1) of this Article shall not apply when entering Bosnia and Herzegovina or transit through the territory of Bosnia and Herzegovina is necessary for the implementation of court proceedings and the Committee, in considering individual cases, determines that such entry or transit is justified and informs the Ministry on it.

Article 7

(Application of restrictive measures concerning the prevention of arms supply)

It is forbidden to all legal and natural persons a direct or indirect supply, sale or traffic of arms and related material, including military, dual-use goods and goods for special purpose and military and vehicles for special purpose, technical guidance, assistance or training related to military activities, and toward persons from the Consolidated List.

Article 8

(Obligation to deliver information and Database management)

The authorities of Bosnia and Herzegovina shall cooperate with the Ministry in the implementation of this Ordinance, and in that sense the provisions of Articles 6 and 7 of the Law on the application of certain temporary measures for the effective implementation of the mandate of the International Criminal Tribunal for the Former Yugoslavia and other international restrictive measures shall apply.

Article 9

(Exemption for living expenses and the exemption for certain obligations)

(1) In regard to the exemption for living expenses and exemption for certain obligations, the provisions referred to in Articles 8 and 9 of the Law on Application of Certain Temporary Measures for the Effective Implementation of the Mandate of the International Criminal Tribunal for the Former Yugoslavia and Other International Restrictive Measures shall apply, provided that the application for exemption will be referred to the Ministry.

(2) An application for exemption for living expenses and the exemption for certain obligations, the Ministry shall submit to the Committee with explanation and procedures that is to be implemented in that sense.

(3) The decision of the Committee referred to in paragraph (2) has a mandatory character in terms of further action on the request for an exemption for living expenses and the request for an exemption for certain obligations.

(4) An application, referred to in paragraph (2) of this Article, toward the Ministry may be filed only by the person from the Consolidated List, who is a citizen of Bosnia and Herzegovina or legally residing in Bosnia and Herzegovina or its legal representative.

Article 10

(Application of restrictive measures against persons who are brought in contact with people from the Consolidated List)

1) The provisions of this Ordinance shall apply also to persons for which the competent authorities in Bosnia and Herzegovina determined to be in conjunction with persons from the Consolidated List.

(2) For the purposes of paragraph (1) of this Article, the following acts or activities indicate that a person, group, economic entity or organization associated with persons from the Consolidated List:

a) participation in the financing, planning, facilitating, preparing or perpetrating of acts or activities by, in conjunction with persons from Consolidated List or under their name, on their behalf or in support thereof;

(b) perform activities of intermediation, supply, sale or traffic of arms and related material, including military, special equipment and dual use, military vehicles and vehicles for special purpose, technical guidance, assistance or training related to military activities;

(c) perform recruitment activities or recruitment for their needs, or

(d) actions or activities that otherwise constitute the support of Al-Qaida, Osama bin Laden or the Taliban or any of their cell**,** affiliate, splinter group or derivative thereof or act according to their ideology.

Article 11

(Listing Procedure)

(1) The competent authorities for law enforcement in Bosnia and Herzegovina shall provide the Ministry a proposal for starting procedures for the listing, or placing on the Consolidated List.

(2) In the explanation of the proposal for the listing, in each case, the authorities are obliged to be guided by the provisions of Article 10 of this Ordinance and the relevant Guidelines of the Committee.

(3) The final decision on submitting the listing application to the competent authority of the UN Security Council, in each case, shall be issued by the Council of Ministers with the consent of the Presidency of Bosnia and Herzegovina.

Article 12

(Proceedings on claims of third parties if their rights have been compromised)

(1) All competent authorities in Bosnia and Herzegovina are obliged to take care that the application of the provisions of this Ordinance shall not be to the detriment of third parties.

(2) If there is a threat to the rights of third parties they can address the Ministry which is obliged to consider their allegations and make a decision within 30 days.

Article 13

(De-listing Procedure)

1) Citizens of Bosnia and Herzegovina and the people who legally reside in Bosnia and Herzegovina, as well as responsible persons of legal entities registered in Bosnia and Herzegovina and located on the Consolidated List may at any time apply for delisting to the Ministry.

(2) Notwithstanding paragraph (1) of this Article, the request for delisting or providing opinions in an open procedure of delisting can be delivered also indirectly by the Committee or the Ombudsperson of the United Nations for issues of de-listing from the Consolidated List (hereinafter referred to as The Ombudsperson).

(3) The requirements of paragraph (1) of this Article shall contain the identification information for the applicant and a statement / explanation of the reasons for the delisting request. In addition to the request, copies of any document or other supporting material which the applicant considers to be of importance in the process of delisting may be enclosed.

(4) In considering requests for delisting, the Ministry is guided by the provisions of Article 10 of this Ordinance, the positive regulations in Bosnia and Herzegovina and the Guidelines of the Committee.

(5) In proceedings on the application of paragraph (1) of this Article, the Ministry is obliged to obtain all necessary opinions of other competent bodies in Bosnia and Herzegovina, and in particular all police agencies / institutions in charge of the prosecution, the Tribunal and the Intelligence and Security Agencies of Bosnia and Herzegovina. In carrying out this process, the Ministry may require additional explanation or amendment from the person who has applied for de-listing.

(6) After collected all the opinions and other required documents, the Ministry shall forward the same to the Council of Ministers for decision. The Council of Ministers of Bosnia and Herzegovina is obliged before making final paragraph and sending the same to the Committee and the Ombudsperson to obtain the opinion of the Presidency of Bosnia and Herzegovina.

Article 14

(Termination of restrictive measures upon notice of the Committee about the fact of de-listing)

(1) Upon receiving notification of the Committee about approved deletion of specific person from the List, the Ministry will provide the information with the proposal of measures to be revoked to the Council of Ministers for adoption.

(2) Upon the completion of adoption procedures of information about the abrogation of measures by the Council of Ministers of Bosnia and Herzegovina, the Ministry will in writing notify the person in matter about above mentioned, and update information on the website (www.msb.gov.ba)

(3) On the above-mentioned, the Ministry will in writing inform the relevant authorities in Bosnia and Herzegovina for further actions within their jurisdiction.

(4) Termination of restrictive measures do not apply to measures which are determined in accordance with the provisions of the other positive legislation in Bosnia and Herzegovina, particularly criminal law, the cases pending or resolved before the competent judicial authorities in Bosnia and Herzegovina.

Article 15

(Exchange of Information via Interpol)

(1) For the implementation of this Ordinance, and in particular Article 6, competent authorities in Bosnia and Herzegovina are obliged to ensure that fraudulent, counterfeit, stolen and lost passports and other travel documents as soon declared void and removed from circulation, and information about these documents promptly exchange with other Member States through the Interpol database.

(2) Interpol Sarajevo NBC will share all data related to the fraudulent, counterfeit, lost and stolen identification and travel documents that fall under the jurisdiction of Bosnia and Herzegovina, as if some of the people from the Consolidated List is found in the use of false identities, which includes the acquisition of credit cards or fraudulent travel documents.

Article 16

(Submission of Guidelines and other related documents)

(1) To effective implementation of this Ordinance, as well as ensuring greater transparency in the application of international restrictive measures provided for in this Ordinance, the Ministry shall carry out the translation of all Guidelines and other related documents to the Committee and the Ombudsperson and shall make them available on its official website (www.msb.gov.ba).

(2) Guidelines and other related documents referred to in paragraph 1 of this article are in Annex to this Ordinance.

(3) Annex of Ordinance (Consolidated List and Guidelines and other related documents of the Committee and the Ombudsman) shall not be published in the "Official Gazette", but the same in accordance with Article 4 t (1) and (2) and Article 17 Paragraph (1) of this Ordinance will be publicly available on the official website of the Ministry (www.msb.gov.ba).

Article 17

(Coordination and supervision of implementation of measures contained in this Ordinance)

The Ministry shall be responsible for coordination and supervision of implementation of measures contained in this Ordinance.

Article 18

(Entry into force of the Ordinance)

This Ordinance shall enter into force on the day following its publication in the Official Gazette of Bosnia and Herzegovina.

Explanation

Legal basis

Legal basis for the adoption of this Ordinance is the Law on Application of Certain Temporary Measures for the Effective Implementation of the Mandate of the International Criminal Tribunal for the Former

Yugoslavia and Other International Restrictive Measures (Official Gazette of Bosnia and Herzegovina no. 26/06).

Reasons for adoption of the Ordinance

Pursuant to the Law on application of certain temporary measures for the effective implementation of the mandate of the International Criminal Tribunal for the Former Yugoslavia and other international restrictive measures (Official Gazette of Bosnia and Herzegovina no. 26/06), Recommendation of the Moneyval – Special Recommendation III related to suppression of the financing of terrorism, FATF Special Recommendations and Article 14 of the Law on Ministries and Other Governing Bodies in Bosnia and Herzegovina, the Ministry of Security of Bosnia and Herzegovina shall establish efective and comprehensive system of application of international restrictive measures in Bosnia and Herzegovina, including adoption of appropriate subordinate legislation.

In terms of the above mentioned, there should be especially emphasized the summary assessment of the Committee of the Council of Europe Moneyval in terms of fulfilling the Special Recommendation III, as follows: „There is not yet in place a comprehensive system for allowing all financial institutions to freeze without delay the funds or other assets of persons and entities designated (in the context of terrorism or financing of terrorism), including public de-listing procedures etc. The existing legal framework consists of parallel and significantly overlapping regimes which are either incomplete considering procedural laws (law on Banking Agency) or are designed for other purposes (IRM as support to a ICTY mandate) and therefore both are only a limited use.“ Assessment SR III does not conform.

Required funds

Implementation of this Ordinance does not require special financial funds from the Budget of Bosnia and Herzegovina.

ANNEX XVI – LEGISLATION RELATED TO RECOMMENDATION 26 (EXTRACTS)

"Guidelines for Risk Assessment and Implementation of the Law on Prevention of Money Laundering and Financing of Terrorist Activities for Obligors"

Financial Intelligence Department, February, 2011 *Working translation*

Pursuant to the Article 5 Paragraph (2) of the Law on Prevention of Money Laundering and Financing of Terrorist Activities („Official Gazette of B&H No 53/09), and in conjunction with the provisions of the Book of Rules on risk assessment, data, information, documents, identification methods and minimum other indicators required for efficient implementation of the Law on the Prevention of Money Laundering and Financing of Terrorist Activities („Official Gazette of B&H, No 93/09), the Head of the Financial Intelligence Department of the State Investigation and Protection Agency, e n a c t s:

GUIDELINES FOR RISK ASSESSMENT AND IMPLEMENTATION OF THE LAW ON MONEY LAUNDERING AND FINANCING OF TERRORIST ACTIVITIES FOR OBLIGORS

SECTION ONE – MAIN PROVISIONS

Article 1

(Scope)

The Guidelines for Risk Assessment and Implementation of the Law on Prevention of Money Laundering and Financing Terrorist Activities for Obligors (hereinafter referred to as: the Guidelines) regulate the manner of risk assessment, identification of the risk level for group or individual customers, business relations or transactions, customer due diligence, implementation of measures to detect and prevent money laundering and financing of terrorist activities in business subjects and companies seated in a third country where the obligor holds a majority share or majority voting in decision-making, monitoring of business activities of the customer, providing data to the Financial Intelligence Department, professional education and training, establishment of internal controls and audits by obligors, protection and maintenance of data that are available to obligor, appointment of authorised persons for the prevention of money laundering and financing of terrorist activities, as well as other issues significant for implementation of the provisions of the Law on Prevention of Money Laundering and Financing of Terrorist Activities (hereinafter referred to as: the Law).

Article 2

(Customer Due Diligence)

(1) When establishing business relation with customer or in the course of transactions amounting to or above the amount prescribed by the Law, the obligor, referred to in Article 4 of the Law shall determine or verify the identity of the customer on the basis of documents from credible and objective sources such as valid identification documents for physical persons and documentation from the court or other public registers for legal persons. The obligor shall neither establish business relation nor perform transaction if it is not possible to determine or verify the identity of the customer (entity).

(2) The obligor is required to obtain information about the purpose and intended nature of the business relationship or transaction, as well as to monitor regularly the business activities of the customer by applying the principle of "know your client", including information about the origin of the funds which are the subject of business activities.

Article 3

(Implementation of the Law and Standards)

When performing registered business activity, the obligor shall be required to comply the business operations with the provisions of the Law, Book of Rules on Risk Assessment, Data Information, Documents, Identification Methods and minimum other indicators required for efficient implementation of the Law on Prevention of Money Laundering and Financing Terrorist Activities (hereinafter: the Book of Rules) and other primary and secondary legislations and standards governing detection and prevention of money laundering and financing terrorist activities which are an integral part of business activities of the obligor.

Article 4

(Cooperation with Financial Intelligence Department)

The obligor shall ensure full cooperation with the Financial Intelligence Department of the State Investigation and Protection and special agencies and supervisory authorities in terms of submission of information, data, documentation pertaining to customers and transactions that could be indicative of a possible criminal offence of money laundering and financing of terrorist activities and detrimental to the stability, security and reputation of the financial system of Bosnia and Herzegovina. Accepted internal procedures of obligors must not, directly or indirectly, limit the previously mentioned cooperation between obligors.

Article 5

(Risk Assessment Programme)

Obligors shall be required to adopt a written internal programme to determine the risk levels of group or individual customers, their geographic areas of operations, business relations of transactions, products or services, the manner of provision of services to customers, new technological developments related to the possible misuse for the purpose of money laundering and financing terrorist activities. The Programme includes procedures of receipt and dealing with the customer, preparation of risk analysis, training of employees, conducting internal audits, procedures for recognizing and reporting suspicious transactions, and accountability of employees to implement measures to detect and prevent perpetration of criminal offence of money laundering and financing of terrorist activities. Employees must be familiar with the risk assessment program, apply it in their work, and act in accordance with it.

Article 6

(Training of Employees)

The obligor shall be required to ensure regular professional education, training and development of employees who directly or indirectly perform the tasks of prevention and detection of money laundering and financing of terrorist activities, as well as of third entities entrusted with the activities of customer due diligence.

SECTION TWO – RISK ASSESSMENT

Article 7

(Risk and Risk Analysis)

(1) The risk of money laundering and financing of terrorist activities is a risk that the customer will abuse the financial system of Bosnia and Herzegovina or business activity of the obligor to perpetrate criminal offence of money laundering and financing of terrorist activities or use directly or indirectly the business relationship, transaction, service or product for perpetration of the aforementioned criminal offence.

(2) The obligor shall be required to develop risk assessment based on which the risk levels of the customer, business relationship, product or transaction will be determined. Risk analysis is a prerequisite for implementation of the prescribed measures of customer due diligence while type of customer due diligence performed by the obligor pursuant to the Law (standard, enhanced, simplified) shall depend on the risk categories of customers, business relations, products or transaction.

Article 8

(Risk Management Policy)

(1) If required for an efficient implementation of the Law and Guidelines, prior preparation of the risk analysis, the obligor may accept an adequate risk management policy in relation to money laundering and financing of terrorist activities. The objective of accepting the risk management policy is to define at the level of obligors, the domains of business operations, which are more or less vulnerable given the possibility of misuse for the purposes of money laundering and financing terrorist activities. The obligor shall establish and identify major risks in these areas and measures to address them.

(2) Criteria for creating an initial basis for accepting risk management policy for money laundering and financing of terrorist activities are defined in more detail as follows:

a) the purpose and objective of risk management for money laundering and financing of terrorist activities and their connection with the business goal and strategy of the obligor,

b) the area and business processes of the obligor which are exposed to risk of money laundering and financing of terrorist activities,

c) the risks of money laundering and financing of terrorist activities in all key business areas of the obligor,

d) measures to address the risks of money laundering and financing of terrorist activities

e) the role and responsibility of the obligor’s management in the introduction and acceptance of risk management policy for money laundering and financing of terrorist activities.

Article 9

(Preparation of Risk Analysis)

Risk analysis is a procedure in which the obligor shall define:

a) the evaluation of the likelihood that its business can be abused for money laundering and financing of terrorist activities,

b) the criteria based on which a certain customer, business relationship, product or transaction may be classified as more or less at risk of money laundering and financing terrorist activities,

c) establishment of consequences and measures to effectively manage such risks.

Article 10

(Criteria for Preparation of Risk Analysis)

When preparing the risk analysis, the obligor shall consider the following criteria:

a) the obligor shall derive the risk category from risk criteria in a manner that a certain customer, business relationship, product or transaction are classified into one of the risk categories;

b) the obligor, in determining risk categories, in accordance with the risk criteria set out in the Guidelines and its risk management policy, may classify a certain customer, business relationship, product or transaction as high- risk for money laundering and financing of terrorist activities and conduct enhanced customer due diligence;

c) in determining a customer risk category, the obligor shall not in any way classify a customer, business relationship, product or transaction, defined as a high-risk under the Law and Guidelines, as middle (average) or negligible risk.

Article 11

(Initial Risk Identification)

Prior to establishment of a business relationship based on the risk analysis, the obligor shall prepare a risk rating of the customer, business relationship, product or transaction by:

a) verifying the identity of the customer against the required data collected about the customer, business relationship, product or transaction and other data, that the obligor should collect for the preparation of risk rating,

b) evaluating the collected data in terms of risk criteria for money laundering and financing of terrorist activities (risk identification),

c) determining risk rating of a customer, business relationship, product or transaction in accordance with the previously developed risk analysis and classifies them under one of the risk categories,

d) implementing customer due diligence (standard, enhanced, simplified).

Article 12

(Subsequent Risk Identification)

Within the measures of regular monitoring of customer business relationship, the obligor shall re-check the grounds for the initial rating of risk or business relationship determined by the obligor, and if necessary, determine a new risk rating (identifies the risk subsequently). The obligor shall subsequently check the grounds for the initial risk rating of the entity or business relationship in the following situations:

a) if the circumstances have considerably changed based on which the risk rating of an entity or business relationship was made, and if the circumstances, which substantially affected the classification of the entity or business relationship in a certain risk category, have changed;

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b) if the obligor doubts the truthfulness of the information based on which the risk rating was made for a certain entity or business relationship.

Article 13

(Criteria for Determining Entity Risk Category)

(1) In determining risk rating of a particular customer, business relationship, product or transaction, the obligor shall take into account the following criteria:

a) type, business profile and structure of the customer,

b) geographic origin of the customer,

c) nature of the business relationship, product, transaction,

d) previous experiences of the obligor with the customer.

(2) In addition to the above defined criteria, the obligor, in determining risk rating of customer, business relationship, products or transaction, may specifically observe other criteria such are:

a) size, structure and activity of the obligor including scope, structure and complexity of the operations performed by the obligor on the market,

b) status and ownership structure of the entity,

c) presence of the entity at the establishment of a business relationship or execution of transaction,

d) origin of the funds which are the subject of a business relationship or transaction in the event that the entity is considered a foreign politically exposed person according to the criteria set out in the Law,

e) purpose of establishment of business relationship or execution of transaction,

f) customers' knowledge of the product and their experience and knowledge in that domain,

g) other information indicating that the customer, business relationship, product or transaction may be a higher risk.

Article 14

(Entity Risk Categories)

According to risk categories, customers, business relationships, products or transactions may be divided into three categories:

a) higher (high) risk,

b) medium (average) risk,

c) low (negligible) risk.

Article 15

(Higher risk – Criteria, Type, Business Profile and Structure of Entity)

(1) Entities posing a higher risk for money laundering and financing of terrorist activities, given the criteria, type, business profile and structures of the entity, are:

a) entities included in the lists that are subject to certain measures, sanctions, embargoes imposed by the United Nations,

b) entities with residence or headquarters in the countries which are not subjects of the international laws and which do not apply internationally accepted standards of prevention and detection of money laundering and financing of terrorist activities, countries that finance or provide support to terrorist activities, countries in which terrorist organisations operate or there is a high corruption rate, countries which are not internationally recognized as states (provide opportunities for fictitious registration of legal entity, enable issuance of fictitious identification documents, etc.).

(2) Entities – physical persons posing a higher risk for money laundering and financing of terrorist activities are:

a) entity which is a politically exposed foreign person and/or person who performs or performed a distinguished public duty during the last year and has a permanent residence in the EU Member State or third country and a person who performs or performed in the last year a distinguished public duty in the EU member state or third country, including her/his immediate family members and close associates:

1) presidents of states, presidents of governments, ministers, deputy ministers and assistant ministers

2) elected representatives of legislative authorities,

3) holders of the highest judicial and constitutional – court positions,

4) judges of financial courts and members of central bank councils,

5) consuls, ambassadors and high-ranking officers of the armed forces,

6) members of managing and supervisory boards of legal entities majority-owned by the state,

b) entity whose immediate family members are politically exposed foreign persons: spouse or common-law partner, their children and their spouses or common-law spouse, parents, brothers and sisters,

c) entity whose close associate is a politically exposed foreign person and/or any natural person who shares profits from property or an established business relationship or another type of closer business contacts with politically exposed foreign person,

d) entity who is not personally present at the identification and verification of identity before the obligor in terms of physical presence before the obligor when submitting valid identification documents for the purpose of establishing its identity.

(3) Entities – legal persons posing a higher risk for money laundering and financing of terrorist activities are:

a) entity is a foreign legal person not performing or not permitted to perform trade, production or other activities in the country of registration (legal person seated in the country known as off-shore financial centre and which is subject to certain limitations in direct performance of the registered activity in that country),

b) entity is a fiduciary (trustee) or other similar legal arrangement of the foreign legal entity with unknown or concealed owners or directors (a legal arrangement of the foreign legal entity offering representation services to a third person, i.e. company, founded by a contract concluded between the founder and the manager that manages

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the assets of the founder, to the benefit of certain persons, beneficiaries or users, or for other specific purposes (private, acquired, general and non-acquired assets)

c) entity having a complex statutory structure or complex ownership chain (complicated ownership structure or complex ownership chain hinders or do not enable identification of beneficial owner or person exercising control over the legal person),

d) entity is a financial organisation which is not required to be licensed by a relevant supervisory authority for performance of its activities, and/or pursuant to the national legislation is not subject to AML and CFT measures

e) entity is a non-profit organisation (institution, company or other legal entity, i.e. entity established for publicly useful, charitable purposes, religious communities, associations, foundations, non-for-profit associations and other entities not performing economic activities) and meeting one of the following conditions:

1) entity seated in a country known as an off-shore financial centre,

2) entity seated in a country known as a financial and tax heaven,

3) entity seated in a country that is not a member of the EU, European Economic Area (EEA) or Financial Action Task Force on Money Laundering – FATF, and in a country that does not have in place adequate regulations and internationally accepted standards for the prevention of money laundering and financing of terrorist activities,

4) there is a natural or legal person among its members, resident of any of the countries listed under the previous point

f) entity is a legal person established using bearer shares.

Article 16

(Higher Risk – Criterion of Customer's Geographic Position)

(1) Entities posing an enhanced risk for money laundering and financing of terrorist activities according to the criterion of geographic position are those with permanent or temporary residence or seat in:

a) country which is not a member of the EU, EEA or FATF, and/or country which does not have adequate regulations in place and/or internationally recognised standards in the area of prevention of money laundering and financing of terrorist activities,

b) country, which is, based on the assessment of relevant international organisations, known for production or well organised and developed drug trafficking (states of Near, Middle and Far East known for heroin production: Turkey, Afghanistan, Pakistan; states of the Golden Triangle: Myanmar, Laos, Thailand; states of South America known for cocaine production: Peru, Columbia and neighbouring countries; states of the Middle and far East and Central America known for production of Indian

cannabis: Turkey, Lebanon, Afghanistan, Pakistan, Morocco, Tunis, Nigeria and neighbouring countries and Mexico).

c) country, which is, based on the assessments of relevant international organisations, known for high level of organised crime stemming from corruption, trafficking in weapons, human beings and violation of human rights,

d) country, which is, based on the assessments of the FATF, classified among non-cooperative countries or territories (these are countries or territories which, according to the assessment of the international working group FATF, do not have adequate legislation on the prevention and detection of money laundering or financing of terrorist activities, state control over financial institutions do not exist or is inadequate, establishment or operation of financial institutions is possible without the approval or registration with state regulatory authorities, the state encourages opening of anonymous accounts and other anonymous financial instruments, there is an inadequate system of identification and reporting of suspicious transactions, legislation does not recognize obligation to identify a beneficial owner, international cooperation is inefficient or does not exist),

e) country subject to measures of the United Nations, which particularly include complete or partial interruption of economic relations, rail, sea, air, postal, telegraphic, radio and other communication links, interruption of diplomatic relations, military embargo, travel embargo etc.,

f) country known as a financial or tax haven; for these countries, it is particularly important that they provide full or partial exemption from taxes or tax rate is significantly lower compared to other states. Such states typically does not have in place the agreements on double taxation avoidance, and if they signed these agreements, they do not implement them; the legislation of these countries allows and requires strict respect of banking and business secrets; fast, discreet and low-cost financial services are ensured. Countries that are generally known as financial or tax havens include: Dubai (Jebel Ali Free Zone), Gibraltar, Hong Kong, Isle of Man, Lichtenstein, Macau, Mauritius, Monaco, Nauru, Nevis Islands, Island (Norfolk Area), Panama, Samoa, San Marino, Sark, Seychelles, St. Kitts and Nevis, St. Vincent and Grenadine, Switzerland, (Vaud and Zug Cantons), Turks and Caicos Islands, United States of America (federal states of Delaware and Wyoming), Uruguay, Virgin Islands and Wanatu),

g) country generally known as an off-shore financial centre (it is significant that these countries determine the limitations in direct performance of registered activities of companies in the country, ensure a high level of protection of banking and business secrets, implement liberal control over foreign trade operations, provide fast, discreet and low-cost financial services and registration of legal entities. A characteristic of these countries is also not having adequate legislation in the field of prevention and detection of money laundering and financing of terrorist activities. States that are known as offshore financial centres are: Andorra, Angola, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Brunei Darussalam, Cabo Verde, Cayman Islands, The Cook Islands, Costa Rica, Delaware (SAD), Dominica, Gibraltar, Grenada, Guernsey, the Isle of Man, Jersey, Labuan (Malaysia), Lebanon, Lichtenstein, Macao, Madeira (Portugal), Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Nevada (SAD), the Netherlands Antilles, Niue, Palau, Panama, Philippines, Samoa, Seychelles, St. Kristofer and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Zug (Switzerland), Tonga, Turks and Caicos Islands, Uruguay, Vanuatu and Wyoming (SAD).

(2) Obligors should consider the following international organizations as competent international organizations to monitor the effectiveness of implementation of measures in the area of prevention of money laundering and financing of terrorist activities in compliance with the provisions of international standards:

a) The Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL),

b) Financial Action Task Force on Money laundering - FATF),

c) International Association of Financial Supervisory Bodies dealing with detection and prevention of money laundering and financing of terrorist activities – Financial Intelligence Units (Egmont Group),

d) the European Commission Committee for the Prevention of Money Laundering *and* Terrorist Financing,

e) European Bank of Reconstruction and Development,

f) International Monetary Fund,

g) the World Bank,

h) International Organization of Securities Commissions - IOSCO,

i) Committee of European Securities Regulators - CESR,

j) European Insurance and Occupational Pensions Supervisors - CEIOPS,

k) International Association of Insurance Supervisors - IAIS.

Article 17

(Higher Risk – Criterion of Business Relationships, Products and Transactions)

(1) Business relationships posing a higher risk of money laundering and financing of terrorist activities based on the criterion of business relationships, products and transactions include:

a) Business relations including constant or large payments of money from and/or to the customer's account opened with a credit or financial institution in the country which is not the member of the EU, EEA or FATF, and/or a country that does not have in place adequate legislation and internationally accepted standards for the prevention of money laundering and financing of terrorist activities,

b) business relationships established by a foreign credit/financial or other fiduciary institution seated in a country which is not a member of the EU, EEA or FATF, or a country which does not have in place adequate regulations and internationally accepted standards for the prevention of money laundering and financing of terrorist activities, on its own behalf and for the account of the customer

c) Business relationships established in the absence of the customer at the obligor's, where simplified due diligence was not performed,

d) Business relationships established in favour of the person or entity on the list of persons or entities subject of measures, sanctions and embargoes in force introduced by the UN.

(2) Products posing a higher risk of money laundering and financing of terrorist activities are all bearer negotiable instruments, but also negotiable instruments that are either in bearer form, made out to a fictitious payee, endorsed without restriction, or otherwise in such form that title thereto passes upon delivery and all other incomplete instruments signed, but with the payee's name omitted.

(3) Transactions posing a higher risk of money laundering and terrorism financing include:

a) Transactions intended for persons, i.e. entities against which there are measures, sanctions and embargoes in force introduced by the United Nations,

b) Transactions which a customer would execute for and on behalf of the person or entity against which there are measures, sanctions and embargoes in force introduced by the United Nations,

c) Payments of money from/to the customer's account, other than the customer's account stated when the customer was identified, i.e. its usual business account (especially when involving international transactions),

d) Transactions intended for persons domiciled or registered in a state known as a financial or tax haven or off-shore financial centre,

e) Transactions intended for non-profit organisations seated in a country known as an off-shore financial centre, or a country known as a financial or tax haven or a country which is not a member of the EU, EEA or FATF, and a country which does not have in place adequate regulations and internationally accepted standards for prevention of money laundering and financing of terrorist activities.

Article 18

(Enhanced Risk – Criterion of Previous Experience of Obligor with Entity)

Entities representing high risk of money laundering or financing of terrorist activities, based on obligors' experience, shall be:

a) persons for whom the Financial Intelligence Department requested information from obligors due to suspicion of money laundering or financing of terrorist activities with reference to a transaction of person in the past three years,

b) persons against whom the Financial Intelligence Department issued a written order to the obligor for temporary suspension of a transaction or transactions in the past three years,

c) persons for whom the Financial Intelligence Department ordered the obligor in writing to continuously monitor a customer's business operations in the past three years,

d) persons about whom the obligor submitted information to the Financial Intelligence Department due to suspicion of money laundering or financing of terrorist activities due to suspicion of money laundering or financing of terrorist activities with reference to that person or a transaction executed by that person in the past three years.

Article 19

(Medium – Average Risk of Money Laundering and Financing of Terrorist Activities)

The obligor shall classify as medium (average) risky an entity, business relationship, product or transaction, which based on criteria set out in the Guidelines cannot be classified as highly risky or negligibly risky and in this case act in line with provisions on regular monitoring of a customer business activities defined by the Law.

Article 20

(Negligible Risk of Money Laundering and Financing of Terrorist Activities)

The obligor shall consider the following entities to represent a negligible risk of money laundering or financing of terrorist activities:

a) obligors referred to in Article 4, Paragraph 1, Items a), b), c), d) and e) of the Law, namely:

1) banks,

2) post offices,

3) investment and pension companies and funds, regardless of their legal form,

4) authorised mediators trading in financial instruments, foreign currency, exchange, interest rates, index instruments, transferrable securities and commodity futures,

5) insurance companies, insurance mediation companies, investment representation companies and insurance representatives possessing an operating licence in the domain of life insurance,

b) authorities of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, Republic of Srpska, Brčko District or institutions with public mandates,

c) company whose financial instruments have been accepted and traded in the stock market or regulated public market in one or more member countries, in line with the European Union regulations and/or companies with main offices in a third country whose financial instruments have been accepted and traded in the stock market or regulated public market in a member country or third country, provided that requirements for information disclose in line with the European Union regulations are valid in the third country,

d) persons engaged in business activities and performing transactions as set out in Article 9 of the Book of Rules.

SECTION THREE – CUSTOMER DUE DILIGENCE

Article 21

(Regular Customer Due Diligence)

(1) Customer due diligence is a key preventive element in a system for detection and prevention of money laundering and financing of terrorist activities. The purpose of customer due diligence measures is to determine and verify credibly the true identity of a customer. The customer due diligence measures shall include determination and validation of a customer's identity, obtainment of information about the purpose and intent of the nature of a business relationship or transaction, regular monitoring of customer's business activities through an obligor.

(2) An obligor shall determine and verify the identity of an entity based on documents, data or information obtained from authentic and objective sources (upon an inspection of a customer's valid identification document in their presence, from other valid public documents submitted by a customer or directly from a customer or otherwise, upon an inspection of the original or certified copy of documents from judicial or other public registry, submitted on behalf of a legal person by a legal representative or a person authorised by a legal person).

(3) It shall be prohibited to enter into a business relationship or execute a transaction when it is not possible to determine a customer identity or when an obligor has a founded doubt as to accuracy and authenticity of information and/or documents verifying the entity’s identity, and in a situation when an entity is not prepared or willing to cooperate with an obligor in determining correct and complete information required by the obligor for the entity analysis. In such instances, the obligor shall not enter a business relationship and already existing business relationship or transaction shall be terminated and the Financial Intelligence Department shall be informed about that. The obligor can simplify customer due diligence measures in specific cases stipulated in Article 14 of the Law. The Law is based on a primary assumption that some entities, business relationships, products or transactions represent higher and other represent lower risk of abuse for money laundering or financing of terrorist activities, and stipulates enhanced and simplified customer due diligence.

Article 22

(Obligation of Customer Due Diligence)

The obligor shall take customer due diligence measures when:

a) entering a business relationship with a customer,

b) executing a transaction in the amount of BAM 30.000 or more, regardless whether the transaction is executed in a single operation or several clearly connected transactions,

c) doubting authenticity and adequacy of previously obtained information about a customer or beneficial owner,

d) suspecting of money laundering or financing of terrorist activities in terms of a transactions or client, notwithstanding the amount of the transactions.

Article 23

(Enhanced Customer Due Diligence)

The obligor shall apply the customer due diligence measures in cases when, due to the nature of a business relationship, form and method of executing a transaction, customer business profile or other circumstances related to a customer, there is or could be a higher risk of money laundering or financing of terrorist activities. Article 20 of the Law stipulates that the enhanced customer due diligence measures shall be applied when entering a correspondent relationship with a bank or other similar credit institution with main offices abroad, when entering a business relationship or executing a transaction with a foreign politically exposed person, with a non-face-to-face customer at determining and verifying the identity during the application of the customer due diligence measures.

Article 24

(Enhanced Customer Due Diligence of Foreign Politically Exposed Persons)

A foreign politically exposed person shall include any physical person to whom a prominent public function is or was entrusted in the previous year, including the closest family members and close associates.

When a customer entering a business relationship or executing a transaction is a foreign politically exposed person or when a customer on whose behalf they enter a business relationship or execute a transaction is a politically exposed person, employees of the obligor, in addition to enhanced customer due diligence measures, will take the following measures:

a) collect information about the source of funds and assets which are or will be a subject of a business relationship or transaction;

b) mandatorily provide a written approval from a superior or responsible person before entering into a business relationship;

c) after entering into a business relationship, through a due diligence procedure, monitor transactions and other business activities of a foreign politically exposed person, performed through the obligor.

Article 25

(Non Face-To-Face Customers)

The obligor shall perform enhanced customer due diligence when a customer is not physically present with an obligor when determining and verifying identity when entering a business relationship, where an obligor, with an exception of measures stipulated in Article 7 of the Law, shall take one or more of the following measures:

a) collection of additional documents, data or information based on which the identity of a customer shall be additionally verified,

b) additional verification of submitted documents or additional verification by a credit or financial institution,

c) first payment in a business activity to be made through an account opened on behalf of a customer with a different credit institution.

Article 26

(Other High Risk Entities)

The customer due diligence measures can also be applied in other cases of high risk entities, business relationships, products or transactions, including:

a) mandatory previous written approval by a superior with the obligor for entering into such a business relationship or execution of a transaction,

b) mandatory taking of one of the following measures:

1) obtainment of documents, data or information, based on which the obligor shall additionally verify and confirm authenticity of identification documents and data determining and verifying a customer identity,

2) additional verification of information obtained about a customer in public and other available data records,

3) obtainment of adequate references of credit or financial institutions with which a customer entered into a business relationship (e.g. opened account), whereby it needs to be taken into account that in this case only institutions respecting internationally accepted standards and measures for the prevention of money laundering and financing of terrorist activities pursuant to national legislation can be treated as credit or financial institutions,

4) additional verification of data and information about a customer with relevant state bodies or other relevant supervisory institutions in a country where the customer has a permanent place of residence or main offices,

5) establishment of a direct contact with a customer by telephone or visit by an authorised person of obligor to a house or main office of the customer,

c) mandatory monitoring of transactions and other business activities performed by a customer with an obligor.

Article 27

(Simplified Customer Due Diligence)

(1) The obligor shall perform a simplified customer due diligence when, after an assessment by the obligor, there is a low (negligible) risk of money laundering or financing of terrorist activities with the customer, when information about a customer that is a legal

person or its beneficial owner is transparent and publically available. This means that in some cases the obligor determines and verifies the identity of a customer, but the procedure is simplified in comparison with the enhanced customer due diligence.

(2) The obligor shall not enter into a business relationship or execute a transaction before determining all facts required for the customer risk assessment.

(3) The simplified customer due diligence shall not be allowed when there is a suspicion of money laundering or financing of terrorist activities with the customer, or if a customer, in line with the risk assessment, is classified in a high risk customer category.

Article 28

(Customer Analysis through Third Person)

(1) Pursuant to requirements of the Law and secondary legislation, when entering a business relationship with a customer, the obligor can entrust determination and verification of a customer identity, determination of the identity of a beneficial owner and collection of information about the purpose and intent of a business relationship or transaction to a third person, whereby they shall first be required to verify whether the third party entrusted with the application of these measures meets the requirements stipulated by the Law, since the obligor shall bear the final responsibility for the application of the customer due diligence measures assigned to the third person.

(2) The obligor shall provide a written consent by a third person confirming reliability of the third person for a customer identification which will be determined separately. An exception is regular monitoring of customer activities set out in Article 18 of the Law and in case the customer is a foreign legal person that does not deal or is not allowed to deal with trade, production or other activity in the country of registration and if the customer is a fiduciary or other similar foreign legal person with unknown or hidden owners or managers.

SECTION FOUR – APPLICATION OF DETECTION AND PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORIST ACTIVITIES MEASURES IN BUSINESS UNITS AND COMPANIES IN WHICH OBLIGOR HAS MAJORITY SHARE OR MAJORITY RIGHT IN DECISION MAKING, WITH MAIN OFFICES IN THIRD COUNTRY

Article 29

(Obligation to Apply Measures)

The obligor shall establish a system for the management of a unified policy for the detection and prevention of money laundering and financing of terrorist activities. To this end, particular attention shall be paid to implementing detection and prevention measures for money laundering and financing of terrorist activities stipulated by the Law in conjunction with the customer due diligence, reporting suspicious transactions, keeping records, internal audit, appointment of an authorised person, storage of data and other important circumstances related to detection and suppression of money laundering or financing of terrorist activities to the same or similar scope in business units and enterprises where the obligor has a majority share or majority voting rights in decision making, and which have main offices in a third country.

Article 30

(Types of Risk Elimination Measures)

In case that the implementation of standards for the detection and suppression of money laundering and financing of terrorist activities, which are incorporated in activities of business units and an enterprise in which the obligor has a major share or majority voting rights, explicitly contrary to the legislation of a third country in which the business unit or enterprise have their main offices, the obligor shall inform the Financial Intelligence Department about this and implement appropriate measures for the elimination of the risk of money laundering and financing of terrorist activities, including:

a) introduction of additional internal procedures for the prevention or reduction of possibilities for abuse with the aim of money laundering or financing of terrorist activities,

b) implementation of additional internal control of business operations of obligors in all key areas exposed the most to the risk of money laundering and financing of terrorist activities,

c) introduction of internal risk assessment mechanisms for entities, business relationships, products and transactions in line with the Guidelines,

d) implementation of strict entity classification policy according to their exposure and consistent application of measures accepted based on this policy,

e) additional training of personnel.

Article 31

(Obligor Management Obligations)

The obligor management shall:

a) ensure that all business units and enterprises in which the obligor has a majority share or majority voting rights and which have main offices in a third country, as well as their personnel, are familiar with the policy of detection and prevention of money laundering and financing of terrorist activities;

b) through an authorised person of a business unit and enterprises in which the obligor has a majority share or majority voting rights in decision making, ensure that internal procedures for detection and prevention of money laundering and financing of terrorist activities are incorporated into their business process to the largest extent possible;

c) perform ongoing monitoring of appropriate and efficient application of measures of detection and prevention of money laundering and financing of terrorist activities in business units and enterprises in which the obligor has the majority share or majority voting rights, and which have main offices in third countries.

Article 32

(Reporting to Parent Obligor)

Business units and companies in which the obligor holds a major share or majority voting in decision making and which have their main offices in a third country, shall report to the parent obligor, at least once a year, on accepted measures in detection and prevention of money laundering, particularly in terms of customer due diligence, risk assessment procedure, identification and reporting about suspicious transactions, security and storage of data and documents, keeping records on entities, business relationships and transactions.

SECTION FIVE – MONITORING CUSTOMER BUSINESS ACTIVITIES

Article 33

(Purpose of Monitoring Customer Business Activities)

Regular monitoring of customer business activities is important for the efficiency of the implementation of stipulated measures for detection and prevention of money laundering and financing of terrorist activities, and it shall be implemented by the application of the "meet your customer" principle, also taking into account the origin of the funds which are the subject of the transactions. The purpose of monitoring customer business activities is to determine legality of business operations and verification of compliance of business operations with a foreseen nature and purpose of a business relationship entered into by the entity and obligor, or with the entity's usual scope of operations. Monitoring customer business operations shall be divided into four segments of the entity's business operations with the obligor, including:

a) monitoring and verifying compliance of the entity's business operations with the foreseen nature and purpose of a business relationship,

b) monitoring and verifying compliance of the entity's source of funds with the foreseen source of funds which the entity stated when entering into a business relationship with the obligor,

c) monitoring and verifying compliance of entity business operations with their usual scope of business operations,

d) monitoring and updating collected documents and information about an entity.

Article 34

(Entity Business Activity Monitoring Measures)

(1) For monitoring and verification of compliance of customer business operations with prescribed nature and purpose of a business relationship entered into by the entity with the beneficiary, the following measures shall be applied:

a) analysis of data on purchase and/or sale of a financial instrument, or other transactions for a particular period, with the aim of determining whether there are potential circumstances for suspicion of money laundering or financing of terrorist activities related to a particular purchase or sale of financial instruments or other transaction. The decision on suspiciousness shall be based on suspicion criteria set out in the list of indicators for identification of suspicious entities and transactions;

b) development of a new entity risk rating, i.e. update of a previous entity risk rating.

(2) For compliance monitoring and verification of entity business operations and their usual scope of business operations, the following measures shall be taken into account:

a) monitoring purchase or sales value of financial instruments and/or other transactions exceeding a particular amount; the obligor shall decide on their own what is the amount above which they will monitor entity business operations, for every entity separately taking into account its risk category

(for an efficient application of this measure, the obligor can establish an appropriate information support);

b) analysis of a purchase or sale of a financial instrument and/or other transaction on grounds of suspicion of money laundering and financing of terrorist activities, when a number of purchase or sale exceeds a particular value; suspiciousness analysis of a purchase or sale of financial instruments, and/or other transactions, shall be based on suspicion criteria set out in the list of indicators for identification of suspicious transactions.

(3) For monitoring and updating collected documents and data on an entity, the following measures shall be taken into account:

a) annual customer due diligence,

b) annual customer due diligence when there is doubt in authenticity of previously received information about an entity or entity beneficial owner (if the entity is a legal person),

c) verification of data on an entity or their legal representative in judicial or other public registry,

d) verification of data obtained directly from an entity, their legal representative or authorised person,

e) verification of lists of persons, countries and other subjects against whom measures, sanctions and United Nations embargo are in place.

Article 35

(Scope of Monitoring Entity Business Activities)

(1) A scope and intensity of monitoring entity business activities depend on an entity risk rating or entity risk category, wherefore the scope of monitoring entity business activity is as follows:

a) for a high risk entity, prescribed business activity monitoring measures rated as highly risky shall be applied by the obligor at least annually, and regularly and at least once a year measures of repeated customer due diligence shall be applied provided that requirements stipulated by the Law are met;

b) for a medium (average) risk entity, prescribed entity business activity monitoring measures, rated as medium (average) risky, shall be applied by the obligor at least every three years, and regularly and at least once a year repeated annual customer due diligence measures shall be applied provided that requirements stipulated by the Law are met;

c) for a low – negligible risk entity, stipulated entity business activity measures shall be applied by the obligor at least every five years and at least once a year repeated customer due diligence measures shall be applied provided that requirements stipulated by the Law are met.

(2) Application of entity business activity monitoring measures shall not be required if an entity did not perform business activities (purchase or sale of financial instruments or other transaction) upon

entry into a business relationship. In such case, the obligor shall apply business activity monitoring measures during the next purchase or sale of a financial instrument or the next transaction.

(3) In its internal documents, in line with its policy on risk management for money laundering and financing of terrorist activities, the obligor can opt for more frequent business activity monitoring for a certain type of entities, other than set out in the Guidelines and determine additional measures for entity business activity monitoring and verifying the legality of its operations.

SECTION SIX – OTHER OBLIGOR DUTIES

Article 36

(Reporting Cash Transactions)

(1) Immediately and not later than three days after executing a transaction, the obligor shall submit information set out in Article 44 Paragraph (1) of the Law on the cash transaction and connected cash transactions in the amount of BAM 30.000 or more to the Financial Intelligence Department.

(2) A cash transaction is any transaction in which an obligor physically receives cash from a customer or gives cash to the customer and connected transactions are two or more transactions originating from an account or directed to an account or legal or physical person, where the amount of individual transactions is below the amount required for performing due diligence pursuant to the provisions of the Law, and which jointly exceed the amount set out in Article 6 of the Law and can be regarded as mutually connected due to a time period in which they were executed, transaction receiver or orderer, transaction execution methods, reasons behind transaction executions or other factors on the basis of which the transactions can be regarded connected. The obligor shall regard as connected such transactions which are being executed within a time period of more than 24 hours if it can be determined that each transaction is one in a series of transactions.

(3) In cases of frequent cash transactions, which are a part of usual business activities of successful customers that operate legally and whose activities are familiar to the obligor, the obligor can, in line with the Book of Rules, exclude from reporting to the Financial Intelligence Department such large and connected cash transactions. The obligors shall not be required to report large or connected transactions to the Financial Intelligence Department when customers are persons specified in Article 39 of the Book of Rules.

Article 37

(Suspicious Transactions Reporting)

(1) The Law stipulates that a suspicious transaction is any transaction assessed by the obligor or relevant authority, with reference to the transaction or person executing the transaction, to be suspicious in terms of the perpetration of a criminal offence of money laundering or financing of terrorist activities and that the transaction contains funds originating from illegal activities. Suspicious transactions are also those that differ from normal customer activity models and every complex or unusually large transaction lacking obvious economic, business or legal purpose.

(2) A suspicious transaction is the transaction clearly differing in its characteristics related to the customer status or other characteristics of the customer or funds from usual transactions by the same customer if it corresponds to a required number and type of indicators for reasons to suspect of money laundering or financing of terrorist activities and if the transaction is aimed at avoiding regulations governing preventive measures for money laundering and financing of terrorist activities.

(3) A suspicion assessment of a customer, transaction or business relationship is based on suspicion criteria, set out in the list of indicators for the identification of customers and transactions suspicious of money laundering or financing of terrorist activities and list of indicators raising suspicion, both general and specific, as set out in the Book of Rules. The List of Indicators for identifying suspicious transactions and persons is the basic guide for employees and persons authorised by the obligors in recognising suspicious circumstances related to a specific entity, transaction executed by an entity or business relationship entered into, whereby employees of the obligor must be familiar with the indicators in order to be able to use them in their work. In terms of the evaluation whether a transaction is suspicious, an authorised person shall be required to provide all professional assistance to the employees.

(4) Employees of the obligor who determine there are reasons for suspicion of money laundering or financing of terrorist activities shall inform a person authorised for the prevention of money laundering or their deputy. The obligor shall organise a suspicious transaction reporting procedure among all organisational units and authorised person in line with the following instructions:

a) determine data submission method in detail (by telephone, fax, secure electronic method, etc.),

b) determine type of data to be submitted (information about an entity, reasons for suspicion of money laundering, etc.),

c) determine a method for cooperation between organisational units and authorised person,

d) determine a procedure for an entity when the Financial Intelligence Department temporarily suspends a transaction,

e) determine the role of an authorised person of the obligor when reporting a suspicious transaction,

f) prohibit disclosure of information about whether data, information or documents are submitted or whether they will be submitted to the Financial Intelligence Department,

g) determine measures with reference of the continuation of business operations with an entity (temporary termination of business operations, termination of a business relationship, and enhanced customer due diligence and more detailed monitoring of future business activities of an entity, etc.).

Article 38

(Reporting to Financial Intelligence Department)

(1) Pursuant to the Law, the obligor shall submit information about any attempted or executed transaction, customer or person to the Financial Intelligence Department if there is suspicion of money laundering or financing of terrorist activities, except by usual means (through application software for electronic suspicious transaction reporting, through persons authorised for postal service operations, person authorised for documentation delivery – courier), also by telephone or telefax. However, the Financial Intelligence Department shall be informed about a transaction in writing as well, not later than the next working day in the manner previously described.

(2) The obligor shall submit information, data and documents to the Financial Intelligence Department immediately after the occurrence of suspicion and before the execution of a transaction, stating a period in which the execution of a transaction is expected.

Article 39

(Professional Education and Training)

(1) The obligor shall provide regular professional education and training to all employees who directly or indirectly perform prevention and detection of money laundering and financing of terrorist activities, which also includes introduction to relevant laws and secondary legislation, relevant professional literature, list of indicators for the identification of clients and transactions suspected of being for the purpose of money laundering or financing of terrorist activities.

(2) The obligor shall develop an annual programme for professional education, training and development of employees by the end of March of the current year, including:

a) contents and scope of educational programme,

b) objective of educational programme,

c) educational programme implementation method (lectures, workshops, exercises, etc.),

d) range of employees for whom the educational programme is intended,

e) duration of educational programme.

Article 40

(Internal Control and Audit)

(1) The obligor shall ensure regular and ongoing internal control and audit of legality when performing tasks and duties of prevention and detection of money laundering and financing of terrorist activities. The purpose of the internal control and audit activities shall primarily be a verification of compliance of business operations with the provisions of the Law in the assessment of the adequacy of obligor policies and procedures in identifying transactions or entities for which there are reasons for suspicion of money laundering or financing of terrorist activities, in order to take measures for their removal due to possibly identified deficiencies.

The obligor shall particularly pay attention to:

a) performing particular operational procedures of detection and prevention of money laundering and financing of terrorist activities pursuant to the policy of risk management for money laundering and financing of terrorist activities,

b) compliance of procedures for risk rating an entity, business relationship, product or transaction with the policy for risk management for money laundering or financing of terrorist activities and risk analysis,

c) appropriate protection of confidential information,

d) appropriate and complete professional education and training in detection and prevention of money laundering and financing of terrorist activities,

e) appropriate and frequent utilisation of the list of indicators for the identification of suspicious transactions,

f) appropriate and efficient system for the delivery of data, information, documents on entities and transactions, for which there are reasons for suspicion of money laundering or financing of terrorist activities,

g) appropriate measures and recommendations to obligors that need to be implemented on the basis of conclusions of a performed internal audit.

(2) In the framework of an internal audit, the obligor shall also determine the accuracy and efficiency control of the application of measures on detection and prevention of money laundering and financing of terrorist activities with external associates and representatives, who are contractually authorised to perform certain business activities.

(3) The obligor will authorise an internal audit service or some other competent supervising authority to inspect independently the compliance of detection and prevention system functioning for money laundering and financing of terrorist activities with provisions of the Law, secondary legislation and Guidelines, which will inform the obligor management about its activities in a form of proposed measures and recommendations for the removal of deficiencies. The accuracy and efficiency control of the implementation of prescribed measures for detection and prevention of money laundering and financing of terrorist activities shall be applied by the obligor through regular and extraordinary supervision.

Article 41

(Data Protection and Storage)

(1) The obligor shall treat data, information and documents available to the obligor pursuant to the provisions of the Law as a business secret or secret information pursuant to the provisions of the Law on Protection of Secret Information ("Official Gazette BH", No. 54/05, 12/09). This implies that the obligor shall not be allowed to reveal to a customer or third person that an information, data or documents about a customer or transaction are submitted to the Financial Intelligence Department, or that the Financial Intelligence Department pursuant to provisions of Article 48 of the Law temporarily suspended the execution of a transaction and ordered ongoing monitoring of financial operations of a customer in relation to which there are reasons for suspicion of money laundering or financing of terrorist activities or other person for whom it is possible to conclude with certainty that they helped or participated in transactions or business operations by a person under suspicion and to inform regularly about transactions or business operations that these persons perform or intend to perform.

(2) The obligor or its personnel shall not be responsible for potential damage inflicted upon customers or third persons or be held criminally or civilly accountable for submitting information, data or documents to the Financial Intelligence Department or for executing an order from the Financial Intelligence Department on a temporary suspension of transactions or for acting upon an instruction issued about this order, provided that they acted pursuant to the Law or some other implementing document or that they acted only for the purpose of prevention and detection of money laundering and financing of terrorist activities, unless otherwise provided for by the Law.

(3) In its internal document, the obligor shall regulate procedures in detail and provide instructions to their personnel for acting and keeping relevant data, which includes the following:

a) data and documents shall be prepared in a method and form disabling access to and knowledge of their contents to unauthorised personnel (in appropriate and technically or physically secure premises, in locked cabinets, etc.);

b) right to inspection of information about suspicious entities and transactions shall be provided only to members of the management and supervisory board of an obligor, authorised person for prevention of money laundering and financing of terrorist activities and their deputies, managers of obligor business units and other persons appointed by the obligor management;

c) it shall be prohibited to photocopy, transcribe, modify, publish or otherwise reproduce relevant documents prior to a written approval from a responsible person;

d) in case of copying documents, the obligor shall ensure that it can be undoubtedly determined from the copy itself what documents or parts of documents the copy was made from; it needs to be specially indicated in a visible spot that it is a photocopy, number of copies made, date of making photocopies and the signature of a person who made the photocopies;

e) The obligor shall strictly provide electronic protection to ensure denial of access to data and documents for unauthorised persons;

f) any submission of data, information and documents shall be allowed only with a guarantee that unauthorised persons shall not be granted access to those, notwithstanding whether the delivery is made through their persons authorised for delivery – couriers or in a sealed envelope through registered mail, return receipt requested, etc., with an indication of a classification secret, and electronically it shall be required to use a secure business operation system (encrypted or coded messages, etc.);

g) application of provisions of the Law on the Protection of Secret Information by the obligor's personnel.

Article 42

(Authorised Person)

With the aim of performing tasks and duties pursuant to the provisions of the Law and secondary legislation, the obligor shall appoint an authorised person and one or more deputies of the authorised person and inform the Financial Intelligence Department about this within 7 days after the date of their appointment.

The authorised persons and replacements shall:

a) ensure establishment, functioning and development of the system for the detection and prevention of money laundering and financing of terrorist activities with the obligor, which shall also include cooperation with employees in the operational implementation of measures, monitor and coordinate activities of the obligor, provide recommendations to the obligor management on the development of the risk management policy for money laundering and financing of terrorist activities,

b) continually inform the obligor management about activities in detection and prevention of money laundering and financing of terrorist activities, participate in defining and modifying operational procedures and internal provisions and development of guidelines for the implementation of control, participate in the establishment and development of information support in terms of prevention and detection of money laundering or financing of terrorist activities,

c) participate in the preparation of professional education and training programme, participate with other obligors in the development of a unified policy for detection and prevention of money laundering and financing of terrorist activities,

d) ensure due and timely reporting to the Financial Intelligence Department pursuant to the Law and provisions deriving from it.

SECTION SEVEN – FINAL PROVISIONS

Article 43

(Obligor Duties)

Obligors shall harmonise their Guidelines and adapt internal documents not later than 60 days after the date of receiving the Guidelines and develop new documents in case they have not been adopted.

Article 44

(Entry into Force)

These Guidelines shall enter into force on the date of their adoption.

Number: 16-03-02-1014-1/11

Istočno Sarajevo, 22 February 2011

H E A D O F D E P A R T M E N T

Dragan Mumović

Law on Police Officials of Bosnia and Herzegovina

Article 36

(Reporting Cash Transactions)

(1) Immediately and not later than three days after executing a transaction, the obligor shall submit information set out in Article 44 Paragraph (1) of the Law on the cash transaction and connected cash transactions in the amount of BAM 30.000 or more to the Financial Intelligence Department.

(2) A cash transaction is any transaction in which an obligor physically receives cash from a customer or gives cash to the customer and connected transactions are two or more transactions originating from an account or directed to an account or legal or physical person, where the amount of individual transactions is below the amount required for performing due diligence pursuant to the provisions of the Law, and which jointly exceed the amount set out in Article 6 of the Law and can be regarded as mutually connected due to a time period in which they were executed, transaction receiver or orderer, transaction execution methods, reasons behind transaction executions or other factors on the basis of which the transactions can be regarded connected. The obligor shall regard as connected such transactions which are being executed within a time period of more than 24 hours if it can be determined that each transaction is one in a series of transactions.

(3) In cases of frequent cash transactions, which are a part of usual business activities of successful customers that operate legally and whose activities are familiar to the obligor, the obligor can, in line with the Book of Rules, exclude from reporting to the Financial Intelligence Department such large and connected cash transactions. The obligors shall not be required to report large or connected transactions to the Financial Intelligence Department when customers are persons specified in Article 39 of the Book of Rules.

Article 37

Obligation of Confidentiality

(1) A police official shall keep secret all matters of confidential nature coming to his/her attention, unless the performance of duty or legal provisions require otherwise.

(2) The Head shall pass regulations governing the handling of confidential information and official secrets that are dealt with within the police body and that are not classified as military or state secrets. The said regulation shall stipulate the criteria for determining what constitutes confidential information.

(3) The Minister may, with well-founded reasons and upon the request of the competent authority, relieve a police official or a former police official of the obligation to keep an official secret.

(4) The obligation to keep official secrets referred to in Paragraphs 1 and 3 of this Article continues to have effect after the termination of employment of a police official.

Article 103

Disciplinary Responsibility of a Police Official

(1) A police official shall be held disciplinarily accountable for the violations of official duty prescribed by this Law, which occurred as a result of his/her own fault.

(2) The criminal responsibility for a criminal offence shall not exclude the disciplinary responsibility of police officials, provided that the act also constitutes a violation of official duty.

(3) Release from criminal responsibility shall not be regarded as a release from disciplinary responsibility.

(4) The disciplinary procedure shall be further defined in a by-law to be adopted by the Minister, upon consultations with the Heads of the police bodies.

(5) All disciplinary procedures must be fair and transparent. Throughout the disciplinary procedure, police officials shall be entitled to the following rights which shall be guaranteed in the by-law adopted pursuant to Paragraph 4 of this Article:

1. The right to be duly notified of the allegations of the violation of official duty and the supporting evidence, along with the right to respond in writing or to have a verbal statement recorded in writing;

2. The right to a fair and public hearing within a reasonable time by the bodies established by this Law.

The public may be excluded from all or part of the hearing in the interests of morals, public order or national security in a democratic society, where the interests of juveniles or the protection of the private life of the parties so require, or to the extent strictly necessary in special circumstances where publicity would prejudice the interests of justice according to opinion of the bodies established by this Law;

3. The right to assert the privilege against self-incrimination and the right to appear at any hearing and defend against the allegations either unaided by legal counsel or with legal counsel of choice;

4. The right that decisions shall be pronounced publicly;

5. The right to lodge a complaint against a decision of the Disciplinary Commission established by this Law.

Article 119

Grounds for the Termination of employment

(1) A police official shall terminate his/her employment and automatically lose the police official status in the following cases:

1. Voluntary resignation;

2. Performance evaluation "unsatisfactory" at the end of probation period;

3. Reaching sixty five (65) years of age and legally prescribed number of years of contribution to the pension fund, or forty (40) years of contribution to the pension fund;

4. Permanent inability to fulfil official duties due to health conditions, provided that the police official is not eligible to be transferred to other suitable positions within the police body;

5. Two consecutive negative performance evaluation (Article 82);

6. Loss of citizenship of BiH;

7. Acquisition of the citizenship of another country in violation of the laws of BiH;

8. Redundancy;

9. When he/she was pronounced for a criminal offence a final sentence of imprisonment for a term of six months or a more severe punishment;

10. When he/she was pronounced a disciplinary sanction of termination of employment;

11. Upon the expiration of his/her mandate as the Head or Deputy Head of a police body referred to in Article 2, Paragraph 1 of this Law if he/she was working for a police body to which this Law does not apply prior to his/her appointment to one of the aforesaid positions.

LAW

On Protection of Classified Information

Article 14

(Persons authorized to designate classification level TOP SECRET)

(1) Classification level TOP SECRET can be designated only by the following

authorized persons:

a) Members of the BiH Presidency

b) Chairman and Ministers in the Council of Ministers of Bosnia and Herzegovina,

c) Director General of the State Intelligence-Security Agency of BiH

d) Director of the State Investigations and Protection Agency

e) Director of the State Border Service

f) Chairman of the House of Representatives and Presiding of the House of Peoples of the BiH Parliamentary Assembly

g) Chairman of the Commissions of the BIH Parliamentary Assembly, responsible for of intelligence, defense and security issues

h) Relevant military commanders, designated by the Minister of Defense of BIH

i) President and Vice-Presidents of the Federation of BiH and Republika Srpska

(2) Persons referred to in paragraph (1) of this Article, can also designate classification level RESTRICTED, CONFIDENTIAL and SECRET.

(3) Authorized persons referred to in paragraph (2) of this Article, if required by the

Law, must have an appropriate clearance or authorization.

(4) The Council of Ministers may, with consent of the Presidency of BiH and after the consultations with the Director General of the OSA BiH, allocate by the Decision, the right to designate classification level TOP SECRET when new institutions in Bosnia and Herzegovina are established or in the circumstances important for the security of Bosnia and Herzegovina.

Article 17

(Procedure for designating information classification)

(1) Authorized person designates information classification level in the moment of their creation, respectively at the beginning of activities of the body creating classified information.

(2) Responsibility of an authorized person when designating classification level, is to provide assessment on possible damage that could happen to the security of Bosnia and Herzegovina, respectively, appropriate institution and authority if an unauthorized person gains access to this information.

(3) Based on the assessment referred to in paragraph 2 of this Article, data is assigned a degree of secrecy, and is labeled in accordance with relevant provisions of the Law.

4) The assessment, which is base for designating classification level, has to be provided in writing.

Article 78

(Penalties for the responsible persons)

(1) The responsible official in a body, agency, institute, service, organization and institution of Bosnia and Herzegovina, entities or at other levels of state organization of Bosnia and Herzegovina will be fined in the amount ranging from 1000 to 5000 KM, if:

a) authorized authority fails to keep records on distribution of classified information of other states, international or regional organizations (Article 28);

b) head of authority from the list determined by the Council of Ministers fails to send a request to the OSA BiH within the foreseen deadline (Article 30), c) competent authority fails to keep official records on clearances issued to all persons which have the right to access information classified CONFIDENTIAL, SECRET, TOP SECRET (Article 62), d) heads of authorities, organizations, or institutions of Bosnia and Herzegovina, entities and at other levels of the state organization of Bosnia and Herzegovina fail to keep records on clearances for their authorized employees and fail to archive them in a separate part of personnel files (Article 60);

e) authorized official fails to maintain permanent supervision over the distribution of classified information and fails to update the register so that it clearly shows the time of access and the identity of persons who accessed classified information (Article 68),

f) system of procedures and decisions of importance for safekeeping

classified information (Article 69) has not been established;

g) if, in their safekeeping and transfer, classified information have not been protected from access by unauthorized persons (Article 70);

h) lack of reporting to the authorized person on disappearance, destruction or unauthorized disclosure of classified information

(Article 71);

i) internal supervision over protection of classified information has not

been ensured (Article 73 and 74).

Article 79

(Penalties for responsible authorized persons)

An authorized person will be fined from 1000 KM to 5000 KM if he/she:

a) transfers competence to classify information to other persons (Article 13, Paragraph 3)

b) classifies information as CONFIDENTIAL, SECRET or TOP SECRET without the competence to do so,

c) does not classify document created by merging two or more information which by themselves are not deemed classified (Article 18)

d) fails to act in accordance with Article 21 of this Law

e) changes the classification level of a document or information without authorization (Article 23)

f) fails to appropriately mark classified document (Article 24)

g) fails to prevent a person whose clearabce was withdrawn to access classified information (Article 58, Paragraph 4)

h) issues a temporary permit for access to classified information contrary to the provisions of article 63 of this Law,

i) acts contrary to Article 67 of this Law.

ANNEX XVII - LAW ON THE INDIRECT TAXATION AUTHORITY

LAW ON THE INDIRECT TAXATION AUTHORITY

Article 1

(Subject of the Law)

This Law shall regulate the competence, organisation of and management with the Indirect Taxation Authority (hereinafter: the ITA), rights and duties of employees, human resources management and other issues.

Article 2

(Definitions)

(1) For the purpose of this Law, the following definitions shall apply:

a) "employee" shall mean a civil servant, an authorised official person and employee of the ITA;

b) "authorised official person" shall mean a person performing the duties from within the basic activity of the ITA, and persons holding certain authorisations under the laws regulating criminal proceedings in Bosnia and Herzegovina;

c) "member of immediate family" shall mean a spouse, either marital or common-law, relatives along the straight line, brothers and sisters, a person who adopted another person, adopted person and his descendants, who live in a common household;

d) "basic activity" shall mean an activity which implies the following duties and tasks: customs supervision, customs clearance of goods, control of passengers and the means of transportation, revenue collection audit and control;

e) "**intern"** shall mean a person whose year of service as a trainee has expired and who having the state exam passed was employed for the determined period of time in accordance with the Labour Law, until the requirements for the post of civil servant are met.

(2) As used herein, the singular includes the plural and the plural includes the singular, unless the context otherwise requires. The personal pronoun "he" similarly includes "she", and "him" includes "her" unless the context otherwise requires.

Article 3

(Status of the ITA)

(1) The ITA shall be an autonomous administrative organisation with the rights and duties as laid down in this Law, Law on Indirect Taxation System in Bosnia and Herzegovina, and in other laws governing indirect taxation.

(2) The ITA shall have the status of legal person.

(3) The ITA, through the Governing Board (hereinafter: Board), shall be accountable for its operation to the Council of Ministers of Bosnia and Herzegovina

Article 4

(Seat and Stamp)

(1) The seat of the ITA shall be in Banja Luka.

(2) The ITA shall have its stamp in accordance with the Law on Stamps of the Institutions of Bosnia and Herzegovina.

Article 5

(Ethnic Representation)

The structure of those employed with the ITA and its organisational units shall generally reflect the ethnic structure of the population of Bosnia and Herzegovina in accordance with the latest census.

CHAPTER II - AUTHORISATIONS AND COMPETENCES OF THE ITA

Article 6

(Authorisations of the ITA)

(1) The ITA shall be authorised to apply and implement the indirect taxation legislation.

(2) The ITA shall protect interests of taxpayers in the part referring to the payment of tax liabilities, data confidentiality and other interests arising from the individual laws on indirect taxes, however, it cannot represent the interests of taxpayers before third parties. The ITA shall also protect interests of indirect tax revenue users.

(3) The ITA shall protect the confidentiality of personal information in compliance with the Law on Protection of Personal Information and other laws.

(4) The issuance of indirect taxation related sub-legal enactments shall fall within the competence of the ITA and the Board, as laid down in the Law on Indirect Taxation System in Bosnia and Herzegovina, in this and other laws.

Article 7

(Competence)

(1) Within the rights and duties provided for by law, the ITA shall be responsible for:

a) keeping a Single Register of Indirect Tax Payers and allocating to them an appropriate identification number,

b) receiving tax returns and other documents, keeping indirect tax liabilities in the tax bookkeeping and carrying out the collection and refunding of indirect taxes,

c) maintaining tax bookkeeping,

d) determining the timeliness, legality and regularity of submitted tax returns and other documents,

e) determining the tax base and an indirect tax payer’s liability on the basis of taxpayer’s tax returns, documents, business books and records, as well as on the basis of other evidence including the application of indirect methods of proving,

f) carrying out of the verification, limited verification and control of indirect tax payers,

g) prevention, detection and investigation of customs, tax and other offences in accordance with instructions of the competent prosecutor, carrying out investigation activities relating violation of

indirect taxation, and submission of the reports on violation of the indirect taxation regulations to the competent authorities;

h) carrying out the enforced collection procedure,

i) provision, as necessary, of its opinions on the application of indirect taxation regulations,

j) carrying out administrative and other jobs pertaining to the international legal assistance in the field of indirect taxation,

k) taxpayers training

l) studying tax systems and cooperate with tax authorities of other countries on the basis of international agreements which Bosnia and Herzegovina concluded with other countries,

m) application of international treaties from the field of indirect taxes,

n) issuing certificates of facts on which the ITA keeps official records,

o) uniform use of information technology in accordance with the ITA's information technology strategy and the policy related to it;

p) issuing tax and control stamps and/or other markings for marking, monitoring of the production, trade and use of individual products in compliance with legislation,

q) keeping a single account and carrying out the collection of public revenues in indirect taxes, allocation and distribution of the revenues in indirect taxes in the manner regulated by law,

r) collation and processing of data on established and collected taxes,

s) planning and provision of training to employees in certain fields, depending on an identified need,

t) processing and monitoring of statistics on indirect taxes ,

u) conducting the first-instance and the second-instance administrative procedure,

v) monitoring the execution of contractual obligations between the ITA and commercial banks,

w) carrying out other activities falling within its competence under the law.

(2) The authorisations and responsibilities laid down in this Article may be further regulated by sub-legal enactments.

Article 8

(Cooperation Contracting)

(1) The ITA, when controlling the movement of goods at the border crossing points, shall work in close cooperation with other responsible institutions in compliance with law. Terms and procedures of cooperation shall be subject to special agreements.

(2) Employees may officially carry out their duties outside the territory of Bosnia and Herzegovina if this is stipulated by law and international agreements.

(3) The ITA shall be authorised to sign contracts on control of tax revenues with other public administration authorities at any level in Bosnia and Herzegovina.

(4) The ITA shall be authorised to cooperate with tax and customs authorities of other countries, in compliance with the terms laid down in agreements concluded between Bosnia and Herzegovina and foreign countries and international organisations.

Article 9

(International Legal Assistance)

(1) The provision of international legal assistance shall be based on international treaties or agreements, which Bosnia and Herzegovina concluded.

(2) If the provision of international legal assistance has not been regulated by international treaties or agreements, the legal assistance shall be provided under the following conditions that:

a) there is reciprocity or reasonable interest,

b) the country receiving legal assistance binds itself that it will use the received information and documentation only for the purpose of tax, offence and criminal proceedings and that this information and documentation will be available only to those persons in administrative authorities or judicial authorities who are conducting the aforementioned proceedings;

c) the provision of data does not jeopardise sovereignty, safety or any other essential interest of Bosnia and Herzegovina;

(3) If an international treaty or agreement has not foreseen a possibility for a direct contact with foreign authorities, or if the international treaty or agreement has not been concluded, the ITA shall contact the foreign authorities via the competent institution.

Article 10

(Obligation to Notify and Inform)

(1) The ITA shall train the indirect taxpayers in the implementation of the Law on Indirect Taxes and it shall in any other way provide the taxpayers with the required information.

(2) The ITA shall, in the cases and under the circumstances as foreseen by law, be obliged to provide to interested persons a full response to certain issues and leave out any data that could allow for the identification of the indirect tax payer involved in the issues or responses concerned.

(3) The notifying and informing referred to in paragraphs 1 and 2 of this Article may be carried out electronically.

Article 11

(Third Party's Obligations)

(1) The ITA may request from the owner of the space being used for the needs of the ITA to enable the use of both building and equipment identified by the ITA in order to enable control of goods as set out in the customs regulations.

(2) Legal persons, physical persons and other operators shall be obliged to act in accordance with the request of an authorised official person and to enable him to apply all measures and actions that are taken by an officer in consistence with his powers.

(3) Physical persons, legal persons and the operators not possessing the capacity of legal person shall be obliged to present or cede any type of data, reports and other evidence on indirect taxes in relation to the rendering of their own obligations or the obligations arising from their economic, professional or financial relations with other persons.

Article 12

(Obligation of Cooperation with the ITA)

(1) Physical persons, legal persons and all other operators which are responsible for the action-taking in relation to indirect taxes shall be obliged to provide to the ITA with any type of data, reports, official records and other evidence pertaining to indirect taxes in relation to the rendering of their own obligations or obligations arising from their business relations with other persons.

(2) The obligations referred to in paragraph 1 of this Article shall be carried out in the manner and within the time limits laid down in sub-legal enactments or through the urgent procedure at the request of the ITA.

(3) Provisions pertaining to the protection of the confidentiality of banks' operation or provisions from other laws binding the operators referred to in paragraph 1 of this Article in their operation shall not prevent the provision of information for the needs of the ITA.

Article 13

(Obligations of Authorities to Inform and Cooperate)

(1) Authorities at any state level, public corporations and companies, establishments and other legal persons, which are exercising public authorisations under law, shall be obliged to provide the ITA with any type of data, reports and other evidence pertaining to indirect taxes which the ITA may request with individual or general enactments.

(2) The ITA shall assist other public authorities in informing their employees of the legal status of the ITA and the competences, rights and powers of its employees.

(3) The authorities referred to in paragraph 1 of this Article shall be obliged to provide assistance, support and protection to the ITA and its employees.

(4) The judicial authorities shall, either *ex officio* or at the request of the ITA, provide any available information pertaining to indirect taxes or which may appear in the procedure, unless a specific case identified by the judicial authority is in question.

(5) The ITA shall exercise full cooperation with the State Border Service, State Investigation and Protection Agency, Intelligence Security Agency, police bodies and other responsible authorities of Bosnia and Herzegovina, Entities and the Brčko District.

(6) Employees in state administrations at any administrative level shall be obliged to cooperate with the ITA in terms of the provision of any information for the needs of the ITA, except where the provision of information would not be in compliance with the confidentiality of correspondence and for the successful completion of investigation in the criminal proceedings

(7) All information being confidential by their nature or provided on a confidential basis shall be kept official secret in accordance with law. Any disclosure of such information or data to an unauthorised person shall be subject to disciplinary, offence or criminal proceedings as applicable. This obligation shall not be ceased with the discontinued employment with the ITA.

Article 14

(Coordination of Inspection of Goods)

Any inspection of goods and means of transportation under customs supervision and customs seal by other inspection or state authorities may not be carried out without the presence of authorised persons from the ITA

Article 15

(Indirect Taxation Enactments)

(1) The ITA and, if provided for by law, the Board shall issue the sub-legal enactments, orders, guides and instructions for the implementation of the indirect taxation regulations.

(2) The enactments referred to in paragraph 1 of this Article shall be published in the "Official Gazette of Bosnia and Herzegovina", and they may also be published in the respective official gazettes of the Entities and the Brcko District.

Article 16

(Analogous interpretation, misuse of the laws on indirect taxation and "pro-forma" actions)

(1) The regulations on indirect taxations cannot be analogously interpreted, unless otherwise strictly foreseen by law.

(2) The actions undertaken with a view to avoiding or misusing the regulations on indirect taxation or the actions which, as a consequence, result in avoidance or misuse of the implementation of these regulations cannot produce legal and material consequences for the implementation of the indirect taxation legislation.

(3) In the cases of "pro-forma" actions, the subject of taxation shall be considered as something it actually is, regardless of how the parties in trade call it.

Article 17

(Opinions by the ITA)

(1) The ITA may issue opinions to indirect tax payers in relation to essential issues pertaining to indirect taxes, in compliance with the procedures laid down in the Indirect Taxation Procedure Law.

(2) The opinions referred to in paragraph 1 of this Article shall be in compliance with both the law and the enactments referred to in Article 15 paragraph 1 of this Law.

Article 18

(Registration)

(1) A single register of indirect tax payers shall be kept.

(2) Indirect tax payers shall be obliged to register in the manner and within the time limit as laid down in law and in a sub-legal enactment.

(3) Following the completed registration procedure, the ITA shall issue a registration certificate.

Article 19

(Identification Number)

(1) An indirect tax payers shall be allocated an identification number in compliance with law.

(2) An indirect tax payer's identification number shall be a unique and only number of this person for the purpose of indirect taxes and for all organisational units of the ITA.

CHAPTER III - ORGANISATION AND METHOD OF ITA OPERATION

Article 20

(Organisation)

(1) The ITA shall carry out activities falling within its competence in the seat of the ITA (hereinafter: Headquarters), Regional Centres in Banja Luka, Mostar, Sarajevo and Tuzla, and other organisational units.

(2) The organisational structure of the ITA shall be defined in such a way to ensure efficient carrying out of the duties falling within the competence of the ITA.

(3) The manner of establishing of the organisational units, their seat and the area they are established for, their organisation and scope of operation shall be further regulated in the Book of Rules

on Internal Organisation which shall be issued by the ITA Director upon prior approval by the Board, in compliance with economic principles.

Article 21

(Headquarters)

(1) The Headquarters, within the scope of its competences provided for in Article 7 of this Law, shall carry out the following activities:

a) organise the ITA operation, monitor, study and improve its operation and development, and undertake additional measures for its proper and efficient functioning;

b) carry out supervision and control of the operation of the Regional Centres and other organisational units and ensure uniform application of legislation;

c) take decisions on establishment of special working bodies and committees for carrying out occasional expert and technical activities for ITA purposes;

d) conduct the second-instance administrative procedure and the first-instance administrative procedure where this is provided for by law or other regulations;

e) keep the single register of indirect tax payers and allocate to them an appropriate identification number in the registration procedure;

f) keep the Single Account and collect revenues in indirect taxes, allocation and distribution of indirect tax revenues in the manner regulated by a special law;

g) keep indirect tax liabilities bookkeeping;

h) issue tax and control stamps or other markings for marking; monitoring of production, trade and use of individual products in compliance with legislation;

i) collate and process information on established and collected taxes and propose to the Board amendments to tax and other regulations and to the indirect tax policy;

j) carry out large trader control;

k) develop, upgrade and maintain a single information system for indirect taxes;

l) cooperate with companies, chambers of commerce and technical associations, other legal and physical persons and provide assistance in the application of indirect taxation regulations;

m) provide opinions on application of indirect tax regulations;

n) proposes and, with the approval from the Board, implement programmes of long-term personnel, expert and technical improvement of the ITA, prepare and implement annual plans and create conditions for successful carrying out of ITA duties and tasks;

o) monitor the application of international treaties in the field of indirect taxes;

p) cooperate with other State institutions and, upon approval from the Board, harmonise certain issues of importance for the application of regulations on indirect taxes;

q) cooperate with customs and tax services of other countries and international organisations;

r) carry out other activities falling within the scope of ITA competence, in the manner as laid down in the Book of Rules on Internal Organisation and other sub-legal enactments.

Article 22

(Regional Centres)

(1) The Regional Centres shall, within their competences laid down in Article 7 of this Law, carry out the following activities either directly or via their organisational units:

a) carry out customs supervision over goods, passengers and means of transportation;

b) carry out customs clearance of goods, calculation and collection of revenues;

c) carry out control of goods whose import or export is specially regulated;

d) carry out foreign exchange-currency control in international passenger and border traffic with foreign countries;

e) prevent, detect and investigate customs, tax and other offences and crimes related to indirect taxation as well as carrying out investigation activities relating violation of indirect taxation in accordance with instructions of the competent prosecutor,

f) conduct the first-instance administrative procedure;

g) carry out control of performed procedures falling within the scope of their competence;

h) cooperate with other bodies which have certain competences in controlling border crossings;

i) carry out subsequent collection and refunding of collected indirect taxes ;

j) carry out control of the origin of goods, verify and keep records on origin of goods;

k) carry out verification, limited verification and control of indirect tax payers, in the cases where the control is not carried out by the Headquarters;

l) conduct the enforced collection procedure;

m) issue certificates of facts on which they keep official records;

n) also carry out other activities falling within the scope of ITA competence, in the manner as laid down in the Book of Rules on Internal Organisation and other sub-legal enactments.

Article 23

(Regional Centre Organisational Units)

Regional Centre organisational units shall mean customs stations, customs posts and other organisational units laid down in the Book of Rules on Internal Organisation, which shall be established in economic and traffic centres and at border crossing points.

CHAPTER IV - MANAGING THE ITA

Article 24

(Director)

(1) The ITA shall be managed by Director whose duties and responsibilities are provided for in the Law on Indirect Taxation System in Bosnia and Herzegovina and this Law.

(2) The Director shall be responsible for the entire, uniform, homogenous and efficient ITA operation.

Article 25

(Director's Powers)

(1) The Director shall act in the name of and represent the ITA, organise and ensure the legal, proper and efficient carrying out of jobs from the field of indirect taxation.

(2) The Director shall issue orders to employees for acting in certain situations to ensure uniform implementation of indirect taxes.

(3) The Director shall, with the consent of the Board, issue a special decision on determining criteria which will be the basis for determining the categories of large traders.

(4) The Director shall take decisions on the rights and obligations of employees arising from labour relations;

(5) The Director shall take a decision on working hours in the ITA, where the total number of employee's working hours must be in line with law and the Collective Contract. The Director may determine specific hours of attendance for employees, depending on the needs of the work and the performance of particular duties, as well as when staff should be available for the purpose of carrying out special duties.

(6) The Director may delegate in writing certain powers to certain employees who may further delegate the powers delegated to them by the Director to another employee.

(7) The Director shall be obliged to initiate an investigation in order to identify any instances of misbehaviour and violation of duty by employees.

Article 26

(Functional Heads)

(1) The Director shall appoint and relieve of duty the Functional Heads in the ITA in accordance with the Law on Indirect Taxation System. The Functional Heads shall act in the capacity of Assistant to Director for a particular Function.

(2) The Assistants to Director shall assist Director in exercising his rights and duties with regard to managing a particular Function, they shall carry out their duties provided for in the Book of Rules on Internal Organisation, and shall be accountable for their work and the work of the Function to the Director.

Article 27

(Managing in Regional Centres)

Organisational units within a Regional Centre shall be managed by managers of organisational units who shall be accountable for their work and the work of an organisational unit within the Regional Centre to the Head of Unit, Assistant to Director for a particular Function and to the Director.

Article 28

(Board of Experts, Working Bodies and Commissions)

With a view to considering and resolving certain issues from the scope of ITA activities, the ITA Director shall establish a Board of Experts, a consultative body, working bodies and commissions the scope and operation of which shall be provided for in the Book of Rules on Internal Organisation.

CHAPTER V - SPECIAL RIGHTS AND OBLIGATIONS OF AUTHORISED OFFICIALS

Article 29

(Rights and Duties of Authorised Official Persons)

(1) An ITA authorised official person shall, within his powers laid down in laws of Bosnia and Herzegovina, have the following rights and obligations:

a) to request assistance from police and military authorities, where this is necessary for the prevention or detection of crimes and offences;

b) to request from persons capable of providing assistance in collating necessary information to testify or provide information, make available or cede documentation, enable its copying, provide also other evidence they posses or are under their control and to request that the mentioned actions are carried out by other authorised authorities;

c) to exchange information with other authorities in relation to procedures;

d) in the facilities and other premises of a taxpayer or another person, to inspect business books, documentation and data stored in the computer, request copying of the documentation, during and following the completion of the procedure in relation to all issues concerning the collection of indirect taxes;

e) to stop means of transportation within the customs territory, enter them, examine the means of transportation and goods, inspect documentation and, if necessary, take and copy it, carry out the identification of the persons found on the means of transportation, enter into the premises of the airport, port, railway and bus station, inspect all premises in them, to carry other actions mentioned in this item and, if necessary, to forcefully open means of transportation, that is, facilities and premises.

f) to temporarily seize goods and means of transportation in compliance with law and documents pertaining to these means of transportation and goods;

g) to temporarily detain goods and means of transportation over which the procedure has not been conducted or has not been conducted in compliance with legislation;

h) to prevent departure of the means of transportation suspected of intending to leave the customs territory prior to the completion of the prescribed procedure and/or to detain documents;

i) to control persons arriving to or leaving the customs territory, free zone or customs warehouse or those remaining in the transit area of ports or airports, carry out the identification of persons, request the declaration and presentation of their personal luggage, inspect the personal luggage and, if necessary, search it;

j) to search persons arriving to or leaving the customs territory, free zone or customs warehouse or those remaining in the transit area of ports or airports, if there is a reasonable suspicion of concealing goods subject to customs supervision, in the process of which an officer shall carry out search in a separated room in the presence of a witness who has to be of the same sex as the person being searched, on which a report shall be made, which shall be signed by the officer, the person being searched and the witness;

k) to inspect goods and request from the taxpayer to provide necessary assistance in accordance with law and legislation;

l) to take free sample of goods subject to supervision for the purpose of carrying out laboratory analysis and other tests;

m) to affix a marking on goods subject to supervision, as well as on means of transportation, customs warehouse and other space in which the goods are located, for the purpose of securing the identity of the goods and their sameness;

n) to close, seal and clear from persons and items the places and spaces where loading, unloading, warehousing or examination of goods and means of transportation takes place, if this is required for carrying out Customs supervision, or to restrict movement at such places, spaces or means of transportation;

o) where necessary for the application of supervision measures, to determine the place and control the route of movement of goods and/or escort the goods within the customs territory;

p) to collect fines in compliance with law;

q) to use justifiable force where necessary for carrying out his official duties;

r) to carry small firearms;

s) to carry out inspection supervision, enforced collection of indirect taxes and in other ways exercise his powers in compliance with law;

t) to establish a taxpayer's tax debt on the basis of his business books, records and other evidence, including all the facts established on the basis of circumstantial evidence,

u) to take books and records and other items required for the enforcement and execution of tax laws;

v) to temporarily seize goods and items from the taxpayer in order to collect tax debts, where there is a reasonable suspicion that the collection of the debt is uncertain and to report tax offences;

w) to provide information to authorities not responsible for taxes and request from them to terminate or refuse the issuance or renewal of licence to taxpayers that have not paid their liabilities and there is a possibility that the debt will not be paid;

x) to also use other powers laid down by law.

(2) Further regulations on the powers and authorised official persons for undertaking the measures and actions referred to in paragraph 1 of this Article shall be taken by the Board at the proposal of the ITA Director.

Article 30

(Adequate Implementation of Law)

When carrying out their duties and obligations in relation to criminal proceedings the laws regulating criminal proceedings in Bosnia and Herzegovina shall accordingly apply to authorised official persons.

Article 31

(Weapons Carrying)

(1) An authorised official person of the ITA may use justifiable force where necessary for carrying out his official duties, and carry small firearms if foreseen in laws and sub-legal provisions.

(2) The authorised official person, prior to obtaining an authorisation to carry small firearms, must meet psycho-physical tests in respect of the conditions for carrying firearms and receive an appropriate training, following which he must obtain a certificate from the responsible authority.

(3) The approval for carrying small firearms must be renewed on a twelve-month basis.

(4) The authorised official person not fulfilling the requirements referred to in the paragraphs 2 and 3 of this Article shall be appointed to the duties and tasks that correspond to his qualifications and capabilities.

(5) The Board shall, at the Director's proposal, issue further regulations on the manner of carrying and using small firearms, selection, powers and training of persons for carrying small firearms.

Article 32

(Responsibilities of authorised official persons)

(1) When undertaking activities in compliance with the powers referred to in Articles 29 and 30 of this Law, an authorised official person shall be required to take care not to inflict greater damage than necessary for achieving their purpose.

(2) The Authorised official person shall be obliged to immediately, after finishing his duty, submit to his line manager a written report on the use of force provided for in this Law. The line manager shall forward the report on an indicated case to the ITA Internal Audit Unit to examine the justifiability of the used force.

(3) If the Internal Audit Unit establishes that the use of force was justifiable and within the limits of the required, a report on this shall be submitted to the authorised official person's manager. If the Internal Audit Unit establishes that the use of force was unjustified or that, during its use, the limits of the required were exceeded, further steps for determination of the disciplinary and other responsibilities of the officer shall be taken in accordance with the laws in force.

(4) An authorised official person shall not be deemed responsible in a civil-legal procedure for the damage caused to third persons if they are acting within their powers. In case the damage has been inflicted, charges may be pressed against Bosnia and Herzegovina.

(5) The ITA shall protect an authorised official person in legal procedures conducted against him for the actions he carried out in accordance with the law when exercising his powers.

(6) Authorised official persons shall be disciplinary responsible and responsible in terms of an offence or crime for the damage caused during work by exceeding their official powers or from gross negligence.

(7) The disciplinary, offence or criminal procedure referred to in paragraph 4 of this Article shall be instigated *ex officio* by the ITA.

Article 33

(Control of Indirect Taxes)

(1) Unless otherwise provided for by law, control means examination and assessment of accurate tax base for an indirect tax payer by an inspector and other persons from the ITA who are authorised to carry out control activities.

(2) The subject of control may be any person having indirect tax liabilities.

(3) Control of indirect tax payers shall be carried out by persons with special powers – inspectors, in compliance with law.

(4) In specific cases the ITA Director may also authorise other persons to temporarily carry out control activities.

(5) The persons referred to in paragraphs 3 and 4 of this Article shall have the competence to control persons having indirect tax liabilities, that is, possessing commercial goods in the entire territory of Bosnia and Herzegovina.

(6) Within the scope of his competences, an inspector shall have the right to:

a) control the correctness, timeliness, accuracy and regularity of calculation and payment of indirect taxes;

b) control the meeting of other liabilities in compliance with this and other laws on indirect taxes;

c) detect, calculate and order the payment of indirect tax liabilities arising from the unreported liability;

d) detect, investigate, prevent and report crimes under indirect tax laws;

e) temporarily, until a decision on committed offence or crime becomes valid, seize goods that are subject of the offence or crime;

f) exercise other rights in compliance with the law.

(7) The inspector shall have an official ID with which he shall prove his identity and powers foreseen by law.

CHAPTER VI - LABOUR RELATIONS OF ITA EMPLOYEES

Article 34

(General Provisions on Labour Relations)

(1) Employees in the ITA shall be civil servants and employees under the Book of Rules in Internal Organisation.

(2) Employment with the ITA shall be taken up on the principle of legality, transparency, expertise and professional skills.

(3) The provisions of the Law on Civil Service in the Institutions of Bosnia and Herzegovina shall apply to civil servants in the ITA, unless otherwise regulated by this law and the Law on Indirect Taxation System in Bosnia and Herzegovina.

(4) The Law on Labour in the Institutions of BiH shall apply to employees, unless otherwise regulated by this law or the Law on Indirect Taxation System in Bosnia and Herzegovina.

Article 35

(Medical Checkups)

(1) Prior to taking up employment with the ITA, a candidate to be appointed to a certain post shall submit a certificate to prove that he is fit for work at the post in relation to which he is taking up employment.

(2) The Director, when he deems it necessary, may request an employee to undergo an extraordinary medical checkup for the purpose of determining the employee's psycho-physical capabilities for further performance of his duties.

(3) In certain cases of the employee's absence due to illness, the Director may, regardless of the medical certificate issued by the employee's doctor, request additional examination to be carried out by the doctor, that is, Medical Committee appointed for this purpose by the ITA.

CHAPTER VII - DUTIES AND RIGHTS OF EMPLOYEES

Article 36

(Duties and Obligations of Employees)

(1) In addition to the duties and obligations foreseen by other law, employees with the ITA shall have the following duties and obligations:

a) in the course of performing their duties and after working hours, to observe and implement this law and act in accordance with this and other law;

b) to provide physical and legal persons, interested parties and public institutions with required information, that is, with information for internal use in accordance with law and sub-legal enactment;

c) to respect working hours and to use them for their official duties;

d) to receive vocational training and maximally use the advantages which the organisation of vocational training activities offers to him;

e) not to solicit or accept any material gain for carrying out his official duties;

f) to use the assets and equipment assigned to them for carrying out their duties in a proper manner and not to use these assets and equipment for private purposes;

g) to behave in compliance with the Code of Conduct of ITA employees;

h) to carry out the duties foreseen by the job description, as well as other tasks assigned to him by a his manager;

i) to carry out other duties and responsibilities in compliance with law.

(2) Non-adherence to the duties and responsibilities laid down in this Article shall result in the employee's disciplinary responsibility.

Article 37

(Secrecy and Confidentiality of Data)

(1) The employees who have access to or are in possession of an official secret, that is, confidential data shall be required to safeguard such data and prevent their revealing and misuse.

(2) The employee must not reveal the data referred to in paragraph 1 of this Article to a person who is not authorised to receive them and may not use them for acquiring his personal or other gain.

(3) Non-compliance with the provisions of this Article may result in the disciplinary responsibility.

Article 38

(Code of Conduct of ITA employees)

(1) The Director shall issue a Code of Conduct for employees in the ITA (hereinafter: Code), which shall set rules for behaviour of employees during and outside business hours.

(2) The Code shall prescribe and provide guidelines as to how an employee should behave in his relations with physical and legal persons, colleagues, managers and personnel subordinated to him, as well as towards other employees.

(3) The Code shall be available to every employee in the ITA.

(4) Employees shall receive training on the standards and implementation of the Code and in-line managers shall be obliged to ensure its implementation.

(5) Non-compliance with the Code shall result in the disciplinary responsibility.

(6) The basic standards of behaviour stipulated in the Code, which include relations with physical and legal persons and other persons outside the ITA, shall be announced in an appropriate manner. Physical and legal persons shall file their objections against the employees' behaviour which is contrary to the behaviour laid down in the Code. The acting under an objection shall be regulated in a special Book of Rules issued by the Director.

Article 39

(Rights of Employees)

(1) In addition to the rights stipulated in other laws, an ITA employee shall have the right:

a) to the protection of his physical and moral integrity by the State when carrying out his official duties;

b) to be promoted or transferred in compliance with the law;

c) to establish, be a member of or participate in the operation of a trade union and professional association in compliance with law

d) to salary, compensations, rewards for their performance and other benefits laid down in the law and a sub-legal enactment.

e) to be sent to work in an international organisation or institution by the ITA or competent Ministry where this is considered to be of interest to Bosnia and Herzegovina and shall have the right to return to the same or similar position within the ITA following the completion of that work;

f) to the support and assistance in vocational training related to his work, in compliance with defined ITA needs;

g) to be provided appropriate working conditions in which risks to the employee's health and security, in respect of physical and material conditions, are brought to minimum;

h) to file grievances pertaining to the issues and circumstances affecting his work.

(2) The procedure of considering the grievances referred to in item (h) paragraph 1 of this Article shall be defined in a sub-legal enactment issued by the Director.

Article 40
(Immunity of Employees)

The ITA Director and Assistants to Director cannot be deemed responsible in the civil court proceedings for any activity they performed in accordance with the law during the execution of their tasks which fall within their powers.

Article 41
(Exceptions to the Right to Strike)

The Director shall define key tasks and minimum work for certain services. Employees engaged in thus defined tasks shall not have the right to strike.

Article 42
(General Provisions on Official Suit and Official ID)

(1) Employees carrying out duties and tasks from the main activity, as well as other employees where this is required by the nature of work, shall wear an official suit, bear official ID and have the right to use other official means.

(2) The shape, cut and colour of official suit, as well as the contents of official ID, shall be defined in a sub-legal enactment issued by the Board at the proposal of Director.

Article 43
(Official ID)

(1) The employee referred to in Article 41, paragraph 1 of this Law shall be issued an official ID.

(2) Employees shall be required to show their official ID at the request of a party in the procedure and where they are carrying out their work in a civil suit, they shall be obliged to show their official ID prior to undertaking any activity.

(3) The use and issuance of official ID shall be determined by the Director

Article 44
(Apparel and Protective Equipment)

(1) Employees carrying out the examination of goods on means of transportation and conveyances, in customs warehouses and other spaces, customs laboratories, with devices for control of goods and passengers, as well as other expert-technical activities, shall have the right to apparel and protective equipment.

(2) The wearing and the period of use of apparel and protective equipment shall be determined by the Director in a separate enactment.

Article 45
(Incompatibility with ITA Employees' Duties)

An employee must not undertake any activities or occupy a position causing the conflict of interests or the one which may create a suspicion of the conflict of interests with the performance of his duties and in particular:

An employee and members of his nuclear family must not carry out activities related to foreign trade and employees may not carry out any other activity over which the ITA exercise control,

Without a special Director's authorisation an employee must not carry out an additional activity outside the ITA, regardless of whether or not he receives consideration for this, if the carrying out of such an activity brings into question his impartiality in carrying out his official duties. The Director shall authorise the carrying out of such an activity in compliance with law and a sub-legal enactment;

Employees may not be members of governing and other boards of political parties and may not follow advice or instructions from the political parties;

An employee shall, at the Director's request, make a written statement on his additional activities. These statements shall be kept in the employee's personal file and shall be available only to authorised persons for the purposes of the ITA.

Non-compliance with the provisions referred to in paragraph 1 of this Article shall result in the employee's disciplinary responsibility.

Article 46
(Requirement of Impartiality)

In carrying out their duties when working with physical or legal persons employees shall act impartially and this must be clearly reflected in their work.

The employee who, when carrying out his duties, observes that the person who participates in the ownership or management of the legal operator, that is, who is acting as an individual, is known to him from his family relations or friendship must advise his in-line manager of this.

The employee shall also act in the manner referred to in paragraph 2 of this Article if he has some other interest in relation with which he must undertake an activity in compliance with this and other laws.

In the cases referred to in paragraphs 2 and 3 of this Article an in-line manager ought to undertake all necessary actions in order to protect the reputation of the ITA and its personnel and ensure impartiality, that is, non-existence of hints of partiality

Non-compliance with the provisions of this Article shall result in the employee's disciplinary responsibility.

Article 47
(Statement on Property and Activities)

When taking up employment with the ITA and at the beginning of each calendar year, an employee shall submit a statement on his property and the property of the members of his immediate family, as well as on his activities and functions carried out by the members of his immediate family and shall sign a written statement approving the verification of the authenticity of provided information.

The form of the statement referred to in paragraph 1 of this Article shall be prescribed by the Director.

The form of the statement referred to in paragraph 1 of this Article shall be kept in the employee's personal file and shall be available only to authorised persons in the ITA.
Non-compliance with the provisions of this Article shall result in the employee's disciplinary responsibility.

CHAPTER VIII - HUMAN RESOURCES MANAGEMENT

Article 48

(General Provision)

The organisational unit Human Resources Management Unit shall be responsible for ensuring the application of the procedures, systems and policies provided for by law, in coordination with in-line managers.

Article 49

(Records on Employees)

(1) The organisational unit Human Resources Management Unit shall keep records of relevant professional and personal information of all employees.

(2) Information, which may be in an electronic form, shall be kept in a safe manner in compliance with data protection regulations.

(3) Information from records shall be confidential and may be used for ITA purposes and provided to competent authorities in compliance with law. Every employee shall have the right to access the data from records kept about him.

(4) Data in the employee's records pertaining to the disciplinary responsibility shall be deleted after three years if a minor breach of official duty is in question, that is, after seven years if a serious breach of violation is in question, provided that no new breach of official duty is committed in that period. In the case of termination of employment information about disciplinary responsibility shall be kept permanently. The principles and the procedure related to the safeguarding of other data shall be defined in a sub-legal enactment issued by the Director.

Article 50

(General Provisions on Evaluation of Performance)

(1) The evaluation of performance shall reflect employee's work results shown in the performance of his official duties, as well as his capabilities. The employee's performance shall be evaluated minimum every 12 months and it shall be carried out by means of standard forms prescribed by the Director. The total mark for performance of each employee shall be established under a single system for evaluation of results accomplished during the reported period, under set work standards.

(2) The evaluation of employee's performance may be used for:

a) incentive pay;

b) appointment to another position, that is, another grade within the position;

c) assessment of needs for individual training;

d) assessment of unsatisfactory and inefficient performance;

e) assessment whether an employee on probation satisfies the job requirements prior to the confirmation of his appointment.

(3) An employee shall be provided with a copy of performance evaluation and shall have the right to file an objection against it.

(4) A sub-legal enactment may provide that the performance evaluation is also to be carried out in the period shorter than 12 months, and in the case of probationary period and unsatisfactory results in work an extraordinary evaluation of performance may take place.

(5) The performance evaluation shall be kept in the employee's personal file.

(6) All managers requested to make a performance evaluation shall be trained in terms of procedures and standards to be applied. The ITA shall prepare manuals for managers and employees, which will familiarise them with the procedures and standards.

(7) Further provisions on the procedure and method of performance evaluation shall be regulated in a special Book of Rules issued by the Board at the Director's proposal

Article 51

(Negative Performance Mark)

(1) If the performance mark is negative, an employee, according to his in-line manager's assessment, shall be directed to receive additional training and support from the in-line manager in order to achieve satisfactory results in his work.

(2) If an employee is directed to receive additional training and support referred to in paragraph 1 of this Article, he shall be given a time limit for accomplishing satisfactory standards in his work, which may not be longer than six months.

(3) If an employee does not achieve satisfactory results in the following evaluation period even after receiving the training referred to in paragraph 1 of this Article, his employment shall be terminated.

Article 52

(Probationary Period)

(1) Probationary period shall be a period for familiarising an employee with work during which the evaluation of his performance shall be carried out. An employee who takes up employment in the ITA for the first time, that is, an employee who is promoted, except for a civil servant who is promoted to a higher grade of the position, shall be put on probation.

(2) The probationary period for civil servants shall be six months. Exceptionally, an in-line manager may decide to extend the probationary period by another six months.

(3) Notwithstanding the provision of paragraph 1 of this Article, the civil servant who has been carrying out the same or similar duties at any governmental level shall not be subject to probation.

(4) The probationary period for employees shall be six months.

(5) The probationary period may be extended if an employee on probation was justifiably absent from work for a longer period of time.

(6) Notwithstanding the provisions of paragraph 2 and 4 of this Article the probationary period may be shorter than six months if even earlier it becomes evident that an employee cannot satisfy the requirements of the position.

(7) The employee referred to in paragraph 2 and 4 of this Article shall be assigned a supervisor and he shall be given an opportunity to receive vocational training for the position concerned.

(8) An in-line manager shall evaluate the employee's performance following the expiration of the probationary period. If the performance mark is satisfactory, the in-line manager shall suggest the

confirmation of the employee's appointment. If the performance mark is unsatisfactory, the in-line manager shall suggest the termination of employment.

(9) The procedure and criteria for evaluation of the performance of employees put on probation shall be defined in a Book of Rules issued by the Director.

Article 53

(Trainees and Interns)

(1) The ITA may recruit trainees to positions of civil servants and employees. The traineeship for trainees with secondary school education shall be six months, nine months for trainees with finished school of further education and 12 months for trainees with university education.

(2) The ITA shall recruit interns to positions of civil servants through an open competition for the period that may not exceed two years.

(3) The employee who is to be appointed to a civil servant's position shall, upon the expiration of the traineeship, sit a certification exam.

(4) The trainee who is to be appointed to an employee's position shall, upon the expiration of the traineeship, sit a certification exam. The trainee who passes the certification exam shall, if need be for filling a position, take up employment in compliance with the Law on Labour in Institutions of Bosnia and Herzegovina.

(5) The employment of the trainee who does not pass a certification exam and of the trainee or an intern whose work is no longer needed following a passed certification exam shall be terminated upon the expiration of his traineeship, that is, of the period during which he has been employed as an intern.

(6) The provisions of this Law shall apply accordingly to trainees and interns during their traineeship and internship.

Article 54

(Transfer)

(1) An employee may be transferred to the same or similar position within the ITA in compliance with objectively assessed needs of the service.

(2) A decision on transfer shall be issued by the Director.

(3) The transfer procedure shall be regulated in a sub-legal enactment issued by the Director.

Article 55

(Vocational Training of Employees)

The ITA shall ensure vocational training for employees according to determined needs and priorities. An employee shall have the right and obligation to constantly work on his vocational training and improvement and to participate in all forms of educational activities organised by the ITA. The strategy and the programme of vocational training and improvement shall be determined by the Director.

Article 56

(Certification Exam)

(1) Employees carrying out duties from the ITA main activity shall sit a special, certification exam for work with indirect taxes.

(2) The programme and the manner of sitting the exam referred to in paragraph 1 of this Article shall be defined by the Director.

CHAPTER IX - DISCIPLINARY AND MATERIAL RESPONSIBILITY OF EMPLOYEES IN THE ITA

Article 57

(General Provisions on Disciplinary Responsibility)

(1) An employee shall be disciplinary responsible for breaches of official duty laid down in this Law and the Book of Rules on Disciplinary and Material Responsibility, which have occurred as a result of his fault.

(2) Criminal responsibility shall not exclude the employee's disciplinary responsibility if the elements of that criminal offence simultaneously represent a breach of official duty.

(3) The absolution from criminal responsibility shall not imply simultaneous absolution from disciplinary responsibility

(4) The Book of Rules referred in paragraph 1 of this Article shall be issued by the Director and it shall define the disciplinary procedure, time limits, minor breaches of official duty, types of severe breaches of official duty referred to in Article 58, paragraph 2 of this Law, authorities for carrying out the procedure, as well as other issues related to the disciplinary and material responsibility.

Article 58

(Types of Breaches of Official Duty)

(1) Minor breaches of official duty shall be provided for in the Book of Rules referred to in Article 57 of this Law.

(2) The severe breaches of official duty shall be:

a) misuse or exceeding of official powers;

b) non-performance or negligent, untimely and reckless performance of entrusted duties;

c) non-adherence to the rules provided for in the Code of Conduct, which are laid down as serious breaches of official duty;

d) unjustified absence from work for a period longer than 2 days in a month;

e) serious misconduct toward citizens, associates and other persons when carrying out their duty;

f) revealing of an official secret and confidential information, that is, the violation of the provisions on their safeguarding;

g) any activity or failure for which there is a reasonable suspicion that it is a criminal offence carried out at work or in relation with work;

h) carrying out of activities or work which is directly or indirectly in contradiction with ITA interests and in particular the carrying out of any activity at the premises of legal and physical persons over which the ITA exercises control;

i) damaging of the ITA reputation;

j) inflicting to the ITA a larger material damage on its property or assets, either deliberately or from gross negligence;

k) refusing to carry out his superior's lawful orders;

l) repetition of minor breaches of official duty;

m) abuse of the right to have a leave;

n) avoiding of medical check-ups aimed at establishing health capability;

o) other behaviour contrary to the provisions of this Law.

(3) The types of the severe breaches referred to in paragraph 1 of this Article shall be regulated in the Book of Rules referred to in Article 57 of this Law.

Article 59

(Disciplinary Measures)

For breaches of official duty an employee may be pronounced the following disciplinary measures:

a) verbal caution;

b) written caution;

c) fine;

d) degradation to a lower ranking position or to a lower grade within the position;

e) termination of employment.

Article 60

(Pronouncing of Disciplinary Measures)

(1) For minor breaches of official duty an employee may be pronounced the following disciplinary measures:

a) verbal caution;

b) written caution;

c) fine in the amount ranging from 5% to 15% of one employee's monthly salary received in the month in which a measure is pronounced;

(2) For severe breaches of official duty an employee may be pronounced the following disciplinary measures:

a) fine in the amount ranging from 15% to 30% of one employee's monthly salary received in the month in which a measure is pronounced, in the duration of up to six months;

b) degrading to a lower ranking position or lower grade within the position;

c) termination of employment,

Article 61

(Disciplinary Procedure)

(1) Disciplinary measures for minor breaches of official duty shall be pronounced by the responsible manager.

(2) Disciplinary measures for severe breaches of official duty shall be pronounced by the first instance Disciplinary Committee.

(3) The second-instance Disciplinary Committee shall take decisions on appeals against the decisions referred to in paragraph 1 and 2 of this Article.

(4) The first-instance and the second-instance Disciplinary Committee shall be appointed by the Director from among employees in the ITA.

Article 62

(Statute of Limitations)

(1) The statute of limitations for instigation of a disciplinary procedure for minor breach of official duty shall expire after 12 months from the date the breach was committed.

(2) The statute of limitations for instigation of a disciplinary procedure for severe breach of official duty shall expire after two years from the date of learning about it and its perpetrator.

(3) The first-instance procedure for minor breach of official duty must be completed no later than two months from the date of instigating the procedure, that is, no later than six months from the date of instigating the procedure for severe breach of official duty.

(4) The second-instance procedure must be completed no later than six months from the date when an appeal was filed to the Second-Instance Disciplinary Committee.

(5) The statute of limitations for the execution of a disciplinary measure shall expire after two months from the date when a decision with which the measure was pronounced became final.

(6) If there are objective circumstances which affect the undertaking of the actions referred to in this Article, the statute of limitations shall be interrupted.

Article 63

(Suspension of an Employee)

(1) Suspension means temporary removal of an employee from his position.

(2) An employee may be suspended if:

a) a disciplinary procedure has been instigated for severe breach of official duty;

b) an indictment against the employee has been confirmed in the criminal proceedings against him..

(3) An employee shall be immediately suspended if:

a) he is kept in custody;

b) an indictment against the employee has been confirmed in the criminal proceedings against him, for a criminal act perpetrated during the performance of official duty.

(4) The suspension shall last as long as the reasons for it exist.

(5) When taking a decision on suspension, all circumstances of a particular case shall be taken into consideration. The decision shall determine the duration of suspension and the amount of salary which an employee shall receive during the period of suspension.

(6) An employee who was not pronounced a condemnatory ruling, that is, a disciplinary measure for severe breach of official duty shall have the right to be paid the difference in salary up to the full amount of salary during the period of suspension.

(7) A decision on suspension and reinstatement of an employee shall be issued by the Director. The decision shall be served on the employee in writing.

Article 64

(Material Responsibility of an Employee for the ITA and State Property)

(1) An employee shall be materially responsible for the damage he either deliberately or from gross negligence inflicts to the ITA or to the third party to whom the ITA paid for the damage.

(2) The procedure for establishing material responsibility shall be regulated in the Book of Rules referred to in Article 57 of this Law.

CHAPTER X - INFORMATION SYSTEM

Article 65

(Information System Functioning)

(1) The ITA shall have an information system which shall ensure uniform method of operation and monitoring of standards, classification and nomenclature, data encryption, technical processing, transfer and data production. The strategy shall be defined in the IT Strategy of the ITA and accompanying documents, e.g. IT Security Policy.

(2) Information systems shall deal with the operation of the information technology and projects mentioned in the Strategy and accompanying documents. Main components shall pertain to customs data-processing and the processing of data on other taxes for the collection of which it is responsible, processing of enforcement data and data on related business processes (personal records etc.).

(3) The programme of development, improvement and modernisation of the information system shall be issued by the ITA.

CHAPTER XI - TRANSITIONAL AND CLOSING PROVISIONS

Article 66

(Revision of Powers)

After this Law comes into force all necessary measures shall be undertaken in order for the persons referred to in Article 31 paragraph 2 to be subjected to the revision of powers, testing and training laid down in that Article.

Article 67

(Sub-legal Enactments)

Six months after this Law comes into force sub-legal enactments shall be issued in compliance with this Law.

Article 68

(Offence Procedure)

Until the final harmonisation of Entity Laws on Offences with the Law on Offences of Bosnia and Herzegovina, the ITA shall conduct the offence procedure in the manner as regulated in special laws.

Article 69

(Repeal of Regulations)

With this Law coming into force the Law on Republika Srpska Customs Service ("Official Gazette of Republika Srpska" No. 7/00, 15/00 and 29/00) and the Law on Customs Service of the Federation of Bosnia and Herzegovina" No. 46/00) shall be repealed.

Article 70

(Coming into Force)

(1) This Law shall come into force on the following day from the date of its publication in the "Official Gazette of Bosnia and Herzegovina".

(2) The Law shall be published in the respective official gazettes of the Entities and the Brčko District of Bosnia and Herzegovina.

PS BiH (PA BiH) No.254/05

22 December 2005

Sarajevo

ChairmanChairman	
Of the House of Representatives	**Of the House of Peoples**
Of the Parliamentary Assembly of BiH	**Of the Parliamentary Assembly of BiH**
Nikola SpiricMustafa Pamuk	

ANNEX XVIII – LAWS ON FOREIGN EXCHANGE OPERATIONS IN RS AND FBIH (EXTRACTS)

Republic of Srpska

Article 41

Residents and non-residents shall be obliged, whenever crossing the state border, to declare to the customs officer any amount of effective foreign currency, convertible marks and securities that is being taken into or out of the country in excess of the amounts determined by the Government.

The obligation under paragraph 1 above shall also apply to any representative, responsible person or proxy, taking into or out of the country effective foreign currency, convertible marks or securities on behalf of any legal person or entrepreneur.

Article 48

Customs authorities may impound at a border crossing from a resident or non-resident an amount of convertible marks, effective foreign currency, cheques and securities denominated in foreign currency exceeding the amounts determined by the Government.

Article 50

Residents and non-residents subject to foreign exchange supervision shall allow authorities in charge of foreign exchange supervision unhindered inspection of their business operations and shall make available or send to them, on request, all necessary documentation and provide required data.

The obligations under paragraph 1 above shall also apply to representative offices and branches of residents that perform economic activities abroad. If a person under paragraphs 1 and 2 above fails to provide conditions for the supervision under paragraph 1 above, the inspector shall immediately require from the competent authorities that they should take steps to provide conditions for the supervision.

Article 60

For a misdemeanour, a fine of between BAM 10,000.00 to 15,000.00 shall be imposed against

a resident legal person:

a) that carries out currency exchange operations contrary to Article 38 above;

b) that fails to allow unhindered inspection and examination of its business operations and fails to make available all necessary documentation and provide required data (Article 54).

A non-resident legal person shall be fined by BAM 10,000.00 to 15,000.00 for a misdemeanour under paragraph 1(b).

The responsible person in the resident legal person and non-resident legal person shall be fined by BAM 3,000.00 for a misdemeanour under paragraphs 1(a) and 1(b).

A resident entrepreneur and non-resident entrepreneur shall be fined by BAM 5,000.00 to 10,000.00 for a misdemeanour under paragraphs 1(a) and 1(b) above and paragraph 2 respectively.

A resident natural person and non-resident natural person shall be fined by BAM 1,500.00 for a misdemeanour under paragraph 1(b).

For the acts referred to in paragraph 1 above, besides the fine, a sanction may be imposed and bar the entity from carrying out currency exchange transactions or other activities that were the subject of control, in the shortest period of three months and maximum duration of six months, except for payments and transfers under Article 2(9) above.

Federation of Bosnia and Herzegovina

Article 45

Residents and non-residents shall be obliged, when crossing the state border, to declare to the customs officer any amount of foreign currency cash, convertible marks and securities that is being taken into or out of the country in excess of the amounts determined by the Federation Government.

The obligation under paragraph 1 above shall also apply to any representative, responsible person or proxy, taking into or out of the country foreign currency cash, convertible marks or securities on behalf of any legal person or entrepreneur.

Article 53

Customs authorities may impound at a border crossing from a resident or non-resident an amount of convertible marks, foreign currency cash, cheques and securities denominated in foreign currency exceeding the amounts determined by the Federation Government.

Article 54

Residents and non-residents shall allow authorities under Article 48 above unhindered inspection and examination of their business operations and shall make available or send to them, on request, all necessary documentation and information about the activity the resident performs abroad.

Article 62

Fines, proceeds and means of payment, and the funds arrived at through the sale of items used in or intended for the perpetration of criminal offence or misdemeanour, or generated by the perpetration of criminal offence or misdemeanour, shall be paid into the RS revenue budget. Effective foreign currency, foreign exchange or other means of payment seized as an item of the perpetration of criminal offence or misdemeanour shall be paid into the RS budget revenue account.

ANNEX XIX – RULEBOOK FOR RISK ASSESSMENT AND ENFORCEMENT OF THE LAW ON PREVENTION OF ML/TF ACTIVITIES

BOOK OF RULES

ON RISK ASSESSMENT, DATA, INFORMATION, DOCUMENTS, IDENTIFICATION METHODS AND OTHER MINIMUM INDICATORS REQUIRED FOR EFFICIENT IMPLEMENTATION OF THE PROVISIONS OF THE LAW ON PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

CHAPTER I – GENERAL PROVISIONS

Article 1

(Subject Matter of the Book of Rules)

This Book of Rules shall further regulate criteria for the development of the guidelines for the assessment of risks, information, data and documents required for identification of clients and transactions, and information, data and documents to be forwarded to the SIPA Financial-Intelligence Department (FID), and it shall define the indicators for suspicious transactions, define in detail the meaning of related transactions, and stipulate the requirements and procedures for exemptions from reporting on large and related monetary transactions to FID, and the manner and deadlines for reporting to FID.

CHAPTER II – RISK ASSESSMENT GUIDELINES

Article 2

(Written Internal Risk Assessment Programme – Content and Requirements)

(1) Pursuant to the provisions of Article 5 of the Law on Prevention of Money Laundering and Terrorist Financing (*Official Gazette of BiH*, No. 53/09; hereinafter: the Law), the taxpayers shall adopt a written internal programme defining the risk levels pertaining to the groups of clients or individual clients, their geographic area of work, business relationship, transactions, products or services, the manner of offering these to clients, new technological achievements related to possible abuse for money laundering and terrorist financing purposes, in accordance with this Book of Rules and Guidelines issued by FID and a relevant supervisory body.

(2) A taxpayer shall also include in the internal written programme a method for:

a) the assessed risk reduction;

b) monitoring the risk changes;

c) recording decisions related to a larger or smaller risk for a group of clients or an individual client, its geographic area of work, business relationship, transaction, product or service, the manner of offering these to the client, new technological achievements, the reasons for this assessment and the activities taken with regard to a larger or smaller risk;

d) monitoring of the programme efficiency and implementation;

e) making sure that the internal risk assessment programme is included in internal taxpayer training.

Article 3

(Written Risk Assessment Internal Programme – application of regular, simplified or intensified identification)

Based on the risk assessment, a taxpayer shall decide as to whether to apply regular identification and monitoring of a client, pursuant to Articles 6 through 18 of the Law, or intensified or simplified identification and monitoring of the client's activities, pursuant to Articles 19 through 25 of the Law.

Article 4

(Major Risk – Geographic Location Indicators)

(1) The taxpayer shall take into account that a client whose seat or a Head Office is in the country:

a) which is subjected to sanctions, embargo or similar measures by the United Nations;

b) which is labelled by FATF or other reliable international organisations as being a country lacking the internationally accepted standards for prevention and detection of money laundering and terrorist financing;

c) which is labelled by FATF or other reliable international organisations as being a country funding or supporting terrorism, which includes certain terrorist organisations operating within it; or

d) which is labelled by a reliable source as being a country with a considerable scope of corruption;

may pose a major risk with regard to money laundering and terrorism financing.

(2) The taxpayer shall consider the application of intensified identification and monitoring of such client's activities.

Article 5

(Minor risk - Geographic Location Indicators)

(1) The taxpayers may consider a client referred to in Article 24(b) of the Law, whose seat or Head Office is located in a country as described under Article 6 of this Book of Rules, poses minor risk concerning money laundering and terrorism financing.

(2) The taxpayer may apply a simplified identification and monitoring of such client's activities.

Article 6

(Countries that satisfy the regulations on prevention of money laundering and terrorist financing)

(1) Within the meaning of this Law and the Book of Rules, it may be deemed that countries stated in Annex to this Book of Rules, which are members of the European Union (hereinafter: EU), European economic area (hereinafter: EEA) or the Financial Action Task Force on money laundering (hereinafter: FATF), and those being obliged to issue a law and procedures for financial sector in accordance with the EU directives and FATF recommendations for the money laundering and terrorism financing issues, apply the internationally accepted standards for

prevention and detection of money laundering and terrorist financing, which are equivalent or stringer than those applied in Bosnia and Herzegovina (hereinafter: BiH).

(2) Annex is an integral part of this Book of Rules.

Article 7

(Obligation to Update the List of Countries)

The Minister of Security of Bosnia and Herzegovina (hereinafter: the Minister) shall annually update the list of countries as referred to in Articles 4 and 6 of this Book of Rules based on the FID's recommendations.

Article 8

(Major Risk – Business and Transaction Indicators)

(1) A taxpayer shall deem that a client performing transactions under unusual circumstances, such as:

a) a considerable and unexplainable geographic distance between the location of the client and the institution involved in the transaction;

b) often and unexplained transfer of accounts between various financial institutions;

c) often and unexplained transfer of funds between financial institutions at different geographic locations,

may pose a major risk with regard to the money laundering and terrorist financing activities.

(2) In addition to what has been stated in Articles 21 (Correspondent Relations), 22 (Politically Exposed Foreign National) and 23 (Identifications Not Performed in Person) of the Law shall also take into account that the client:

a) whose structure or nature makes it more difficult for identification of a true owner or a true person performing control;

b) whose business activities involve a considerable amount of cash (or cash equivalents);

c) whose business activities, although they usually do not involve a considerable amount of cash, produce considerable amounts of cash for certain transactions;

d) who is a local or a foreign legal or natural person as described in Article 4(1), which particularly refers to cross-border business activities;

e) who is an accountant, lawyer or other expert having accounts opened with a financial institution and who represents his/her clients;

f) who uses agents that are not subject to the relevant laws on prevention of money laundering and terrorism financing and that are not placed under adequate supervision;

g) who is a politically exposed local;

may pose a major risk with regard to money laundering and terrorism financing.

(3) The taxpayer shall consider the application of intensified identification measures and monitoring of such client's activities.

Article 9

(**Minor risk – Business and Transaction Indicators**)

(1) A taxpayer may take into account that:

a) products related to long-term, savings;

b) occasional or very restricted financial activity;

pose(s) a minor risk with regard to money laundering and terrorism financing.

(2) The taxpayer may apply simplified identification measures and monitoring of such activities and transactions.

Article 10

(Major risk – Trading in Banknotes, Precious Metals and Other Products Providing Anonymity)

(1) A taxpayer shall take into account that the client:

a) whose services involve trading in and delivery of banknotes and precious metals;

b) whose products provide a larger extent of anonymity or which may be easily carried across international borders, such as the internet banking, cards with deposited value, international electronic transfer of money, private investment companies and foundations;

may pose a major risk with regard to money laundering and terrorism financing.

(2) The taxpayer shall consider the application of intensified identification measures and monitoring of such client's activities.

Article 11

(Elaboration of Major Risk Transactions for Reports on Suspicious Transactions (STR))

(1) A taxpayer may take into account the major risk transactions under Articles 4, 8 and 10 of this Book of Rules as being suspicious according to the definition as specified in Article 3(2) of the Law, and it shall take into account the application of intensified identification measures and monitoring of such transactions.

(2) The taxpayer shall also take into account reporting on such transaction, client or a person to FID, pursuant to Article 30 of the Law.

CHAPTER III – IDENTIFICATION AND MONITORING OF CLIENTS BY AND THROUGH THIRD PERSONS.

Article 12

(Third Person Identification Requirements)

(1) In addition to the provisions of Article 16 of the Law (Third Person), when establishing a business relationship with a client, a taxpayer may entrust a third person with identification and verification of the client's identity, establishment of the identity of an actual owner of the client and with gathering data on the purpose and planned type of the business relationship or transaction, in case that such person is an organisation mentioned in Article 4(1)(a), (c), (d) and (e) that also has a seat or a Head Office in the EU country, the country within EEA and FAFT, pursuant to Article 6 of this Book of Rules.

(2) When relying on a third person in case of identification, the taxpayer shall secure that the third person consents to be relied on for the purpose of identification of the client. This consent may be made in writing or orally, explicitly stated or implied.

(3) When relying on a third person, the taxpayer shall secure that information and documentation on identification of the client are available and that the third person shall provide such information upon the taxpayer's request.

(4) The taxpayer shall not rely on a third person with regard to identification, if the third person has not established the client's identity on its own.

(5) The taxpayer shall not rely on a third person with regard to regular monitoring of the client's business activities as referred to in Article 18 of the Law.

Article 13

(Refusal of Transaction in Case of Non-Identification by a Third Person)

If a taxpayer may not identify the client through a third person as referred to in Articles 16 and 17 of the Law and Article 12 of this Book of Rules, the transaction or a business relationship shall be refused, or the taxpayer shall receive information required for identification of the client from the client directly.

CHAPTER IV – GUIDELINES FOR SUSPICIOUS TRANSACTION INDICATORS

Article 14

(Indicators to Raise Doubt – General Indicators)

The text below contains general indicators which should raise doubt in taxpayers in the context of the risk assessment as referred to in Article 5 of the Law and of making a list of indicators as referred to in Article 37 of the Law:

a) The client does not want written notifications to be delivered to his home address;

b) The client leaves an impression that it has accounts opened with several financial institutions within one geographic area, without any evident reason;

c) The client uses one address, but it often changes legal and natural persons staying at that address;

d) The client uses a post box or some other address to receive mails, instead of a street address, when this is not a norm within that geographic region;

e) The client begins to perform frequent financial transactions which involve huge amounts of money, which was not this client's usual practice in the past;

f) The client performs the financial transactions which consistently involve rounded-up and huge amounts of money (exp. BAM 20,000, BAM 15,000, BAM 9,900, BAM 8,500, etc.)

g) The client permanently performs financial transactions which are slightly below the threshold of the amounts which should mandatorily identified, that is, reported,

h) The client performs a transaction in an unusual amount compared to the amounts of its previous transactions;

i) The client asks the taxpayer to keep or transfer huge amounts of money or other means , when this type of activities is unusual for the client;

j) Transactions the structure of which indicates an unlawful purpose and the business purpose of which is unclear or seems to be irrational from the business point of view;

k) Transactions which involve withdrawal of funds shortly after they have been deposited with the taxpayer (accounts for prescribed reserves of non-financial institutions), provided that the momentary withdrawal of such funds cannot be justified by the client's business activities;

l) Transactions in relation to which the reason for which the client has chosen a certain taxpayer or taxpayer's branch office for its transactions is unclear;

m) Transactions which result in considerable, yet unexplainable activity on the account which has previously been inactive mainly;

n) Transactions which do not correspond to the taxpayer's knowledge and experience concerning the client and the stated purpose of the business relationship;

o) Clients that provide false or deceptive information to the taxpayers, or that refuse, without convincing reasons, to provide the required information and documents which are to provided routinely and which are related to the relevant business activity;

p) The client demands exaggerated solvency in its business relationship;

q) Security (pledges, guarantees) by a third person unknown to the bank, without evident affiliation with the client and which do not have convincing and evident reasons to offer such guarantee;

r) Transfers of huge amounts of money, or frequent transfers to or from the countries known by production of illicit drugs;

s) The client is nervous without any evident reason;

t) The client has arrived accompanied, he/she is followed and/or watched;

u) The client brings money exceeding the amounts which, according to the Law, should be identified and/or reported and which the client did not count, unless non-counting is a standard practice of the client;

v) Unexpected payment of non-payable loan, without a convincing explanation;

w) The client endeavours to avoid the taxpayer's attempts to make a personal contact;

x) The taxpayer's client was prosecuted for a criminal offence.

Article 15

(Indicators that should Raise Doubt – Bank Accounts)

The indicators contained in the further text and which should raise doubt specifically pertain to transactions in and via bank accounts:

a) Opening of an account by the client whose address is outside the local service area, without any evident reasons;

b) An account with a large number of small amount deposits and a small number of withdrawals of large amounts of money;

c) Funds deposited on several accounts, then consolidated in one account and transferred outside the country;

d) The client often uses a large number of locations for deposits outside the location of its main business office;

e) The client performs multiple transactions on the same day, which is not a standard practice of that particular client;

f) Activities via the account considerably exceed those planned at the time of opening the account;

g) An inactive account which suddenly begins to be actively used;

h) Unexplained transfers between different accounts of the client's company;

i) Multiple deposits on the client's account made by a third person;

j) Transfers towards another bank without providing details on the user;

k) Granting insurance policy, guarantee or bank guarantee for the third person's loans, which have not been agreed in accordance with the market conditions;

l) A large number of persons deposit money in one and the same account;

m) Withdrawal of money shortly after it has been deposited in the account (account for prescribed reserves of non-financial institutions);

n) Holding shares of non-quoted companies in their fiduciary capacity, of which business activities the bank does not have any information;

o) The client demands the closure of the account and opening of the new accounts to his/her name or to the name of his/her family member, without leaving a written trail;

p) The client demands confirmations on non-performed cash payments or provided guarantees, then immediately deposits such funds in the same bank;

q) The client demands release of payment orders with inaccurate data on the assignment sender;

r) The client demands certain payments to be made via the nostro account of the financial institutions or some other accounts instead of his/her own;

s) The client's demand to accept or record in the accounts the loan collateral which is inconsistent with the business reality, or to grant fiduciary loans for which fictitious collateral has been recorded in the accounts.

Article 16

(Indicators that should Raise Doubt – territory outside BiH)

The indicators contained in the further text and which should raise doubt pertain to transactions which include the territory outside BiH:

a) The client and other parties involved in the transaction do not have any evident connection with BiH;

b) The transaction crosses several international borders;

c) The transaction involves a country in which production of illicit drugs and their export could be spread;

d) The transaction involves a country or territory on which there exists no efficient system for prevention and detection of money laundering and terrorist activities;

e) The transaction involves a country which is known by very secret legislation on banking and economic entities; unless this concerns the countries that have accepted the international standards on prevention of money laundering;

f) The transaction involves the country which is known or suspected to support the money laundering activities or terrorism.

Article 17

(Indicators that should Raise Doubt – Off Shore)

The indicators contained in the further text and which should raise doubt pertain to transactions related to off shore business activities:

a) Accumulation of large amounts of money in the account which do not match the known business transactions of the client, and subsequent transfers to foreign account(s);

b) Loans to or from off shore companies;

c) Unexplained fast electronic transfers by the client.

Article 18

(Indicators that should Raise Doubt – Personal Transaction)

The indicators contained in the further text and which should raise doubt pertain to personal transactions:

a) The client leaves an impression that he/she has accounts opened with several financial institutions within one geographic area;

b) The client makes one or several cash deposits on the general account of a foreign correspondent bank;

c) The client makes credit card transactions which involve huge amounts of money;

d) The client wants his credit and debit cards to be forwarded to the address in the country or abroad, which is not his/hers;

e) The client has a large number of accounts and deposits cash to all of them, and the total amount is enormous;

f) The client often deposits money using automatic bank machines (where this service is available), and these amounts are just below the threshold for identification or reporting;

g) Third parties make cash payments or deposit cheques to the client's credit card;

h) Exchange of a large number of small banknotes (local and foreign) to get large banknotes;

i) Obtaining the bearer instruments by personal delivery.

Article 19

(Indicators that should Raise Doubt – Corporative and Business Transactions)

The indicators contained in the further text and which should raise doubt pertain to corporative and business transactions:

a) Accounts are used for payment in and out of large amounts, but they do not show almost any standard business activities, such as payments of salaries, invoices, etc.;

b) Financial transactions via corporative account are mainly performed in cash, not in a debit and credit form, which is a standard practice in the business activities of the economic entities;

c) The client males the cash payments or deposits cash to cover the bank promissory notes, financial transfers or other transferable and marketable financial instruments;

d) The client makes a large number of evidently unconnected deposits to several accounts, and it often transfers a large part of the funds to one account, in the same bank or elsewhere;

e) The client consistently withdraws large amounts of money to which a large and unexpected amount has just arrived from abroad;

f) A small company situated at a certain location makes payments on the same day in different branch offices throughout a geographic area, which does not seem to be practical for the business activities;

g) There is a considerable increase in the payment of cash or transferrable instruments by a company offering professional consulting services, particularly if a transfer of deposits is made within a short period of time;

h) The client wants his/her credit and debit cards to be sent to him/her to the address in the country or abroad, which are not the address of the client's company;

i) There is an evident increase in transactions via the account, which considerably changes the account balances, and which does not correspond to the standard business activities performed via the client's account;

j) Unexplained transactions take part repeatedly between the personal and business accounts;

k) Using of credit instruments which, although standard in international transactions, does not go with the known business activities of the client.

Article 20

(Indicators that should Raise Doubt –Electronic Transfers of Funds)

The indicators contained in the further text and which should raise doubt pertain to the taxpayers who send or receive electronic transfers of funds:

a) The client transfers large amounts of money abroad and instructs a foreign national abroad to make the payment in cash;

b) The client receives large amounts of money from abroad via electronic transfer of funds, along with instructions or payments to be made in cash;

c) The client transfers the funds abroad without converting the currency;

d) The company's top management immediately remove large transfers from abroad;

e) The amounts of electronic transfers do not match the client's standard business transaction;

f) The client performs transactions which involve the countries known by production or export of illicit drugs, or as being the transit points for narcotic drugs;

g) The client performs transactions which involve the countries known by very secret legal practice in the field of banking and economic entities; unless this concerns the countries that have accepted the international standards on prevention of money laundering;

h) The client performs electronic transfers of funds according to free-trade zones or off shore zones, while such activity is inconsistent with the client's business activities.

Article 21

(Indicators that should Raise Doubt – Credits)

The indicators contained in the further text and which should raise doubt pertain to the taxpayers that grant credits:

a) The Client suddenly and unexpectedly has paid off a problematic credit, without a reasonable explanation;

b) The credit transactions are entered into in the situations where the client already has considerable funds and where the credit transactions do not make sense economically.

Article 22

(Indicators that should Raise Doubt – Life Insurance)

The indicators contained in the further text and which should raise doubt pertain to the taxpayers which grant life insurance coverage or which mediate or operate as life insurance agents:

a) The client performs transactions which result in a suspicious increase in investment contributions;

b) The client denounces the investment or insurance shortly after its purchase;

c) The life insurance contract lasts for less than three years;

d) The transaction involves utilisation and payment of the performance bond, which leads to cross-border payments;

e) The insured party accepts very unfavourable conditions which are not connected with the client's health or age.

Article 23

(Indicators that should Raise Doubt – Securities)

The indicators contained in the further text and which should raise doubt pertain to the taxpayers which operates with securities:

a) Inactive accounts have suddenly become actively used for large investments which do not match the client's standard investment practice and financial abilities;

b) The client wants to purchase a certain number of investments by money orders , passenger cheques, cash cheques, bank promissory notes or some other bank instruments, particularly using the amounts which are hardly below the threshold for mandatory identification or reporting, while the transaction does not match the standard investment practice of the client of his/her financial ability;

c) The client uses the brokerage house, that is, company performing securities trading, to hold funds which are not used for securities trading or derivative instruments, such as futures and options,

for a longer period of time, and such activity does not match either the client's standard investment practice or his financial capacity;

d) The client performs large and unusual securities transactions in cash;

e) Transfers of funds or securities between the accounts which are not known to be connected with the client;

f) The proposed transactions will be funded by the international electronic payments, particularly if the transactions involve the countries which do not have efficient system for prevention and detection of money laundering and terrorism financing in place.

CHAPTER V - INFORMATION, DATA AND DOCUMENTS REQUIRED FOR IDENTIFICATION OF CLIENTS AND TRANSACTIONS

Article 24

(Identification of Natural Persons)

A natural person shall be identified by using his/her identification card, driving licence or passport.

Article 25

(Identification of Legal Persons)

Legal persons shall be identified by using the documents which shall contain the following:

a) Evidence on their legal status – excerpt from the Registry maintained by an institution responsible for registration;

b) identification number assigned by the tax authority;

c) Financial report of business activities;

d) Documents describing the basic business activities of the client;

e) A specimen signature record;

f) Information on authorised representatives and their identification documents, pursuant to Article 24 of this Book of Rules, including their specimen signatures.

Article 26

(Using photocopies for identification)

(1) For all original documents which cannot be left with the taxpayer, the client is obliged to provide photocopies verified by a relevant authority. In case of foreign documents which are not written in one of official languages in BiH, they should be translated and certified by a certified court interpreter.

(2) Taxpayers under Article 4(a) of the Law may establish business relationships within which they will have their personal accounts opened for their regular monthly income and savings, based on the photocopied documents verified by the taxpayer.

Article 27

(Verification of Identification Documents)

Taxpayers shall take care of validity and relevance of information, data and documents constituting the basis for identification of the client, by regular verifications of the existing documents during validity of the business relationship. In case of considerable changes in the manner in which the transaction is performed by the client or in case of other significant changes due to which there is a need for re-

verification of the relationship with the client, new or further information should be demanded and/or collected for identification.

Article 28

(Information Required for Transfer of Money or Valuables)

Information required for transfer of money or valuables shall contain the following data on the payer:

a) Surname;

b) Name;

c) Middle name initials or father's name;

d) Single reference number;

e) Nationality;

f) Address;

g) Number of account and, if the payer does not have it, the provider of the payment service shall replace it with a single identifier which connects the transaction and the payer.

Article 29

(Further Information for Identification Required under Other Regulations)

1) Apart from what has been stipulated by Law on identification of clients and this Book of Rules and Decisions and Guidelines issued by bodies competent for regulation and supervision of banks, insurance companies and lawyers, as well as bodies competent for supervision of other taxpayers, the taxpayer may require further information, data and documents to meet its identification obligation.

2) Other laws and regulations may foresee a stringer obligation of identification in which case such provisions shall apply.

Article 30

(Usage of Software for Client Identification)

Financial institutions may use software programmes to help them identify the clients and collect and analyse information, data and documents, which are relevant for identification of clients and transactions, and when establishing the money laundering and terrorism risks.

CHAPTER VI – INFORMATION, DATA AND DOCUMENTS TO BE FORWARDED TO FID

Article 31

(Information Required for All Reports to be Submitted to FID)

(1) The taxpayer shall be obliged to provide FID with information on the following items, in addition to what has been stipulated in Article 44(1) of the Law.

(2) Information on the taxpayer providing information:

a) Name;

b) Registration number;

c) Address;

d) Contact person;

e) Telephone;

f) Fax;

g) E-mail;

h) Taxpayer category as referred to in Article 4 of the Law (bank, insurance company, etc.)

i) Date of Report;

j) Number of pages (if in writing).

(3) General information on transaction:

a) Number(s) of accounts, as the case may be;

b) Number(s) of transaction(s), as the case may be;

c) Date and time of transaction;

d) The amount and currency of the transaction;

e) Method of transaction;

f) Parties involved in the transaction; and

g) Has the transaction been completed or the taxpayer refused to establish a business relationship, that is, to perform the transaction.

(4) Information on the client and parties involved in the transaction – natural person:

a) Surname;

b) Name;

c) Middle initials or father's name;

d) Single reference number;

e) Nationality;

(5) Information on the client and parties involved in the transaction – legal entity:

a) Name;

b) Registration number;

c) Permanent address.

Article 32

(**Information Required for the Report to be Submitted to FID with regard to Suspicious Transactions, Clients and Persons)**

(1) Further information on the client and transaction:

a) Date of birth;

b) Nationality;

c) Permanent address;

d) Address;

e) Telephone;

f) Fax;

g) E-mail;

h) Occupation, business activities, type of business;

i) Business activity location;

j) Reasons for the establishment of business relations or for performing transactions, and information on the client's activities;

k) the purpose of the transaction and name, surname and address, or the name of the company and seat of a person to receive the transaction;

l) name, surname or the company and seat of a person providing the order, in case of transfer from abroad;

m) information on the source of money or property being the subject matter of transaction.

(2) Information on a third person involved in the transaction (proxy, payee, insured person, etc.) – natural person:

a) Surname;

b) Name;

c) Middle initials or father's name;

d) Single reference number;

e) Date of birth;

f) Nationality;

g) Permanent address;

h) Telephone;

i) Fax;

j) Profession/business activity.

(3) Information on third persons involved (proxy, payee, insured person, etc.) – legal person:

a) Name;

b) Registration number;

c) Permanent address;

d) Telephone;

e) Fax;

f) E-mail.

(4) Description of facts that raised doubts:

(free text)

(5) Description of doubt (why the factual circumstances are suspicious):

(free text)

(6) Annexes:

a) Identification documents (passport, ID Card, etc.)

b) Bank statements

c) Payment order(s)

d) Other relevant documents

CHAPTER VII – RELATED TRANSACTIONS

Article 33

(Explanation for Detection of Related Transactions)

In order to detect transactions made in smaller amounts which do not exceed a threshold stipulated in Articles 6 and 14 of the Law so as to avoid identification and reporting, it is necessary to establish such transactions which originated or which could have originated from a larger amount.

Article 34

(Period of Time for a Related Transaction – less than 24 hours)

In addition to a general definition of a related transaction as referred to in Article 3(4) of the Law, the taxpayer shall also be obliged to deem all transactions between the payee (or its proxy) and the recipient within twenty four hours to be related transactions if they match a general definition of related transactions as referred to in Article 3(4) of the Law.

Article 35

(Period of Time for a Related Transaction – longer than 24 hours)

Transactions shall be deemed to be related if made within a period of time longer than twenty four hours if the taxpayer may establish that every transaction is a part of a range of related transactions.

CHAPTER VII – TAXPAYER EXEMPTION FROM THE OBLIGATION TO REPORT LARGE AND RELATED CASH TRANSACTIONS TO FID

Article 36

(Explanation for Exemption from the Obligation to Report Large Cash Transactions)

(1) Exemption from the obligation to report large and relate cash transactions is aimed at reducing the number of reports on frequent cash transactions which are a part of standard business activities of successful clients that operate in compliance with law and whose activities are known to the taxpayer, thus simplifying the reporting obligation and providing quality information to FID.

(2) Exemption from reporting obligation shall not include identification, maintenance of records and other taxpayer's obligations, in accordance with Law.

Article 37

(Consultations with FID Concerning Non-reporting)

Non-reporting of cash transactions shall only be allowed in cases stipulated in this Book of Rules. If it is unclear as to whether to report on some cash transactions, the taxpayer shall be obliged to contact FID for advice and act in accordance with the provisions of the Book of Rules.

Article 38

(Suspicious Transactions to be Reported to FID)

(1) Suspicious transactions or a client shall always be reported to FID.

(2) If a large or related cash transaction which is below the threshold foreseen in Article 6(1)(b) of the Law also suspicious, it shall be reported to FID.

Article 39

(Exemption from Reporting on Large Cash Transactions)

Reporting on large or related cash transactions shall not be required if the transaction is performed:

a) By an authority of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, Republika Srpska or the Brčko District, or an organization holding public authority;

b) Between the taxpayer and a client as referred to in Article 4 subparagraph (a) (bank), subparagraph (c) (investment and pension societies and funds, notwithstanding a legal form) and subparagraph (e)(insurance company, insurance mediation company, insurance representation company and insurance agents) of the Law, with their seats or mother institutions situated in any of the EU countries or in a country which, according to information of FID, international organizations and other competent international bodies, meets the internationally accepted standards for prevention and detection of money laundering and terrorist financing and which is, as such, marked by the Minister and which concerns a transaction as referred to in Article 6(1)(a) and (b), Article 14(4), (5) and (6) of the Law;

c) Between a taxpayer as referred to in Article 4 subparagraph (a) (bank) and a taxpayer as referred to in Article 4(b)through (e) (client) of the Law, provided that:

   i. The client has its account opened or has established a business relationship with a bank more than 12 months before the cash transaction meeting the criteria for exemption from the reporting obligation,

   ii. Cash transaction involving depositing to or withdrawing funds from the client's account, while the account was opened for standard business activities of the client, and

   iii. The amount and currency of a cash transaction which are usual for the client's transaction activities;

d) Between a taxpayer as referred to in Article 4 subparagraph (a) (bank)and the client, other than those referred to in subparagraph (c) above, provided that:

   i. The client is a legal person registered in BiH for wholesale and retail sale,

   ii. The client has its account opened or has established a business relationship with a bank more than 12 months before the cash transaction meeting the criteria for exemption from the reporting obligation,

   iii. Cash transaction involving depositing to or withdrawing funds from the client's account, while the account was opened for standard business activities of the client related to wholesale or retail sale, or for salary payments to the client's employees,

   iv. The amount and currency of a cash transaction which are usual for the client's transaction activities related to wholesale or retail sale or for salary payments to the client's employees, and that it is one of several regular and repeated transactions involving the similar amounts for the foregoing purposes,

v. The client's responsible person provided the taxpayer with a written statement

confirming the client's opinion that such large and related cash transactions meet the criteria for exemption under this Book of Rules, and

vi. The taxpayer's responsible person provided FID with a written statement informing

FID about its decision on exemption of the relevant client's cash transactions.

Article 40

(Deviation by 50% and more from the exemption threshold – to be reported to FID)

If a cash transaction performed via an account in relation to which the previous transactions were exempt in accordance with this Book of Rules differs by 50% or more in the amount, the cash transaction shall be reported to FID.

Article 41

(Centralised Exemption Register)

(1) The taxpayer shall maintain a centralised register of clients and their accounts, that is, of those whose cash transactions have been exempt from reporting and of the taxpayer's decisions on exemptions.

(2) The Register shall contain the following information, data and documents:

a) To which category under Article 39 of this Book of Rules the exemption belongs,

b) Name, seat and registration number of the legal entity performing cash transactions or the legal entity on whose behalf the transactions are being made,

c) Date of the established business relationship with the client,

d) Description of the purpose of the cash transactions and whether they concern withdrawals from or deposits to the account,

e) The scope (minimum and maximum amounts) and currency of the cash transactions being the subject matter of exemptions,

f) Frequency of transactions (exp. once in a week, once in a month or yearly, etc.)

g) The name of the taxpayer's responsible person who rendered a decision on exemption from the obligation to report the relevant client's cash transactions.

(3) The taxpayer shall be obliged to update on a regular basis the central register of clients and their accounts, and to enable FID to have a direct and smooth access to the Register.

Article 42

(Unmet Exemption Criteria – FID's Instructions)

If FID considers that the cash transactions entered into the register of exemptions do not meet the exemption criteria, FID shall order the taxpayer in writing to revise the exemption or to provide FID with the report on large and related cash transactions of the relevant client, in accordance with the Law.

Article 43

(Annual Verification of Cash Transactions)

The taxpayers shall annually verify the cash transactions exempt from the reporting obligation and the accounts via which they were made, in order to establish if the transactions have met the exemption criteria under this decision and to verify the accuracy of information entered into the Register.

Article 44

(Altered Statement)

If the information entered in the Register of Exemptions does not indicate the cash transactions made, the taxpayer shall request the client to provide a new written statement in accordance with Article 39(d)(v) of this Book of Rules.

Article 45

(Unmet Exemption Criteria – Reporting by Taxpayer)

If the taxpayer considers that the cash transactions of a relevant client do not meet the exemption criteria any longer, it shall report on them to FID and inform the client that the exemptions is valid no longer.

CHAPTER IX – FINAL PROVISIONS

Article 46

(Entry into Force)

This Book of Rules shall enter into force within 8 days of its publication in the *Official Gazette of BiH*.

Article 47

(Harmonisation of Internal Legal Acts)

The taxpayers shall be obliged to harmonise their internal legal acts with this Book of Rules within 30 days of its entering into force.

Article 48

(Ceased validity of the Book of Rules pursuant to the

Law on Prevention of Money Laundering)

By entering into force of this Book of Rules, the Book of Rules on Data, Information, Documents, Identification Methods and Minimum Other Indicators Required for Efficient Implementation of the Provisions of the Law on Prevention of Money Laundering (*Official Gazette of BiH*, No. 17/05) shall become null and void.

Number: ___/09 DEPUTY MINISTER

Date: _____2009 Mijo Krešić

Annex to the Book of Rules

on Risk Assessment, Data, Information, Documents, Identification Methods and Other Minimum Indicators Required for Efficient Implementation of the Provisions of the Law on Prevention of Money Laundering and Terrorist Financing

In accordance with Article 6 of this Book of Rules and pursuant to the Law on Prevention of Money Laundering and Terrorist Financing (*Official Gazette of BiH,* No. 53/09), the countries listed in the text below, being the member countries of the European Union (EU), the countries of the European Economic Area (EEA), and the members of the Financial Action Task Force on money laundering (FATF), and which are obliged to adopt the financial sector legal regulations and procedures consistent with the European Union Directives and the FATF Recommendations for money launderings and terrorism financing may, for the purpose of this Law, be considered the countries which have accepted international standards for prevention and detection of money laundering and financing of terrorist activities, which are identical to or stringer than those applicable in Bosnia and Herzegovina.

Argentina

Australia

Austria

Belgium

Brazil

Bulgaria

Cyprus

China

Montenegro

Czech Republic

Denmark

Estonia

Finland

France (including French overseas territories of Mayotte, New Caledonia, French Polynesia, Saint Pierre and Miquelon, and Wallis and Futuna)

Gibraltar

Greece

Hong Kong

Croatia

Ireland

Island

Italy

Japan

South Africa

Canada

Latvia

Lichtenstein

Livonia

Luxemburg

Hungary

Malta

Mexico

Netherlands (including the Netherlands Antilles and Aruba)

Germany

Norway

New Zealand

Poland

Portugal

Romania

Russian Federation

Singapore

United States of America

Slovakia

Slovenia

Spain

Serbia

Sweden

Switzerland

Turkey

United Kingdom (including the three Crown Dependencies - – Jersey, Guernsey and the Isle of Man)

ANNEX XX – OTHER LEGISLATION ON PREVENTATIVE MEASURES

Law on Internal Payment Transactions in Republic of Srpska

Article 14

Authorized organizations are forbidden to open for participants hidden accounts and to issue savings books or deliver other services that may, directly or indirectly, enable participants to conceal the identity.

Decisions on minimum standards for banks in RS and FBiH

Article 2

Banks shall adopt, in a written form, a Program for implementation of activities referred to in Article 1 of this Decision, i.e. the program for money laundering and terrorism financing risk management, and shall provide the implementation of adequate control procedures ensuring the Program, policies and procedures to be completely implemented in practice. The risk of money laundering and/or terrorism financing represents a possibility that a customer misuses a bank for money laundering and terrorism financing, and that a business relationship, transaction or product is, directly or indirectly, used for money laundering and/or terrorism financing.

The provisions of the Program, and all policies and procedures shall be fully implemented by banks in their headquarters, all branches and other organizational parts located in the country and in all branches and other organizational parts abroad. Banks are required to pay special attention to activities of their branches and other organizational parts located abroad. By means of acts referred to in previous paragraph and in their implementation, banks are required to ensure high ethical and professional standards of all responsible persons and efficient prevention of possibilities for a bank to be misused, consciously or unconsciously, by means of criminal elements for the purpose of money laundering and terrorism financing, thus implying prevention, detection and reporting of authorized institutions on prescribed or suspicious activities.

Article 6

By means of customer acceptance policy, banks are obliged to define risk factors based on which banks determine customers' acceptance, taking into account the geographic risk factors, risk factors referring to customers individually, and risk factors referring to products and services being offered to customers. This policy shall, at a minimum, encompass the following risk factors:

a) country of origin of the customer, country of origin of the majority owner, i.e. beneficial owner of the customer, regardless of whether such country is on the list of noncooperative countries and territories issued by the international body for control and prevention of money laundering, on the list of countries listed as offshore zones, or list of

non-cooperative countries established and updated by the Financial Intelligence Unit of the State Investigation and Protection Agency (hereinafter FIU), or on the list of countries considered as risk-bearing ones by the bank based on its own assessment;
b) country of origin of persons that conduct transactions with the customer, regardless of where the country is on the lists listed under item a) of this Article;
c) customer, majority owner, i.e. beneficial owner of the customer, persons that conduct transactions with the customer – being put under imposed measures in order to establish international peace and security in accordance with the resolutions of the United Nations Security Council, the Council of Europe;
d) unknown or unclear fund sources of the customer, i.e. funds whose source cannot be proved by the customer;
e) cases bearing doubt that the customer does not act for its own account, i.e. acts according to orders and instructions of a third entity;
f) uncommon flow of transaction, particularly when its basis, amount and manner of execution, account opening purpose as well as the customer's activity are put under consideration – if the customer is a person that performs a business activity.
g) cases bearing doubt that transactions performed by the customer may be put in correlation with money laundering and terrorism financing activities;
h) customer is a politically exposed person;
i) accounts of other persons related to the customer;
j) characteristics of the customer's operations.

Article 7

Banks shall determine the acceptance of a customer, depending on risk factors, in the following manner:
a) perform customers classification with a description of customers' type that might represent risk customers for a bank, determine types of products and services that may be extended to certain categories of customers;
b) specify the conditions under which the contractual relationship, i.e. business cooperation with a customer shall be established, and reasons for cancelling the existing contractual relationships.
In order to determine the acceptance of a customer, banks shall prescribe:
a) procedure for determining risk factors related to the new customers;
b) procedure for determining risk factors during the ongoing business relationship with a customer;

c) manner of treatment different customers.

Article 9

In terms of this Decision, customers of a bank are:

1. natural and legal persons opening or have already opened accounts with a bank;
2. natural and legal persons in whose name or benefit a bank account is being opened or is opened, i.e. the ultimate beneficial owner;
3. natural and legal persons intending to perform or performing financial transactions through a bank;
4. natural and legal persons performing transactions through different kinds of intermediaries; and
5. any natural or legal persons related to a financial transactions that may cause the risk of reputation to a bank, or may expose such bank to any other risk.

Article 10

Banks are obliged to determine detailed and overall procedures for identification of new customers. Such procedures shall depend on risk category to which individual customers belong, as well as products and services which to be used by the customers. Depending on these categories, a bank shall apply proportional measures for customer identification. The identification measures may be: simplified, standard and enhanced.

The identification procedure shall be implemented at the beginning of business relationship establishment. However, in order to secure that documents are still valid and relevant, banks shall perform regular reviews of already existing documents. Additionally, banks shall perform such reviews in all cases when significant transactions are being performed, when significant changes appear in the customer's manner of using the account for transactions, and when a bank significantly changes the standards for documenting the identity or transactions of a customer.

5

In establishing business relations with new customers, as in the cases under previous paragraph, banks shall perform verification of each customer's identity using reliable, independent sources of documentation, data or information, respectively (identification data). The customer's identity verification must be completed prior to the establishment of business relation, i.e. during the banking day in which the business relationship is being established. Exceptionally, the verification may be performed even after establishing a business relation, provided that, in case of transactions, it is to be finalized prior to the transaction completion, i.e. approval of the customer's account or payment of funds in case of occasional transactions representing inflows

(receiving money and loro payments). If a business relation is established without the verification conducted, in case of transactions representing outflows (sending money or nostro payments) the verification is to be conducted before such transaction is established.
When the verification cannot be conducted within the deadlines defined in previous paragraph, the established business relation shall be terminated and the FIU shall be informed on the same.

Article 11.

(1) The documents from which the bank determine the identity of the client and based on which it performs the verification of the client's identity in general should be of such nature that they are hard to obtain in an illegal manner or falsified, as well as the document prescribed by other appropriate regulation. Special attention the banks should give to the nonresident clients and they should not restrict or incompletely implement the procedures for determining the identity in the cases when the new client is not capable to present himself at the interview.
(2) When the client is a nonresident the bank should always ask the question to itself and the client: why did that client choose a bank in a foreign country to open an account.
(3) In the cases when the bank learn that they do not have enough documentation about an existing client they are obliged to take urgent measures in order to collect such information in a fastest manner possible, and until they get them they cannot perform market transactions, or they are obliged to perform the verification of the changed identification data.
(4) The banks are obliged to prescribe for the client identification and each individual product standards about the type of documentation needed and time period for maintaining the documentation, and at least in compliance with the appropriate regulations for safekeeping of the documents.
(5) The banks cannot open an account nor perform operations with a client which insists on his anonymity or who in identification uses a false name, present incorrect identification data and falsified documentation. In such cases the banks can refuse the opening of the account, or the establishment of the business relation with the clients without an obligation to give explanation. In these cases it is necessary to develop a note about the business contact with the client and about that inform FOO.
(6) In the cases of inactive accounts the banks are obliged to be especially prudent in the case they become suddenly active, especially if their activation is through transactions of significant amounts or show some of the indicators of the suspicious activities. In such cases, apart from other, it is necessary that the banks perform a repeated review of the client identity.

(7) In all cases the banks are obliged to perform a review of the documentation as well as checking if the client really exists, if he is at the registered address, does it really perform listed business activities.

Article 12

Banks shall apply simplified identification measures when establishing a business relation with the following customers:

a) government bodies and institutions, regardless of the level of the state organizational structure (state, entities, district, municipalities),

b) public companies and institutions founded by state, entities, district or municipalities,

c) reporting entities obliged to carry out measures for the prevention of money laundering and terrorism financing, whose implementation of legal and other regulations regarding anti-money laundering and terrorism financing is supervised by bodies and agencies established in accordance with separate laws,

d) other customers, legal or natural persons, for which a bank determines, based on risk analysis, that they carry a low level of risk from money laundering and terrorism financing, such as, for example, natural persons who open accounts serving for regular monthly payments (salaries, pensions, etc), and saving accounts.

Article 14

Within the simplified identification measures, banks shall collect the following data and information about customers:

1. name, address and head office of a legal person establishing a business relationship, i.e. name, last name and address of natural person establishing a business relationship;
2. name and last name of a legal representative or a person authorized by power of attorney who shall establish a business relationship in the name of legal person;
3. purpose and intended nature of a business relationship and fund source;
4. date of business relationship establishment;
5. other in compliance with relevant regulations.

A bank shall verify the collected data and information regarding a customer by reviewing documents encompassing the collected data and information about a customer, such as: personal identification documents, abstracts from appropriate registers, documents on which the customer or authorized person deposited his/her signature, and other in accordance with the bank risk analysis performed.

Article 17

Banks shall apply enhanced identification measures when establishing a business relationship with the following:

a) banks or similar credit institutions seated abroad;

b) politically exposed persons; and

c) customers who failed to be present in person when establishing a business relationship,

i.e. implementation of identification measures

Banks shall also implement the enhanced measures of identification and monitoring where, by risk assessment, it is confirmed that a customer is of high risk level of money laundering and terrorism financing.

Article18

When international payment transaction operations are performed via networks of other banks or similar credit institutions seated abroad, with which banks have established certain business relationships (correspondent relationships), and when such operations are performed for banks or similar credit institutions seated abroad (respondent relationships), banks shall undertake enhanced measures of identification and monitoring of a business relationship in order to avoid holding and/or transferring money connected to money laundering and/or terrorism financing. With regard to the abovementioned, banks shall collect all necessary information regarding their correspondent and respondent banks in order to get fully familiarized with the nature of their operations. Necessary factors and information to be encompassed are the following:

1. location (country) of bank's head office;
2. management;
3. main business activities;
4. efforts in the area of money laundering and terrorism financing prevention, as well as adequate customer acceptance policies and know your customer policies;
5. purpose, i.e. intended nature of establishing a business relationship;
6. identity of third persons to be using this type of service;
7. condition of bank regulations and supervision function in the country of bank's head office, etc.

Banks are allowed to establish such business relationships only with banks located in countries where authorized institutions perform efficient bank supervision. A bank shall not establish a business relationship with a "shell bank" and shall develop procedures providing the aforesaid and preventing the establishment of a business relationship with banks known for allowing their

accounts to be used by “shells bank”.

Banks are obliged to prevent the risk of correspondent and respondent accounts being used by third parties for the purpose of performing activities for their own benefit.

Banks are obliged to devote special attention to payable-through accounts which are held for foreign banks, in order to avoid the possibility of direct access of such banks customers (subholders of accounts) to those accounts with an aim to perform transactions such as issuing checks, withdrawing and payments of cash, etc, provided that those customers were not subject to identification procedures and monitoring during account opening, i.e. business relationship establishment, where the respondent bank is obliged to provide relevant data about the executed identification and monitoring of the account sub-holder at the request of the account holder bank.

Article 19

In establishing business relationships or performing transactions (in case of not establishing a permanent business relationship), banks shall apply procedures that will enable defining whether a customer is a politically exposed person.

Foreign or domestic politically exposed persons are persons entrusted with prominent public functions of high rank on the state and international level (state, entities, district, municipality), their family members, and persons they closely work with. Politically exposed persons are also persons who have been entrusted with this duty, provided that a period of one year has not elapsed since the duty termination. Persons holding a middle or lower rank function shall not be considered as politically exposed persons.

10

The procedures shall enable all banks to collect all data and information on a customer’s political exposure, directly from the customer and/or registry books and data basis accessible to the public.

According to the abovementioned, banks shall:

1. have risk based adequate procedures in order to determine whether a customer is a politically exposed person;
2. have an approval from the management board to establish business relationships with such persons;
3. take adequate measures in order to determine the source of funds included in a business relationship or transactions;
4. implement enhanced monitoring of such business relationship.

Banks shall apply the same measures of identification and monitoring in cases when founders, beneficial owners, persons authorized to represent, and persons authorized to dispose of funds on

the legal person's account are politically exposed persons.

Article 21

Banks shall adopt policies and procedures and undertake measures necessary for the prevention of technological development misuse for the purpose of money laundering and terrorism financing.

By means of such policies and procedures, banks shall define specific risks relating to the establishment of business relationships for transaction electronically, via internet and other interactive computer system, telephone, ATMs (automatic teller machine), via the use of electronic cards linked to customers' accounts (debit and credit) for cash payments and withdrawals.

Within the scope of such risk management, a bank shall:

1. apply enhanced measures of identification when establishing a business relationship with a customer;
2. ensure that interbank electronic transfers (SWIFT, etc) and transfers carried out by customers using special terminal via free telecommunication lines (POS banking), as well as other transfers referred to in paragraph 2 of this Article, are followed by identification data on ordering party and receiving party, respectively during the entire transfer flow;
3. establish, regularly review and test safety measures and test control system and process;
4. ensure that the verification of a customer includes a combination of at least two ways of the customer's identity confirmation;
5. apply secure and efficient measures for the confirmation of customer's identity and authorizations.

In conducting these transfers, a bank shall respect all obligations regarding domestic and international transfers, respectively.

When a bank is unable to provide all necessary identification data and information about a customer, it shall refuse to extend these types of banking services.

Article 22

In fulfilling the requirements of identification and verification of a customer's identity, banks may rely on a third party, but the ultimate responsibility for the fulfillment of requirements is on the banks relying on a third party. Banks are obliged to provide immediately all necessary information and data about a customer. A bank shall fulfill the requirements for a copy of documents on data and information based on which a third party has conducted the verification of customer's identity to be available without delay at the bank request.

A third party, in this sense, represents all reporting parties on implementation of anti-money

laundering and terrorism financing measures as defined by the Law on Anti Money Laundering and Terrorism Financing, which are regulated and supervised by special regulatory bodies. A third party may also be an equivalent institution from a foreign country, for which a bank is obliged to provide evidence that such institution meets the defined requirements, where it may use the reports from international institutions with authorities in the prevention of money laundering and terrorism financing (Financial Action Task Force-FATF, Moneyval Committee Council of Europe, World Bank, IMF, etc.).

A third party is not represented by institutions with which a bank has concluded a contractual relationship on performing certain activities (outsourcing), or when such institutions meet the third party requirements. In such cases, a bank is deemed to have conducted the identification and verification of customer's identity by itself.

Article 27

Banks shall carry out continuous monitoring of accounts and transactions as a basic aspect of efficient know-your-customer procedures. For this reason, banks are obliged to previously receive and define responses to one of the most important questions of what is the nature of normal and reasonable or normal or regular activities on their customers' accounts. When they accomplish that, banks shall provide means or instruments, methods or procedures for detection of transactions not fitting into such nature of behavior, are shall use these procedures to efficiently control and minimize the risk in operations with customers.

The scope of banks' work on transaction monitoring on their customers' accounts shall be adjusted to the needs for adequate risk sensitivity. For all accounts, banks are required to establish a system that shall enable the detection of irregular, uncommon and suspicious types of activities.

Article 31

By policy on money laundering and terrorism financing risk management, banks shall define the responsibility of bank's management body, drafting and coherent application of clear and precise procedures for reporting to the appropriate internal bank's management bodies, as well as competent institutions in accordance with law and regulations of all prescribed and suspicious customers' transactions and the obligation of appointing persons to coordinate bank's operations on money laundering and terrorism financing prevention.

Article 32

By such policy, banks shall define the commitment of bank's management body (supervisory and management board) towards high level of corporate management in their banks. Such commitment promotes high level of compliance with both international standards and national laws and by-laws, and is necessary for achieving and maintaining the compliance of their operations with prescribed standards of money laundering and terrorism financing prevention. This implies that the bank's management bodies promote the integrity of person appointed for coordinating activities aimed at money laundering and terrorism financing prevention, and in general, high level of standard of corporate management in communication with the banking officials and corporate persons, with the aim of high-quality management of risks which may arise from money laundering and terrorism financing.

Supervisory boards are responsible for adopting efficient Program and ensuring that adequate control procedures shall be implemented in banks enabling for the program, policies and procedures, as its integral part, to be fully implemented in practice.

Banks' policies and procedures should be efficient and encompassing regular procedures for appropriate and successful supervision by the management, internal control systems, internal audit, division of duties, training of appropriate staff and other segments closely related to this field.

For the implementation of banks' policies and procedures, the banks' Program shall clearly define responsibilities that are distributed across appropriate carriers, i.e. appropriate organizational units or functions, management, other management and other bank employees.

Article 33

Lines of reporting on prescribed, uncommon, unusual and suspicious customers' transactions must be clearly defined. Such reporting must be regular and efficient in practice, and lines of reporting available to all bank units and persons obliged to report in accordance with internally prescribed reporting policies and procedures.

Article 34

Alongside with the commitment from previous article of this decision, banks shall also adopt internal procedures for reporting to competent bodies outside the bank, in accordance with appropriate law and regulations, of all prescribed information and data.

Banks are obliged to completely execute their reporting obligations towards responsible institutions as defined by law.

Article 35

Banks shall keep records of all transactions carried out by customers and the relationship with customers, by type, in the manner and for the time-period as prescribed by appropriate law.

Article 36

Banks' supervisory boards shall ensure that in the banks, at the management level, authorized persons are appointed who will be responsible for coordinating all bank activities in monitoring banks' compliance with all legal and other prescribed requirements subject of this decision and efficient implementation of the Program.

Authorized person for bank's compliance with prescribed requirements for money laundering and terrorism financing prevention activities should:

1. be responsible for ensuring proper functioning of reporting function towards competent institutions, prescribed by law and other regulations, of all transactions exceeding the prescribed amount, all related and suspicious transactions;
2. be responsible for ensuring proper functioning of the reporting lines in accordance with the Program;
3. have appropriate qualifications, knowledge, experience and good working and moral reputation;
4. have appropriate necessary means for conducting his/her function, including at least two executants, where one is responsible for monitoring of suspicious customer detection, and the other for monitoring the lines of reporting towards competent institutions and internal reporting line, as well as authorizations for adopting individual decisions and seeking legal support. In larger banks, the need for more executants should be assessed;
5. have daily full access to customer monitoring system;
6. receive reports on suspicious customer activities daily;
7. have authorizations to issue an order to relevant employees for implementation of procedures part of law, regulations and the Program, and inform the bank's management and supervisory board;
8. be able to monitor domestic and procedures related to the abroad for the purpose of examining potential suspicions;
9. undertake steps to improve his/her knowledge and skills and knowledge and skills of the employees working under his/her orders and other relevant bank employees;
10. have direct and immediate relationship with the bank management and supervisory board, and at least quarterly submit report to the bank management and supervisory board on bank's acting and its compliance with the requirements for money laundering and terrorism financing prevention activities, as well as the activities undertaken against

detected suspicious customers;
11. at least once a year conduct the assessment of adequacy of the current Program, policies and procedures, risk assessment and propose to the supervisory board proposals for their updating and improvement;
12. provide full necessary support in activities conducted by the bank's internal audit;
13. include in their procedures also the elements for integral investigation on responsibility of bank employees who have neglected their duties in this field.

Article 37

Internal bank audits shall implement regular assessment and ensure for the program, its policies and procedures for money laundering and terrorism financing prevention activities, i.e. policies and procedures "know your customer" to be fully implemented and aligned with all law and other regulation requirements.
Compliance of bank operations with law and regulation requirements should be the subject of independent assessment by the function of internal bank audit, including the assessment of adequacy of bank policies and procedures from the perspective of law and other regulation requirements.
Mandatory function of internal bank audit also represents continuous monitoring whether and in which manner certain bank employees perform and conduct the requirements of program, policies and procedures namely through testing of compliance in cases of adequately selected samples of customers, accounts and transactions, as well as the accuracy of reporting on uncommon, unusual, suspicious and transactions prescribed by law and other regulations.

Article 38

The function of internal bank audit should represent fully independent assessment of risk management and functioning of bank internal control system. Internal audit shall report its findings and assessments regularly, i.e. periodically (at least once a year) to the bank audit board and/or supervisory board in accordance with law. Such reports shall include findings and assessments of bank efficiency in all matters prescribed by law and regulations, program, policies and procedures of a bank which regulates bank's obligations regarding money laundering and terrorism financing prevention activities. The assessment of adequacy of bank employees' training in this field should also be one of the important chapters of such reports.

Article 39

Bank supervisory board shall ensure that the internal bank audit is professionally and

technically equipped especially with personnel who are thoroughly familiar with the program, policies and procedures, and possess high moral and professional skills especially in the field "know your customer".

Among other things, internal bank audit personnel must be extremely pro-active regarding the monitoring of activities which the banks are obliged to undertake based on the findings and assessments of internal audit, external audit and law enforcement institutions.

Article 40

In the process of conducting independent external audit of their financial reports, banks are oblige to, with independent external audit companies, make an agreement on conducting audit and assessment of implementation of legal and prescribed bank obligations, implementation of program, policies, procedures, internal control systems and functioning of internal bank audit, and assess whether the bank has aligned its operations with the requirements for money laundering and terrorism financing prevention activities with mandatory use of testing technique.

Decisions on minimum standards for Leasing Companies in RS and FBiH

Article 2

Leasing providers are obliged to adopt, in a written form, a program with policies and procedures for the implementation of activities referred to in Article 1 of this decision, i.e. the program for money laundering and terrorism financing risk management, and provide the implementation of adequate control procedures ensuring their implementation in practice.

The risk of money laundering and/or terrorism financing represents a possibility that a customer misuses a leasing provider for money laundering and terrorism financing, and that a business relationship, transaction or product is, directly or indirectly, used for money laundering and/or terrorism financing.

The policy and procedure provisions shall be fully implemented by leasing providers in their head offices and in organizational units.

Leasing providers shall ensure high ethical and professional standards and integrity of all responsible persons in implementing the acts of this Article and efficient prevention of possibilities for a leasing provider to be misused by means of criminal elements which implies the prevention, detection and reporting of authorized institutions on criminal activities or frauds, i.e. prescribed or suspicious information and activities.

Article 5

By means of policy on customer acceptance, a leasing provider shall define a clear policy on which and what kind of customers are acceptable for the leasing provider, as well as prescribe the overall procedures for such policy implementation. Such policy shall also include the elements such as customer history and reputation, customer origin country, public or some other high ranked position in case of natural person, related persons, types and nature of business activities, and other possible risk indicators.

Leasing providers should devote special attention to geographic location of a credit institution as a source of funds, with the aim to prevent the establishment of business relationship with a credit institution registered in the country within which it does not perform its business activity, and which is not connected to a financial group subject to the monitoring for the purpose of detecting and preventing money laundering and terrorism financing.

Article 7

Leasing providers shall adopt a risk assessment procedure which shall define the activities of responsible employees during the process of assessment of customer risk level and leasing subject. The risk assessment must also include the risks such as country risk or geographical risk, product and business relationship risk. A special attention should be devoted to the risk elements such as leasing contract value, leasing fee amount, customer profile and the existence of adequate specific controls.

In the case of other risk type identification, leasing providers shall, by means of assessment, include such types of risks as well.

In accordance with the performed risk assessment, leasing providers may classify their customers into categories representing low, medium and high risk.

Article 9

The policy on identification and continuous monitoring of customer activities shall be the main element of the "Know your customer" principle. In terms of this decision, leasing providers are:

1. natural and legal persons which, based on the leasing contract, acquire the right to own and use the leasing subject;
2. natural and legal persons that buy assets owned by a leasing provider;
3. every legal and natural person (supplier) that, based on a contract or in another legally prescribed manner transfers the leasing subject ownership right to the leasing provider;
4. natural and legal persons that act as agents in the leasing operations and
5. any natural and legal person related to a financial transaction and leasing subject which may cause reputation risk to the leasing company or expose it to some other risk.

Article 10

Leasing providers shall establish detailed and overall procedures for new customers' identification and are in no position to establish business relationships with them as long as the identity of new customers is not identified in a satisfactory manner.

Leasing providers are obliged to document and apply policies for the identification of customers and persons acting on their behalf or for their account. Documents based on which each customer identity is determined in general should be of such nature that they are hard to be obtained illegally or forged, as well as the documents prescribed by other relevant regulation. Leasing providers shall devote special attention to non-resident customers and shall not narrow down or incompletely perform the procedures for identity determination in case when a new customer is in no position to present himself/herself at the interview.

The identification procedure is performed at the beginning of business relationship establishment. In order to ensure that the documents are currently valid and relevant, leasing providers shall also up-date the existing documents. Additionally, leasing providers are obliged to conduct such reviews in all cases when significant transactions are performed, when significant changes emerge in the way a customer uses the leasing subject and when a leasing provider significantly changes the standards for documenting customer's identity or transactions.

In cases when leasing providers come to knowledge that they lack information on an existing customer, they are obliged to undertake urgent measures in order to obtain such information in an adequate manner.

Article 11.

(1) The leasing companies are obliged to, for the client's identification, prescribe standards for the type of the required documentation and time period for keeping the documentation, the least in compliance with the appropriate regulations for the safekeeping of documents.

(2) The leasing companies are obliged to, before concluding a leasing contract, perform client identity identification using reliable, independent sources of documentation, data and information. If they are unable to perform the verification of the client's identity, the leasing companies should consider termination of the business collaboration with the client and submitting the report to the authorized institutions.

(3) Leasing companies cannot establish business relations with a client which is insisting on his anonymity or which is presenting himself with a false name. Leasing companies can refuse the establishment of a business relation with clients without an obligation to provide an

elaboration.

Article 14

Standard identification and monitoring measures are applied for customers identified as bearing a medium risk level. The standard identification and monitoring measures include identification and verification of customer and beneficial owner, collection of information regarding the purpose and intention of a business relationship or customer transaction, as well as continuous monitoring of its performance, including the source of funds used in business operations. The stated activities and measures shall be applied to all customers by leasing providers, provided that, depending on the assessed risk level, simplified, i.e. enhanced identification and monitoring activities and measures can be applied to certain customers.

For natural persons who wish to be leasing provider customers, leasing providers are obliged to determine the identity and provide the following information and documents:

1. first and last name;
2. date and place of birth;
3. personal identification number or ID number;
4. address and residence certificate (CIPS (Citizens Identity Protection System) record or other document based on which it is possible to prove a place of residence);
5. name and head office of the employer;
6. confirmation and/or certificate of employment issued by employer;
7. personal identification document (identification card, driving license, passport or other identification document which can undeniably and with certainty confirm the identity);
8. facsimile of customer's signature and document on which such customer has deposited his/her signature, and other data based on leasing provider assessment;
9. data and documents (for the customer as well) on persons authorized to represent;
10. data on sources of funds (rental contracts etc.);
11. data on purpose and intended nature of a business relationship and other data based on leasing provider assessment;

Leasing providers shall verify all information and data by means of review of original documents or certified document copies issued by authorized bodies, including ID, i.e. passport. In person to person contact, the customer's photo on the document shall be verified. Every subsequent change of the information or document from paragraph 2 of this Article shall be verified and documented.

For legal persons wanting to be leasing provider customers, leasing providers shall ensure the

following information and documents:

1. name and head office of the customer;
2. abstract from an appropriate registry book as a proof of its legal status;
3. identification number assigned by tax and other bodies and institutions to which a customer is obliged to register its activities, in accordance with specific laws;
4. identification documents of founders and beneficial owners if being natural persons, i.e. certificates from appropriate registry books if being legal persons;
5. personal identification documents and specimen signatures of persons authorized to represent, and persons authorized to dispose of funds on customer's accounts;
6. certificates and other documents from bodies and institutions necessary for conducting activities;
7. data on business and financial capability and other data based on leasing provider assessment;
8. financial statements on operation.

In all cases, leasing providers are obliged to verify the documents and check whether the customer really exists, whether the customer resides at the registered address, and whether such customer performs the stated business activities.

A leasing provider shall request the copies of all original documents unavailable to be held by a leasing provider.

Article 15

Leasing providers may apply simplified identification and monitoring activities and measures to the following customers:

1. administration body;
2. institution with public authorities;
3. financial and other institutions obliged by law to implement money laundering and terrorism financing prevention measures, with the head office in B&H or a country which accepted the international standards for prevention and detection of money laundering and terrorism financing, and which are the same or more strict that those implemented in B&H;
4. business companies whose shares may be traded at the regulated capital markets and
5. other customers determined as bearing a low risk level.

In cases stated in the previous paragraph, leasing providers are obliged, in any case, to gather enough information to determine if a customer fulfills the conditions for implementation of simplified identification and monitoring activities and measures.

When money laundering or terrorism financing is suspected to be related to a customer or

transaction to which these measures and activities are applied, a leasing provider is obliged to perform additional assessment and apply enhanced identification measures.

Article 16

Leasing providers, within the simplified customer identification and monitoring, shall gather the following data and information about a customer:

1. name, address and head office of a legal person, i.e. first name, last name and address of a natural person establishing a business relationship;
2. first and last name of a legal representative or a person authorized by power of attorney who shall establish a business relationship in the name of legal person;
3. purpose and intended nature of a business relationship and source of funds;
4. date of business relationship establishment, and
5. other in compliance with appropriate regulations.

A leasing provider is obliged to gather the data from paragraph of this Article by reviewing original documents or certified copies of documents. The collected documentation must be updated and accurate, and represent the actual state.

Article 17

Enhanced customer identification and monitoring activities and measures, in addition to the standard ones, include additional activities and measures which a leasing provider shall undertake when it assesses that, due to the nature of business relationship, manner of transaction, type of transaction, customer ownership structure, i.e. other circumstances related to the customer or transaction – a high level of risk from money laundering or terrorism financing is present or may be present.

Leasing providers shall implement enhanced customer identification and monitoring measures in case when a customer fails to be present in person when identifying and verifying the identity during the implementation of identification and monitoring measures, and when a customer is a politically exposed person. Leasing providers are obliged to implement the enhanced identification and monitoring measures also in cases which, by their nature, may represent a high level of risk from money laundering and terrorism financing.

Leasing providers are obliged to determine the appropriate measures for decreasing a high level of risk in operating with such persons. Establishing business relationships with the customers of high risk shall be approved by the leasing provider management. Leasing providers are obliged to, depending on the criteria based on which a high level of risk is assigned to a customer, define which additional measures shall be undertaken in the procedure of identification and monitoring.

Article 19

Leasing providers are obliged to define adequate risk based procedures in order to determine whether a customer, user or beneficial owner is a politically exposed person.
Foreign and domestic politically exposed persons are individuals entrusted with prominent public functions of high rank in the country and abroad, including close family members and persons they closely work with. Politically exposed persons are also persons who were entrusted with such duty, provided that a period of one year has not elapsed since the duty termination.
While operating with politically exposed persons, leasing providers are obliged, among other things, to apply the following risk decreasing measures:
1. undertake adequate measures in order to determine the source of funds used in a business relationship or transaction;
2. implement the measures of enhanced and continuous monitoring of business activities, and
3. other in compliance with appropriate regulations.
Leasing providers are obliged to implement the same measures of identification and monitoring in cases when the founders, beneficial owners and persons authorized to represent a legal person are politically exposed persons.

Article 20

Leasing providers shall apply the enhanced measures of customer identification and monitoring also in other cases of high risk customers, business relationships, products or transactions.
Leasing providers are obliged, among other things, to apply the following measures to decrease the risk:
1. request additional documents, data or information, based on which leasing providers additionally verify and validate the authenticity of identification documents and data used to identify and verify customer's identity;
2. additional verification of the received data about a customer from public records and other available data sources;
3. additional verification of the data and information about a customer at authorized bodies or other authorized supervisory institutions;
4. establish a direct contact with a customer using telephone or directly visiting a customer at home or head office;
5. implement the measures of enhanced and continuous monitoring of business activities, and
6. other in compliance with appropriate regulations.

Article 21

When establishing a business relationship under the conditions as prescribed by law, a leasing provider may rely on a third party in identifying and verifying a customer's identity, identifying a beneficial owner and collecting data on the purpose and intended nature of a business relationship, whereas it shall previously check if the third party performing the identification and verification of the customer's identity fulfills all the conditions prescribed by law and by-laws governing anti money laundering and terrorism financing. Regardless of the third party engagement, the ultimate responsibility of knowing each customer is on a leasing provider.
All relevant identification data and documentation referring to customer's identity, a third party shall immediately, upon request, submit to the leasing provider. Such information and documentation must be made available for supervision performed by the supervisors of the Banking Agency of Republika Srpska and other authorized persons and bodies, in compliance with the law.

Article 25

With this policy, leasing providers are obliged to define the commitment of leasing provider bodies towards a high level of corporate management within their leasing companies. Such commitment promotes a high level of compliance with international standards, as well as with the national laws and by-laws and is necessary for achieving and maintaining the compliance of their business with the prescribed standards of money laundering and terrorism financing prevention. This implies that the leasing provider bodies promote the integrity of a person appointed to coordinate the activities in prevention of money laundering and terrorism financing and in general, a high level of corporate management standard in communication with the leasing provider employees and corporate parties, all towards high-quality risk management which may derive from money laundering and terrorism financing activities.
The leasing provider management boards are responsible for adopting the efficient Program, and ensuring that adequate control procedures are implemented in leasing providers, which shall enable the program, policy and procedure, as its integral part, to be fully implemented in practice. Leasing provider procedures shall be efficient and include regular procedures for appropriate and successful supervision by the management, internal control systems, internal audit, distribution of duties, training of appropriate persons and other segments closely related to this issue.
In order to implement the policies and procedures, the Program of leasing provider must clearly define responsibilities and designate appropriate carriers, i.e. appropriate organizational units or functions, management, other management, and other leasing company personnel.

Article 26

Lines of reporting on prescribed, uncommon, irregular and suspicious customers' transactions

must be clearly defined in writing. Such reporting must be regular, efficient and available to all leasing providers units and persons that have the obligation to report in accordance with the internally prescribed reporting policies and procedures.

Leasing companies are obliged to completely execute their reporting obligations towards competent institutions as prescribed by law.

Article 27

Leasing providers are obliged to keep documentation on all transactions performed by a customer and in relation with the customer, with respect to type, manner and time-period as prescribed by appropriate law.

Article 28

The leasing provider management boards shall ensure that in leasing providers, at the management level, authorized person is appointed who shall be responsible for coordinating all leasing provider activities in monitoring leasing provider compliance with all legal and other prescribed requirements, as being the subject of this decision, and efficient implementation of the Program.

A person in charge of leasing provider compliance with the prescribed requirements for money laundering and terrorism financing prevention shall:

1. have a direct and immediate connection with the leasing provider management board and management;
2. have one or more deputies;
3. be responsible for ensuring proper functioning of reporting function towards competent institutions, prescribed by law and other regulations, on all transactions exceeding the prescribed amount, all related and suspicious transactions;
4. have appropriate qualifications, expertise, experience and good working and moral reputation;
5. have appropriate necessary means for conducting his/her function,
6. have full daily access to customer monitoring system;
7. receive reports on suspicious customer activities on a daily basis;
8. have authorizations to issue an order to relevant employees for the implementation of procedures stemming from law, regulations and the Program, and inform the leasing provider management and management board;
9. be able to monitor domestic and foreign relationship procedures for the purpose of examining potential suspicions;
10. undertake steps to improve his/her knowledge and skills and knowledge and skills of the employees subordinated to him/her and other relevant leasing provider employees;

11. at least once in every 6 months submit a report to the leasing provider management and management board on the performance of leasing provider and its compliance with the requests for money laundering and terrorism financing prevention, as well as the activities undertaken against the detected suspicious customer;
12. at least once a year conduct the adequacy assessment of the current program, policies and procedures, and provide the management board with proposals for their updating and improvement;
13. provide full necessary support in activities conducted by leasing provider internal audit;
14. in his/her procedures, also include the elements for integral investigation on the responsibility of leasing provider employee who has neglected his/her duties in this field.

Article 29

Leasing provider management is obliged, based on the management board guidelines, to establish an internal control system which shall ensure the efficient protection of leasing provider from the misuse leading to money laundering and terrorism financing activities.
The internal control system shall ensure for the program, policies and procedures to be fully implemented in practice, ensure timely regulation updating, as well as provide accurate and reliable bookkeeping records. The internal controls shall be focused on the fulfillment of regulatory requirements, enable a regular review of management process and risk assessment, strengthen focus on the leasing provider business activities more exposed to the risk of money laundering and terrorism financing.

Article 30

Leasing provider internal audit is obliged to implement regular assessment and ensure that the program, its policies and procedures for money laundering and terrorism financing prevention, i.e. "know your customer" policies and procedures are fully implemented and in compliance with all the requirements of law and other regulations.
The compliance of leasing provider operations with the requirements of law and regulations shall be the subject of independent assessment by internal audit function in leasing companies, which includes the assessment of leasing provider’s adequacy of policies and procedures from the aspect of law requirements and other regulations. The obligatory function of internal leasing provider audit function also represents a continuous monitoring of whether and in which manner particular leasing provider employees perform and implement the requirements of program, policies and procedures by means of testing the compliance in cases of adequately selected samples of customers and transactions as well as the correctness of reporting on irregular, unusual, suspicious transactions prescribed by law and other regulations.

Article 31

The function of internal audit in leasing providers shall represent fully independent assessment of risk management and functioning of internal control system in leasing providers. Internal audit shall report its findings and assessments at least once a year to the leasing provider management board. Such reports shall include findings and assessments of leasing provider efficiency in all matters prescribed by law and regulations, the program, policies and procedures of the leasing provider which regulates leasing provider obligations regarding money laundering and terrorism financing prevention. The assessment of adequacy of leasing provider employees' training in this field and application of procedures for risk assessment shall also be one of the important chapters of such reports.

Article 32

The leasing provider management board shall ensure that the leasing provider internal audit is professionally and technically equipped especially with personnel who are thoroughly familiar with the program, policies and procedures, and possess high moral and professional skills especially in the "know your customer" field. Among other things, internal audit personnel in leasing providers must be extremely pro-active regarding the monitoring of activities which leasing providers are obliged to undertake based on the findings and assessments of internal audit, external audit and law enforcement institutions.

Article 33

In the process of conducting independent external audit of their financial reports, leasing providers are obliged to, with independent external audit companies, conclude an agreement on conducting audit and assessment of the implementation of legal and prescribed leasing provider obligations, the implementation of program, policies, procedures, internal control systems and functioning of internal leasing provider audit, and assess whether the leasing provider has aligned its operations with the requirements for money laundering and terrorism financing prevention with the mandatory use of testing technique.

Decisions on minimum standards for Microcredit Organizations in RS and FBiH

Article 2

Microcredit organizations are obliged to adopt in writing a program with policies and procedures for implementing the activities referred to in Article 1 of this Decision, i.e. the program for anti money and terrorism financing risk management, as well as to ensure the implementation of adequate control procedures by which the implementation of such activities shall be enabled in practice.

The risk of money laundering and/or terrorism financing represents the possibility for a customer to misuse a microcredit organization for the purpose of money laundering or terrorism financing, and that a certain business relationship, transaction or product is directly or indirectly used for money laundering and/or terrorism financing.

Microcredit organizations are obliged to fully implement the provisions of program, policies and procedures in their head offices and all organizational units.

Microcredit organizations are obliged to ensure high ethical and professional standards of all persons responsible for implementing the provisions of this Article and efficient prevention of microcredit organizations being misused by the criminal elements, which implies prevention, detection and reporting to competent authorities on criminal activities or frauds, i.e. on prescribed or suspicious activities.

Article 5

By means of policy on customer acceptance, a microcredit organization shall define a clear policy on which and what kind of customers are acceptable for the microcredit organization, as well as prescribe the overall procedures for such policy implementation. Such policy shall also include the elements such as customer history and reputation, customer origin country, public or some other high ranked position in the case of physical entity, related persons, types and nature of business activities, and other possible risk indicators.

Microcredit organizations should devote special attention to geographic location of a credit institution as a source of funds, with the aim to prevent the establishment of business relationship with a credit institution registered in the country within which it does not perform its business activity, and which is not connected to a financial group subject to the monitoring for the purpose of detecting and preventing money laundering and terrorism financing.

Article 7

Microcredit organizations shall adopt a risk assessment procedure which shall define the activities of responsible employees during the process assessment of customer risk level, business relationship, transaction or product. The risk assessment must also include the risks such as country risk or geographical risk, customer risk, transaction, product and business relationship risk.

In the case of other risk type identification, microcredit organizations shall include such types of risks as well.

In accordance with the performed risk assessment, microcredit organizations may classify their customers, business relationships, transactions or products into categories representing low, medium and high risk.

Article 9

The policy on identification and continuous monitoring of customer activities shall be the main element of the "Know your customer" principle.

In terms of this decision, microcredit organization customers are physical and legal entities establishing a business relationship with a microcredit organization.

Article 10

Microcredit organizations shall establish detailed and overall procedures for new customers' identification and are in no position to establish business relationships with them as long as the identity of new customers is not determined in a satisfactory manner.

Microcredit organizations are obliged to document and apply policies for the identification of customers and persons acting on their behalf or for their account. Microcredit organizations must

not narrow down or incompletely perform the procedures for identity establishment in the cases when a new customer is in no possibility to present himself/herself at the interview.

The identification procedure is performed at the beginning of business relationship establishment. However, to ensure that the documents are currently valid and relevant, microcredit organizations shall also up-date the existing documents during the business relationship.

In cases when microcredit organizations come to knowledge that they lack information on an existing customer, they are obliged to undertake urgent measures in order to obtain such information in an adequate manner.

Article 11.

(1) The microcredit

organizations are obliged to, for the client's identification, prescribe standards for the type of the required documentation and time period for keeping the documentation, the least in compliance with the appropriate regulations for the safekeeping of documents.

(2) The microcredit

organizations are obliged to, when concluding the contract, perform client identity identification using reliable, independent sources of documentation, data and information. If they are unable to perform the verification of the client's identity, the leasing companies

5

should consider termination of the business collaboration with the client and submitting the

report to the authorized institutions.

(3) Microcredit

organizations cannot establish business relations with a client which is insisting on his anonymity or which is presenting himself with a false name. Microcredit organizations can refuse the establishment of a business relation with clients without an obligation to provide an elaboration.

Article 14

Standard identification and monitoring measures are applied for customers identified as bearing a medium level risk. The standard identification and monitoring measures include identification and verification of a customer and beneficial owner, collection of information regarding the purpose and intention of a business relationship or customer transaction, as well as continuous monitoring of performance, including the source of funds used in business operations. The stated activities and measures shall be applied to all customers by microcredit organizations, provided that, and depending on the assessed risk level, simplified, i.e. enhanced identification and monitoring activities and measures can be applied to certain customers.

For physical entities who wish to be microcredit organization customers, microcredit organizations are obliged to determine the identity and provide the following information and documents:

1. first and last name;
2. date and place of birth;
3. personal identification number or ID number
4. data on address, i.e. place of habitual residence (document based on which it is possible to prove a place of residence);
5. name and head office of the employer;
6. confirmation and/or certificate of employment issued by employer;
7. personal identification document (identification card, driving license, passport or other identification document which can indisputably and with certainty confirm the identity);
8. facsimile of customer's signature and document on which such customer has deposited his/her signature, and other data based on microcredit organization assessment;
9. data on sources of funds (rental contracts etc.);
10. data and documents (for the customer as well) on persons authorized to represent;
11. data on the purpose and intended nature of a business relationship and other data based on

microcredit organization assessment;
Microcredit organizations shall verify all information and data by means of review of original documents issued by authorized bodies, including ID, driving license, i.e. passport. In person to person contact, the customer's photo on the document shall be reviewed. Every subsequent change of the information or document from paragraph 2 of this Article shall be reviewed and documented.

For legal entities wanting to be microcredit organization customers, microcredit organization shall ensure the following information and documents:
1. name and head office of a customer;
2. abstract from an appropriate registry book as a proof of its legal status;
3. identification numbers assigned by tax and other bodies and institutions to which a customer is obliged to register its activities in accordance with specific laws;
4. identification documents of founders and beneficial owners if being natural persons, i.e. certificates from appropriate registry books if being legal persons;
5. personal identification documents and specimen signatures of persons authorized to represent, and persons authorized to dispose of funds on customer's accounts
6. certificates and other documents from bodies and institutions necessary for conducting activities;
7. data on the purpose and intended nature of a microcredit;
8. financial statements on operation and other documentation in accordance with microcredit organization assessment.
In all cases, microcredit organizations are obliged to review the documents and check whether the customer really exists, whether the customer resides at the registered address and whether such customer performs the stated business activities.
Microcredit organization shall request the copies of all original documents unavailable to be held by a microcredit organization.

Article 15

Microcredit organizations may apply simplified identification and monitoring activities and measures to the customers determined as bearing a low risk level.
Microcredit organizations are obliged to collect enough information to determine if a customer fulfills the conditions for implementation of simplified identification and monitoring activities and measures.
When money laundering and terrorism financing is suspected to be related to a customer or

transaction to which these measures and activities are applied, a microcredit organization is obliged to perform additional assessment and apply enhanced identification measures.

Article 16

Microcredit organizations, as a part of simplified customer identification and monitoring, are obliged to gather the following data and information about a customer:

1. name, address and the head office of a legal person, i.e. first name, last name and address of a natural person establishing a business relationship;
2. first and last name of a legal representative or authorized person establishing business relationship on behalf of legal entity;
3. purpose and intended nature of a business relationship and source of funds;
4. date of business relationship establishment and
5. other in compliance with appropriate regulations.

Microcredit organizations are obliged to gather the data from paragraph of this Article by reviewing original documents or certified copies of documents. The collected documentation must be updated and accurate, and represent the actual state.

Article 17

Enhanced customer identification and monitoring measures, in addition to the standard ones, include additional measures and activities which a microcredit organization shall undertake when it assess that, due to the nature of business relationship, manner of transaction, type of transaction, customer ownership structure, i.e. other circumstances related to the customer or transaction – a high level of risk from money laundering or terrorism financing is present or may be present.

Microcredit organizations shall implement enhanced customer identification and monitoring measures in case when, a customer fails to be present in person when determining and verifying the identity during the implementation of identification and monitoring measures and when a customer is a politically exposed person. Microcredit organizations are obliged to implement the enhanced identification and monitoring measures also in cases which, by their nature, may represent a higher level of risk from money laundering and terrorism financing.

Microcredit organizations are obliged to determine the appropriate measures for decreasing a higher level of risk in operating with such persons. Establishing business relationships with the customers of high risk shall be approved by the microcredit organization management.

Microcredit organizations are obliged to, depending on the criteria based on which a high level of risk is assigned to a customer, define which additional measures and activities shall be

undertaken in the procedure of identification and monitoring.

Article 19

Microcredit organizations are obliged to define adequate risk based procedures, in order to determine whether a customer, user or beneficial owner is a politically exposed person. Foreign and domestic politically exposed persons are individuals entrusted with prominent public functions of high rank in the country and abroad, including close family members and persons they closely work with.

Politically exposed persons are also considered persons who were entrusted with such duty, provided that a period of one year has not elapsed since the duty termination.

While operating with politically exposed persons microcredit organizations are obliged to, among other things, apply the following risk decreasing measures:

1. undertake adequate measures in order to determine the source of funds used in a business relationship or transaction;

2. implement the measures of enhanced and continuous monitoring of business activities and

3. other in compliance with appropriate regulations.

Microcredit organizations are obliged to implement the same measures of identification and monitoring in cases when the founders, beneficial owners and persons authorized to represent legal person are politically exposed persons.

Article 20

Microcredit organizations shall apply the enhanced measures of customer identification and monitoring also in other cases of high risk customers, business relationships, products or transactions. Microcredit organizations are obliged to, among others, apply the following measures to decrease the risk:

1. request additional documents, data or information, based on which the microcredit organizations additionally verify and validate the authenticity of identification documents and data used to determine and verify customer’s identity;

2. additional verification of the received data about a customer from public records and other available data sources;

3. additional verification of the data and information about a customer at authorized bodies;

9

4. establish a direct contact with a customer using telephone, or visit of an authorized person of the microcredit organization in a customer house or head office;

5. implement measures of enhanced and continued monitoring of business activities and

6. other in compliance with appropriate regulations.

Article 21

When establishing a business relationship under the conditions as prescribed by law, microcredit organizations may rely on a third party in identifying and verifying a customer's identity, identifying a beneficial owner and collecting data on the purpose and intended nature of a business relationship, whereas it shall previously check if the third party performing the identification and verification of the customer's identity fulfills the conditions prescribed by law and by-laws governing anti money laundering and terrorism financing. Regardless of the third party engagement, the final responsibility of knowing each customer is on a microcredit organization.

All relevant identification data and documentation referring to customer's identity, a third party shall immediately, upon request, submit to the microcredit organization. Such information and documentation must be also available for control of the examiners of the Banking Agency of Republika Srpska and other authorized persons and bodies, in compliance with law.

Article 25

With this policy, microcredit organizations are obliged to define the commitment of microcredit organization bodies towards a high level of corporate management within their microcredit organizations. Such commitment promotes a high level of compliance with international standards, as well as with the national laws and by-laws and is necessary for achieving and maintaining the compliance of their operations with the prescribed standards of money laundering and terrorism financing prevention. This implies that the microcredit organization bodies promote the integrity of a person appointed to coordinate the activities in prevention of money laundering and terrorism financing and in general, a high level of corporate management standard in communication with the microcredit organization employees and corporate parties,

11

all towards high-quality risk management which may derive from money laundering and terrorism financing activities.

The microcredit organization supervisory boards are responsible for adopting efficient Program, as well as ensuring that adequate control procedures are implemented in microcredit organizations, which shall ensure that the program, policy and procedure, as its integral part, to be fully implemented in practice.

Microcredit organization procedures shall be efficient and include regular procedures for appropriate and successful supervision by the management, internal control systems, internal audit, distribution of duties, training of appropriate persons and other segments closely related to this issue.

In order to implement the policies and procedures of microcredit organizations, the Program of microcredit organization must clearly define responsibilities and designate appropriate carriers, i.e. appropriate organizational units or functions, management, other management, and other microcredit organization personnel.

Article 26

Lines of reporting on prescribed, uncommon, irregular and suspicious customers' transactions must be clearly defined in writing. Such reporting must be regular and efficient and available to all microcredit organization units and persons, and completely in accordance with the internally prescribed reporting policies and procedures.

Microcredit organizations are obliged to completely execute their reporting obligations towards competent institutions as prescribed by law.

Article 27

Microcredit organizations are obliged to keep documentation on all transactions performed by a customer and in relation with the customer, with respect to type, manner and time-period as prescribed by appropriate law.

Article 28

The microcredit organization supervisory boards shall ensure that in microcredit organizations, at the management level, authorized person is appointed who will be responsible for coordinating all microcredit organization activities in monitoring microcredit organization compliance with all legal and other prescribed requirements, as being the subject of this Decision, and efficient implementation of the Program.

A person in charge of microcredit organization compliance with the prescribed requirements for money laundering and terrorism financing prevention shall:

1. have a direct and immediate connection with the supervisory board and microcredit organization management;
2. have one or more deputies;
3. be responsible for ensuring proper functioning of reporting function towards competent institutions, prescribed by law and other regulations, on all transactions exceeding the prescribed amount, all related and suspicious transactions;

12

4. have appropriate qualifications, expertise, experience and good working and moral reputation;
5. have appropriate necessary means for conducting his/her function,

6. have full daily access to customer monitoring system;
7. receive reports on suspicious customer activities on a daily basis;
8. have authorizations to issue an order to relevant employees for the implementation of procedures stemming from law, regulations and the Program, and inform the microcredit organization management and management board;
9. be able to monitor domestic and foreign relationship procedures for the purpose of examining potential suspicions;
10. undertake steps to improve his/her knowledge and skills and knowledge and skills of the employees subordinated to him/her and other relevant microcredit organization employees;
11. at least once in every 6 months submit a report to the microcredit organization supervisory and management board on the performance of microcredit organization and its compliance with the requests for money laundering and terrorism financing prevention, as well as the activities undertaken against the detected suspicious customer;
12. at least once a year conduct the adequacy assessment of the current Program, policies and procedures, and provide the management board with proposals for their updating and improvement;
13. provide full necessary support in activities conducted by microcredit organization internal audit;
14. in his/her procedures, also include the elements for integral investigation on the responsibility of microcredit organization employee who has neglected his/her duties in this field.

Article 29

Microcredit organization management is obliged to, based on the management board guidelines, establish an internal control system which shall ensure the efficient protection of microcredit organization from the misuse leading to money laundering and terrorism financing activities. The internal control system shall ensure for the Program, policies and procedures to be fully implemented in practice, ensure timely regulation updating, as well as provide accurate and reliable bookkeeping records. The internal controls shall be focused on the fulfillment of regulatory requirements, enable a regular review of management process and risk assessment, strengthen focus on the microcredit organization business activities that are more exposed to the risk of money laundering and terrorism financing.

Article 30

Microcredit organization internal audits are obliged to implement regular assessment and ensure that the Program, its policies and procedures for money laundering and terrorism financing

prevention, i.e. "know your customer" policies and procedures are fully implemented and in compliance with all the requirements of law and other regulations.

The compliance of microcredit organization operations with the requirements of law and regulations shall be the subject of independent assessment by internal audit function in microcredit organizations, which includes the assessment of adequacy of policies and procedures of microcredit organizations from the aspect of legal requirements and other regulations. The obligatory function of internal audit function in microcredit organization also makes a continuous monitoring of whether and in which manner particular employees of microcredit organization are performing and implementing the requirements of Program, policies and procedures by means of testing the compliance in cases of adequately selected samples of customers and transactions as well as the correctness of reporting on irregular, unusual, suspicious transactions as prescribed by law and other regulations.

Article 31

The function of internal audit in microcredit organizations shall represent fully independent assessment of risk management and functioning of internal control system in microcredit organizations. Internal audit shall report its findings and assessments at least once a year to the microcredit organization management board. Such reports shall include findings and assessments of microcredit organization efficiency in all matters prescribed by law and regulations, the Program, policies and procedures of microcredit organization which regulates microcredit organization obligations regarding money laundering and terrorism financing prevention. The assessment of adequacy of microcredit organization employees' training in this field and application of procedures for risk assessment shall also be one of the important chapters of such reports.

Article 32

Microcredit organization management board shall ensure that the microcredit organization internal audit is professionally and technically equipped especially with personnel who are thoroughly familiar with the program, policies and procedures, and possess high moral and professional skills especially in the "know your customer"field. Among other things, internal audit personnel in microcredit organization must be extremely pro-active regarding the monitoring of activities which microcredit organizations are obliged to undertake based on the findings and assessments of internal audit, external audit and law enforcement institutions.

Article 33

In the process of conducting independent external audit of their financial reports, microcredit

organizations are obliged to, with independent external audit companies, conclude an agreement on conducting audit and assessment of the implementation of legal and prescribed microcredit organization obligations, the implementation of program, policies, procedures, internal control systems and functioning of internal microcredit organization audit, and assess whether the microcredit organization has aligned its operations with the requirements for money laundering and terrorism financing prevention with mandatory use of testing technique.

Law on Securities Market of FBiH

Article 6

(1) Securities, in terms of this Act, are long-term and short-term securities issued in a series.
(2) Short-term securities are securities with the maturity of up to one year.
(3) Long-term securities are stocks and bonds.
(4) Short-term securities are warrants, treasury and commercial bills, treasury bills and certificates of deposit.
(5) Securities issued in a series are securities of the same issuer issued simultaneously which give the same rights.
(6) Securities bear the name of the holder.
(7) Law and bylaws of the Commission may specify other types of securities.

Law on Securities Commission of FBiH

Article 12

In the performing of its authorities the Commission:

1) supervises the application of the law and other regulations on the issuance and trading of securities and is entitled to request information and documents from all legal and natural persons that based on its judgment are necessary for the carrying out of supervision;
2) coordinates the activities of the administrative bodies, Federal institutions and agencies of the Federation on issues of regulation and supervision of activities in securities trading;
3) prescribes the conditions and rules of securities trading;
4) issues permits for securities issuance;
5) prescribes and supervises the procedures and determines the results of a public offering of securities and conducts the registration of issuers of securities;
6) prescribes the standards and obligatory elements of the securities prospectus;
7) prescribes the standards for the approval of the sale of securities through public offerings and for their quotation;
8) prescribes the conditions and approves the trade of securities of foreign issuers;
9) passes regulations regulating the trading of securities on basis of confidential information;
10) suspends the issuance and trade of certain securities and other activities in the trade of securities in cases of manipulation or speculation or when it assesses that the interests of the investors and the public are jeopardized by such activities, or that they were not in accordance with the law and other regulations;

11) suspends the trade of all securities and the activities of all institutions and participants in the trade of securities in cases determined by the law and regulations of the Commission;

12) prescribes the conditions and rules for the professional conducting of intermediary activities in the trade of securities, including security and guarantee standards;

13) issues, suspends and revokes licenses for conducting of intermediary activities in securities trading;

14) prescribes the conditions and standards for managing the Registrar of securities and conducting settlement and depository activities in relation to securities;

15) supervises the work of the Registrar of securities and Depository;

16) prescribes the conditions and rules for participation of management companies, investment funds, pension funds and insurance companies in the trade of securities;

17) prescribes the conditions and the procedures and approves the splitting-up and merging of shares and the acquisition and take-over of joint stock companies;

18) prescribes the conditions and the procedure and approves the acquisition of shares between joint stock companies;

19) prescribes the standards for capital and limitation of risk in securities transactions for professional intermediaries in the trade of securities;

20) prescribes the standards for protection of shareholders and corporate governance;

21) prescribes the conditions and procedures for entry in the register and keeps the Register of Issuers of Securities;

22) prescribes the content, conditions and standards for the disclosure of financial statements and other information, including forward looking disclosure on business operations and the method for informing shareholders on the business operations of joint stock companies;

23) prescribes the form and time-frames for the keeping of public registers of information on issuers and securities owners, professional intermediaries and activities in the trade of securities and ensures the establishment of those registers;

24) initiates the process for passing of and amendments to regulations that relate to securities, corporate governance and protection of shareholders, professional intermediaries in the trade of securities, self-regulating organizations and anti-trust regulations, for which the Commission is not authorized to pass;

25) determines the conditions, standards and method of information delivery to the Commission from issuers and professional intermediaries in the trade of securities and the disclosure of statements that relate to their activities, including presentations and promotion;

26) supervises the business books, financial statements and announcements of issuers and professional intermediaries in the trade of securities;

27) organizes the training of professional participants, specialists and other participants in the trade of securities;

28) keeps the register of issued, suspended and revoked licenses of professional intermediaries and specialists in the trade of securities;

29) prescribes fees for the approval of an issuance, the quotation of securities on the Stock Exchange and other regulated public markets and the issuance of licenses for professional intermediaries and specialists in the trade of securities;

30) supervises implementation of other regulations that directly or indirectly affects the issuance and trade of securities and reports to the competent administrative bodies, administrative organizations and agencies of the Federation on its findings;

31) considers the method of the implementation of laws and other regulations on the issuing and trading of securities, files charges with the competent bodies concerning economic violations and criminal acts, enforces actions regarding economic violations breaching Federation regulations in accordance with the Law on Violations; and

32) undertakes other measures and activities for which it is authorized and responsible in accordance with this Law and other laws and regulations.

Law on Securities Market of RS

Article 2.

Individual terms used in the Law shall have the following meanings:
"**Issuer**" shall be a legal entity which issues securities for the purpose of raising funds and which is, in respect to securities holders, responsible for fulfilment of obligations indicated in the security.
"**Owner**" shall be a person/entity whose ownership on securities is based on the ownership rights (owner) or on respective contract (nominee owner).
"**Security**" shall be a transferable document in dematerialized form – electronic form, issued in series, based on which owners accomplish the rights granted by the issuer in accordance with the law and a decision on the issue.

Article 3.

(1) Securities in terms of this Law are:
a) securities in the narrow sense,
b) money market instruments and
v) financial derivatives.
(2) Securities shall be registered securities.
(3) Securities issued in series shall be securities of the same issuer, issued simultaneously which give an equal rights to their owners, or which derive the same obligations of the issuer.
(4) Securities of the same type that gives equal rights to their owners, or which derive the same obligations of the issuer, regardless of whether they were issued simultaneously, shall be securities of the same class.
(5) Securities of the same type and class have the same nominal value.
(6) According to maturity securities may include:

a) short-term, if have maturity of up to one year and

b) long term, if have maturity of over one year.

(7) The issuer determines the type and class of securities, rights and limitations of the rights contained in securities and other properties that issued securities have, in the decision to issue securities, in accordance with international standards set by the Commission.

Article 260.

The Commission is competent to:

a) adopt general regulations on enforcement of this Law and other laws when authorised to do so by law,

b) monitor and study the state of affairs and trends on the securities market and notifies the Republic Srpska National Assembly of it,

v) issue and revoke licences, permits and approvals when authorised to do so by this and other laws,

g) control compliance with the rules of customary trade and fair competition in trade in securities,

d) carry out supervision over entities whom it issue licenses to perform activities, and over issuers of securities in issuance procedure, as well impose measures for elimination of established illegalities and irregularities,

đ) carry out supervision and take necessary measures in connection with the prevention of money laundering and financing terrorist activities over persons whom it issue licenses to perform activities and within its competence shall cooperate with other competent authorities in connection with enforcement of laws and other regulations which regulate obligations to implement measures relating to prevention of money laundering and financing terrorist activities,

e) prescribe, organise, take and supervise measures to ensure the effective functioning of the securities market and the protection of investors' interest,

ž) determine rules of trading of securities,

z) suspend issuance and trading of individual securities and take other measures in case when it assesses that interests of the investors and public are jeopardized with such activities, or they are not in accordance with the Law and other regulations,

i) prescribe general and specific operating conditions which must be fulfilled by legal entities which are licensed by the Commission to perform activities or business, k) prescribe the mandatory content of information that shall be delivered to the Commission or made public by participants who take part in trading in securities,

l) press charges against legal entities and natural persons before competent authority when in supervision procedure it establishes reasonable suspicion of a criminal act or a misdemeanour being committed,

lj) carry out the above actions in case of breach of provisions of the Law and other regulations,

m) provide information and spread knowledge on functioning of the securities market,

n) cooperate with similar organizations abroad,

nj) keep books and registers in accordance with provisions of this and other Law,

o) prescribe the amount of fees for performing activities within its competence,

p) launch initiatives for the adoption of laws and other regulations relating to issuance of securities and trading in securities, make proposals for changes to law and other regulations relating to this field, participate in preparation of other laws and regulations of interest to participants of the securities market, inform the public of the principles on according to which the securities market operates,

r) give opinion relating to enforcement of regulations which contain authorizations of the Commission, at the request of parties in a procedure or persons who prove their legal interest,

s) undertake other measures and perform other activities in compliance with the legal authorities.

(2) Members of the Commission and employees in the Commission are not liable for damage that arises during the performance of their duties relating to enforcement of regulations which regulate the area of the securities market unless it is proven that they performed or omitted to perform a certain action either deliberately or with gross negligence.

Law on Insurance Companies of FBiH

Article 5.

Incorporation, status and location of the Insurance Supervision Agency

This Law governs the incorporation of the Insurance Supervision Agency of Federation BiH from the current Office of the supervision of insurance companies in Federation BiH.

The Supervisory Agency is an independent and nonprofit institution in Federation, liable for its operations to the Government of Federation of Bosnia and Herzegovina (hereinafter: Government of Federation).

Supervisory agency is a legal entity.

Supervisory agency is situated in Sarajevo.

Supervisory Agency has its stamp with the name of Supervisory agency and the coat of arms of Federation.

FBiH Official Gazette No. 24/05

Article 6.

Objectives and role of the Supervisory agency

The supervisory agency has the regulatory and supervisory function to protect the interests of the insured, insurer for the welfare of the insurance market.

When executing its activities the Supervisory agency acts in a way most suitable to fulfill its regulatory objectives.

Regulatory objective of the Supervisory agency especially are:

- to supervise the application of the Law and byelaws in insurance and other regulative;
- to regulate the activities of the company and insurance intermediaries;
- to gain trust of the market in the insurance activities;
- to prevent financial crime, either by prohibiting the insurance activities against this Law or the activities where the companies in Federation might be used for the purpose related to the financial crime;
- to educate on the benefits and risks related to different types of life and non-life insurance and other investments in Federation, as well as to provide relevant information and advices;
- to council and protect the consumers subject to the nature of the risks and experience and expertise of the consumers;

Article 7.

Management of Supervisory agency

This Law, Articles of Association and other byelaws regulate organization and management of Supervisory agency.

The management bodies of Supervisory agency are Expert council and General Manager.

The President and four members compose the Agency Expert council. The President and members of the Expert council are nominated and dismissed by the Government of the Federation upon proposal of the Federal Minister of finance (hereinafter: Minister of finance).

The members of the Expert council are elected for a period of five years, with the possibility of reelection for the member's mandate.

President and members of the Expert council must be citizens of BiH, with a university degree, of a good reputation and recognized experts in the field of the insurance or finance or commercial, have not been charged with criminal offense related to the financial crime or violation of public and professional duty. During their mandate no member can engage in the activity of providing services in insurance, nor in any other activities based on any other order for the company or insurance agency operative in Federation, cannot be an active member of any political party. All persons being the key functionary in the political party or take part in public activities on behalf of political party shall be considered an active member of the political party, pursuant to this Law. President and members of the Expert council cannot FBiH Official Gazette No. 24/05

hold directly or through a third party 5% or more shares in any company, nor can they work for the company or be members of the Management or Auditor or Supervisory Committee in any company within the scope of supervision of Supervisory agency.

The Decision on the nomination of the Expert council is published in the "Official Gazette of Federation BiH"

President and members of the Expert council may be dismissed prior to the end of the mandate only for the following reasons:

- upon personal request;
- if they have been or would be sentenced to imprisonment for the financial crime or violation of the public or professional duty;
- on the account of permanent loss of work ability for acting in this capacity or if they unjustifiably do not participate in three or more meetings of the Expert council for a year;
- if they breach the confidentiality clause;
- if they engage in activities banned under item 5 of this Article.

Law on Insurance Companies of RS

Article 5

This Law governs the incorporation of the Insurance Supervision Agency of Republika Srpska.

The Agency RS is an independent and nonprofit institution in Republika Srpska, liable for its operations to the Parliament of Republika Srpska.

The funding for incorporation and operations of RS Agency shall derive from the means provided by the budget of Republika Srpska.

Agency RS is a legal entity.

Agency is situated in Banja Luka.

The Agency has its stamp with the name of RS Agency and the coat of arms of Republika Srpska.

Activities and objectives of the Agency RS

Article 6

Agency RS has the regulatory and supervisory function to protect the interests of the persons having the right to insurance cover and indemnification, as well as the welfare of the insurance market.

When executing its activities Agency RS acts in a way most suitable to fulfill its regulatory objectives.

Regulatory objective of the Agency RS are:

- to supervise the application of the Law and bylaws in insurance, voluntary capitalized pension insurance, and other regulations;
- to regulate the activities of the insurance company and insurance intermediaries, as well as voluntary pension funds and companies that manage voluntary pension funds ;
- to gain trust of the market in the insurance activities and in the voluntary pension insurance;
- to prevent and detect financial crime that is committed or may be committed by entities over which the Agency RS performs supervision and regulation , ;
- to educate on the uses and risks related to different types of life and non-life insurance and other investments in Republika Srpska, as well as to provide relevant information and advices;
- to council and protect the consumers subject to the nature of the risks and experience and expertise of the consumers;

Provisions of this Law concerning the supervision and control over insurance companies are equally applied to the supervision and control over voluntary pension funds and companies that manage voluntary pension funds.

General scope of competence of RS Agency

Article 7

RS Agency renders the license to the insurance company to engage in one or more types of insurance. RS Agency can temporarily or permanently revoke the rendered license to engage in one or all types of insurance activities performed by the insurance company pursuant to the provisions of this Law.

In order for the insurance company to act according to the regulatory objectives RS Agency is authorized to:

- control the business books and documents of the insurance company with or without prior notice;
- to hire experts to control the books and documents of the insurance company;
- to request from the insurance company to, within the deadline not shorter than ten days or longer than three months, correct any act or activity against the provision of the Law;
- to order the insurance company to cease to engage in any activity against the provisions of this Law;
- to, subject to the Law, give orders regarding the investment, maintaining and handling of the insurance assets;
- to start the Court proceedings in the legal issues related to the insurance supervision when RS Agency is not authorized to engage in its supervisory activities subject to this Law, that is,

when in the process of supervision an issue, as a prior issue, arises within the competence of the Court;

- to render byelaws, other general acts (manuals, instruction manuals, orders and decisions) and individual acts (resolutions and conclusions);
- to organize or approve education of the employees in the insurance company or insurance intermediaries;
- to in any other way produce guidelines necessary for the application of this Law and other issue significant to the insurance market;
- to order other measures related to the business management of the insurance company if it deems them necessary to ensure that the company conducts its business subject to the regulatory objectives.

Prior to rendering any decision or order RS Agency gives the insurance company a right to previous argument. RS Agency renders decision or order in the form or a resolution, which is final.

The resolution in paragraph 3 hereof is subject to the initiation of administrative proceedings with the competent Court.

Apart from the scope of competence prescribed by this Law RS Agency is entitled to demand from the insurance company to implement any measures it deems necessary to fulfill regulatory objectives.

In performing of its functions, the Agency RS applies the rules of supervision and orders measures in accordance with the rules that regulate the area of insurance, as well as with the regulations governing the administrative procedures, unless otherwise prescribed by the Law.

ANNEX XXI – LAW ON MLA ASSISTANCE

LAW
ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS

CHAPTER I
GENERAL PROVISIONS

Article 1
Subject

(1) The present Law governs the manner and procedure of the provision of mutual assistance in criminal matters (hereafter: mutual judicial assistance or international legal assistance), unless otherwise stipulated in an international agreement.

(2) Mutual judicial assistance shall be afforded, in accordance with the provisions of the present Law, in proceedings in respect of offences the punishment of which, at the time of the request for assistance, falls within the jurisdiction of the judicial authorities of the requesting Party.

(3) Mutual judicial assistance shall be afforded, in accordance with the provisions of this Law, in proceedings before courts and administrative authorities in respect of petty offences punishable with imprisonment or fines in accordance with the legislation of Bosnia and Herzegovina and in the cases where in the proceedings a decision of an administrative authority can result in proceedings before a court with subject-matter jurisdiction over criminal matters.

(4) Mutual judicial assistance shall be afforded in accordance with an international agreement in respect of international courts and other international organizations Bosnia and Herzegovina is a member of.

Article 2
Meaning of Terms and Concepts

For the purposes of this Law the terms and concepts shall have the following meaning:

a) “requesting State” means the State whose competent authority has sent a letter rogatory;

b) “requested State” means the State whose competent authority has been sent a letter rogatory to;

c) "sentencing State" means the State in which the sentence was imposed on a person;

d) "administering State" means the State to which the sentenced person may be, or has been, transferred in order to serve his sentence;

e) "National judicial authority": courts and prosecutor's offices that are designated by a special law to provide international legal assistance and all authorities that can ask for international legal assistance in accordance with this law;

f) "Foreign judicial authority": foreign courts or other authorities that are competent to act in criminal and petty offences matters in accordance with the requested State legislation;

g) "Foreigner": any person who is not a national of Bosnia and Herzegovina;

h) The accused is a suspect and an indictee.

Article 3

Letters Rogatory

(1) A request for international legal assistance shall be submitted in the form of a letter rogatory.

(2) The letter rogatory of a foreign judicial authority, together with supporting documents, shall be accompanied by a translation into one of the official languages of Bosnia and Herzegovina. The translation shall be certified by a court certified translator.

(3) The letter rogatory by a national judicial authority, together with supporting documents, shall be accompanied by a translation into the official language of the requested State.

(4) Unless otherwise stipulated in an international agreement or provisions of the present Law, a letter rogatory shall indicate as follows:

a) the name of the authority making the request, the case number, the full name of the requested State and the name of the requested authority, if possible,

b) legal grounds for the mutual assistance requested,

c) a full description of the actions requested in the mutual assistance and the cause of submission of the letter rogatory,

d) the Legal qualification of offence and a summary of the facts,

e) precise personal details and nationality of the person the mutual assistance pertains to and his capacity in the case,

f) name of the document and the name, address of the person to be served on, if it is service of process that is requested and

g) other details that may be important for the action to be taken at the letter rogatory.

(5) A letter rogatory and the documents sent by courts or other competent authorities shall be signed and stamped by the seal of issuing court or other authority.

(6) If the information indicated in a letter rogatory and supporting documents are not sufficient, additional information and documents can be asked for.

Article 4

Communication

(1) Letters rogatory by national judicial authorities shall be sent to foreign judicial authorities through the Ministry of Justice of Bosnia and Herzegovina. Letters rogatory by foreign judicial authorities shall be sent to national judicial authorities in the same manner.

(2) As an exception to paragraph above, national judicial authorities can sent to foreign judicial authorities letters rogatory directly, when the manner of communication is stipulated in an international agreement.

(3) In urgent cases, when the manner of communication is stipulated in an international agreement, letters rogatory can be received and sent through the International Criminal Police Organization – INTERPOL.

(4) In urgent cases, requests for mutual legal assistance may be forwarded and received through Eurojust – the European Union Agency for police and judicial cooperation in criminal matters.

(5) Procedure to be applied by the competent authorities of Bosnia and Herzegovina with regard to relations with Eurojust shall be regulated by a special directive of the Minister of Justice of Bosnia and Herzegovina which shall identify the authorities and contact points for cooperation with Eurojust.

(6) In the case of communication under paragraphs 2 and 3 above, the national judicial authority shall send a copy of the letter rogatory to the Ministry of Justice of Bosnia and Herzegovina.

(7) In the case of the lack of an international agreement and when an international agreements explicitly stipulates communication through diplomatic channels, the Ministry of Justice of Bosnia and Herzegovina receives and sends letters rogatory through the Ministry of Foreign Affairs of Bosnia and Herzegovina

(8) Letters rogatory can be received electronically or by other means of telecommunication that produce written records when the competent foreign judicial authority is willing to send a written notice of the manner of sending and the original letter rogatory at a request, provided that this manner of delivery is stipulated in an international agreement.

Article 5

Urgent Proceeding

- The Ministry of Justice of Bosnia and Herzegovina shall transmit without delay any letter rogatory to the competent national authority for action, unless when it is obvious that the letter rogatory is not in line with an international agreement and the present Law and should be rejected.

- The Ministry of Justice of Bosnia and Herzegovina shall also act promptly upon requests for mutual legal assistance of the national judicial authorities, unless it is evident that the request is not in compliance with an international treaty and that a foreign authority would refuse it. In such a case, the request shall be returned to the national judicial authority in order to eliminate failures.

- In cases under Article 4(3) of this Law, the authority of Bosnia and Herzegovina which is competent for cooperation with INTERPOL shall communicate the request directly to competent national judicial authority wherein it shall be obliged to communicate a copy of the request and the referral document to the Ministry of Justice of Bosnia and Herzegovina.

Article 6

Admissibility And The Manner of Performance

(1) Admissibility and the manner of performance of the actions that are the subject of a request for mutual assistance sent by a foreign national authority shall be decided by the competent national authority in pursuance of the national legislation, unless otherwise determined in the present Law or stipulated in an international agreement.

(2) The competent national authority shall act without delay in compliance with the letter rogatory.

Article 7

Delivery of A Letter Rogatory to The Competent Authority

Where the authority which receives a request for mutual assistance has no competence to comply therewith, it shall transmit the request to the competent authority and shall so inform the requesting authority.

Article 8

Scope (Types)

Mutual assistance in criminal matters shall include:

a) general types of legal assistance,

b) specific types of legal assistance,

(1) extradition of suspects, accused and sentenced persons,

(2) transfer of criminal proceedings,

(3) recognition and enforcement of foreign judicial decisions

Article 9

Grounds for Denying Mutual Assistance

(1) Apart from other reasons for denying requests for certain forms of legal assistance as foreseen by this Law, a relevant national judicial authority shall deny a request for legal assistance in the following cases:

(a) if the execution of the request would prejudice the legal order of Bosnia and Herzegovina or its sovereignty or security;

(b) if the request concerns an offence which is considered to be a political criminal offence or an offence connected with a political criminal offence;

(c) if the request concerns a military criminal offence;

(d) if the person to whom the request pertains has been acquitted of charges based on the substantive-legal grounds or if the proceeding against him has been discontinued, or if he was relieved of punishment, or if the sanction has been executed or may not be executed under the law of the State where the verdict has been passed;

e) if criminal proceedings are pending against the accused in Bosnia and Herzegovina for the same criminal offence, unless the execution of the request might lead to a decision releasing the accused from custody;

(f) if criminal prosecution or execution of a sanction pursuant to the national law would be barred by the statute of limitations.

(2) The provisions of paragraph (1), sub-paragraph d) of this Article shall not apply in cases of reopening the criminal proceedings in the requesting State.

(3) In addition to the reasons as stipulated in paragraph (1) of this Article, legal assistance may also be denied on the basis of actual reciprocity with a certain State.

Article 10

Exemptions from Denying Legal Assistance

(1) Crimes against humanity or other values protected by international law may not serve as a basis to deny the request for mutual legal assistance in terms of Article 9, subparagraphs b) and c) of this Law.

(2) No request for mutual legal assistance shall be denied solely because it concerns an offence which is considered to be a fiscal offence pursuant to national law.

Article 11

Reasoning of Non-compliance

Reasons shall be given for any refusal of mutual assistance or non-compliance with a request for assistance.

Article 12

Rule of Reciprocity

(1) Requests for assistance by judicial authorities of the State that Bosnia and Herzegovina does not have an agreement concluded on mutual assistance in criminal matters shall be executed only if, on the grounds of guarantees that the requesting State has given, the State may be expected to execute a similar request of the national judicial authorities.

(2) A guarantee under paragraph 1 shall not be sought for the service of process, decisions, submissions and other documents.

CHAPTER II

GENERAL TYPES OF MUTUAL LEGAL ASSISTANCE

Article 13

The Concept

General types of mutual legal assistance shall include execution of individual procedural actions such as service of summons on a suspect, the accused, an indictee, a witness, an expert, a person in custody, or other party to the criminal proceedings, service of documents, written materials and other objects relevant to the criminal proceedings in the requesting State, seizure of objects, handing over of seized objects to the requesting State, taking testimony from the accused, a witness or an expert, spot examination, search of sites and persons, and seizure of articles found during the search and control of delivery, surveillance and telephone tapping, information and intelligence exchange and other actions that may arise in criminal proceedings to require mutual assistance and are not contrary to the present Law and the provisions of the criminal legislation of Bosnia and Herzegovina.

Article 14

A Summons

A summons of the requesting State citing a suspect, the accused, an indictee, a witness, an expert or other party in proceedings shall not contain a notice of penalty in the event of failure to appear. If he/she fails to appear he/she shall not be subjected to any punishment or measure of restraint.

Article 15

Delivery

(1) Service of process shall be proved by a proof of service that is put together in accordance with the legislation of the requested State. The proof of service shall state the place and the date of such service, the signature of the recipient or description of other method of delivery.

(2) If service is impossible to accomplish, the requested State shall inform about it without delay, stating the reasons that prevented the service.

Article 16

Protection of Witnesses and Experts

(1) A witness or expert with temporary or permanent residence abroad, whatever his nationality is, staying in the territory of Bosnia and Herzegovina on the grounds of a summons before the national judicial authorities shall not be prosecuted or detained or subjected to any other restriction of his personal liberty in respect of acts that are the subject of the judicial proceedings where his appearance has been requested or the commission of acts anterior to his departure from the territory of Bosnia and Herzegovina or some earlier convictions.

(2) The provision of paragraph 1 of this Article shall cease when the witness or expert, having had an opportunity of leaving for a period of fifteen consecutive days from the date when his presence is no longer required by the judicial authorities, has nevertheless remained in the territory of Bosnia and Herzegovina. In the deadline of fifteen days shall not be calculated the period of time in which the witness or expert could not leave the teritory of Bosnia and Herzegovina due to the objective reasons.

Article 16a

Examination of Witnesses and Expert Witnesses via a Video-link

(1) Where direct examination of witnesses and expert witnesses from Bosnia and Herzegovina is not possible on the territory of another State, the examination may be conducted via a video-conference link upon request of the judicial authorities of that State.

(2) The request referred to in paragraph (1) of this Article must be made in writing and contain everything which is stipulated in Article 3 of this Law, including the explanation of the reasons precluding direct appearance of the witnesses and expert witnesses in the requesting State. The request must indicate the names of the judicial authorities and persons who are to attend the examination in the requesting State.

(3) The request referred to in paragraph (1) of this Article shall be granted if it is not in contravention of the principles of the criminal legislation of Bosnia and Herzegovina, and it shall be satisfied by such judicial authority which is technically equipped for this type of examination, whether or not competent for offering such legal assistance under this request in terms of Articles 6 and 7 of this Law.

(4) The summons for examination shall be served on persons under paragraph (1) of this Article by the judicial authority which shall conduct the examination.

(5) A judicial authority of the State requesting the examination shall be responsible for the establishment of identity of a person to be examined and, if required, it shall also provide an interpreter and conduct the examination directly in accordance with its legislation.

(6) Notwithstanding paragraph (5) of this Article, the examination may also be conducted by a judicial authority in Bosnia and Herzegovina under instructions of the judicial authority of the requesting State, with provisions made for interpretation, but only upon a request of the State which forwarded the Letter Rogatory.

(7) A witness and an expert witness may refuse to testify pursuant to the criminal legislation of Bosnia and Herzegovina, as well as pursuant to the criminal legislation of the requesting State.

(8) Applying the examination protective measures, the Bosnia and Herzegovina judicial authority conducting the examination shall produce a Record or videotapes pursuant to the criminal legislation of the party submitting the request and forward it to the judicial authority of the requesting State.

(9) If a person under paragraph (1) of this Article has refused to testify, no coercive measures may be imposed on him.

Article 16b

Questioning of Suspects and Accused Persons by Videoconferencing

(1) By applying Article 16a of this Law adequately, the judicial authorities of another State may question a Suspect or an Accused person being in Bosnia and Herzegovina via video-conference, by virtue of the mediation of the judicial authorities of Bosnia and Herzegovina if that person consents to that.

(2) The Bosnia and Herzegovina judicial authority which is to conduct the questioning and the judicial authority of the State which submitted the request for legal assistance shall agree upon the conditions and methods of questioning in accordance with the national criminal legislations and international instruments.

(3) If a person under paragraph (1) of this Article has refused to testify, no coercive measures may be imposed on him.

Article 16c

Examination of Witnesses and Expert Witnesses by Telephone Conferencing

(1) By applying Article 16a of this Law adequately, the competent judicial authority in Bosnia and Herzegovina may, upon request of another State, organise examination of expert witnesses and witnesses via telephone conference, if a witness or an expert witness consents to that.

(2) The competent judicial authority in Bosnia and Herzegovina and the judicial authority of the State which submitted the request for legal assistance shall agree upon the manner of the examination in terms of paragraph (1) of this Article, of which the competent judicial authority in Bosnia and Herzegovina must produce a Record and verify the consent of the witness and expert witness along with establishing their oneness.

(3) If a person under paragraph (1) of this Article has refused to testify, no coercive measures may be imposed on him

Article 17

Protection of The Accused

(1) A person, whatever his nationality, summoned before the national judicial authorities to answer for acts forming the subject of proceedings against him, shall not be prosecuted or detained or subjected to any other restriction of his personal liberty for acts or convictions anterior to his departure from the territory of Bosnia and Herzegovina and not specified in the summons.

(2) Prosecution or detention or any other restriction of personal liberty shall be allowed if a summoned person, having had an opportunity of leaving for a period of fifteen consecutive days from the date when his presence is no longer required by the judicial authorities, has nevertheless remained in the territory of Bosnia and Herzegovina, or having left it, has returned.

Article 18

Summons And Surrender of A Person In Custody

(1) A person in custody in Bosnia and Herzegovina, whose personal appearance as a witness or for purposes of confrontation, is summoned by a foreign judicial authority, can be temporarily transferred to the requesting State.

(2) The person shall be temporarily transferred to the requesting State if it gives guarantees in respect of his protection under Article 17 above and guarantees that he will be returned by the deadline fixed.

(3) Transfer may be refused:

a) if the person in custody does not consent;

b) if transfer is liable to prolong his detention, or

c) if there are other overriding grounds for not transferring him to the territory of the requesting Party.

(4) Transfer may be delayed if his presence is necessary at criminal proceedings pending before a national judicial authority.

(5) Transfer of a person in custody in Bosnia and Herzegovina shall be decided by the Ministry of Justice of Bosnia and Herzegovina with a prior approval by the authority having ordered the custody.

(6) Transfer of a person in custody through the territory of Bosnia and Herzegovina by a third State shall be granted if the person is not a national of Bosnia and Herzegovina. The decision shall be made by the Ministry of Justice of Bosnia and Herzegovina with a prior approval by the Ministry of Security

of Bosnia and Herzegovina.

(7) The transferred person under paragraph 1 shall remain in custody in the territory of the requesting Party.

Article 19

Temporary Seizure of Property

(1) Any property, documents or proceeds that were **temporary** seized for the purpose of evidentiary proceedings as well as files and decisions shall be handed over to the foreign judicial authority at its request after the mutual assistance proceedings have been closed in Bosnia and Herzegovina.

(2) If a third person who acquired *bona fide* rights, a national authority or an aggrieved party with permanent residence in Bosnia and Herzegovina claims the property, documents or proceeds under paragraph 1 above, the property, documents or proceeds shall be handed over to a foreign judicial authority only if it provides guarantees that they will be returned free of charge after the evidentiary proceedings have been closed.

(3) Bosnia and Herzegovina may delay the handing over of any property, documents or proceeds requested, if it requires them in connection with pending criminal proceedings in Bosnia and Herzegovina.

Article 20

Handing Over of Temporary Seized Property

(1) Any property or proceeds having been temporarily seized in order to protect them, may be handed over to a foreign judicial authority at its request after the mutual assistance proceedings have been closed in order to confiscate them or return them to an authorized person.

(2) Property and proceeds under paragraph 1 above include the following:

a) objects used in the commission of an offence;

b) objects resulted from the commission of an offence or their counter value;

c) proceeds of crime or their counter value;

d) gifts and other things given with a view to inciting an offence and giving remuneration for an offence or their value.

(3) The hand-over may be accomplished at any stage of the criminal proceedings, but only on the grounds of a final and binding decision of a foreign judicial authority.

(4) Property and proceeds may be retained in Bosnia and Herzegovina for good if:

a) aggrieved party has permanent residence in Bosnia and Herzegovina and he should recover them;

b) the competent national authority claims the right over them on behalf of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, Republic of Srpska, or Brcko Distrikt of Bosnia and Herzegovina;

c) a person who was not a party to the offence and whose claims are not guaranteed by the requesting State proves that he acquired *bona fide* rights over the property and proceeds in Bosnia and Herzegovina or abroad and if he has permanent residence in Bosnia and Herzegovina,

d) Property and proceeds are required in connection with pending criminal proceedings in Bosnia and Herzegovina or in the implementation of the measure of confiscation in Bosnia and Herzegovina.

Article 21

Attending Actions Taken In The Mutual Assistance Provision

(1) If explicitly requested by the Requesting Party, a national judicial authority shall inform it about the time and place of the execution of a letter rogatory.

(2) Representatives of foreign judicial authorities concerned and parties in the criminal proceedings and their defence attorney can attend actions taken in the execution of a letter rogatory.

(3) The approval for attendance by the representatives of foreign judicial authorities concerned and other individuals in terms of paragraph 2 above in Bosnia and Herzegovina shall be given by the Ministry of Justice of Bosnia and Herzegovina, with a prior opinion of the authority acting on the letter rogatory, which shall be sent in written to the Ministry of Justice of Bosnia and Herzegovina together with the notice under paragraph 1 above.

Article 22

Delaying

(1) A national judicial authority may delay the execution of a letter rogatory if it would adversely affect the course of investigation, prosecution or criminal proceedings pending before a national judicial authority, which are connected to the letter rogatory.

(2) In the event of delaying the execution of a letter rogatory, the requesting competent foreign judicial authority shall be informed about it, together with a statement of reasons for delay.

Article 23

Proceeding In A Particular Manner

(1) At the request of a court or other requesting authority a national judicial authority can comply with the letter rogatory in the manner cited in it, provided that it is not in contravention of fundamental principles of the legal system of Bosnia and Herzegovina and that the possibility is stipulated in an international agreement.

(2) A national judicial authority shall issue a decision as soon as possible on a letter rogatory of a foreign judicial authority, taking account of specifically fixed deadlines set forth in the letter rogatory.

(3) If a national judicial authority judges that it will not be able to comply with the letter rogatory meeting the specifically fixed deadlines, it shall promptly inform the requesting State about it, indicating the period of time needed for execution of the letter rogatory.

(4) If a national judicial authority is not able to execute the letter rogatory meeting the requirements set forth, it shall promptly inform the requesting State about it, stating the reasons thereof.

Article 24

Joint Investigation Teams

(1) If the circumstances of the specific case so justify, joint investigation teams may be formed by an agreement between the relevant Prosecutor's Office in Bosnia and Herzegovina and the relevant authorities of a foreign State for the purpose of conducting the criminal investigation on the territory of one or more contracting states which have formed a joint team for a restricted period of time.

(2) The agreement shall define: the composition of the team, the tasks of the team, its authority and the period of time to which it has been formed. If so agreed by the signatory parties to the agreement, the team may extend its operation even after expiry of the deadline set forth in the agreement.

(3) A request for setting a joint team should include data as referred to in Article 3 of this Law, and it may be filed by any interested party. The request shall be filed through the Ministry of Justice of Bosnia and Herzegovina to the relevant Prosecutor's Office in Bosnia and Herzegovina, along with the proposal for the team composition. In the same manner, a Prosecutor with the relevant Prosecutor's Office in Bosnia and Herzegovina shall forward such request to the relevant judicial authority of the foreign State, if he finds it necessary.

(4) The team shall be formed in one of the signatory parties to the agreement in which the investigative actions are expected to be taken. The request shall also include a proposal for the team composition.

(5) A joint investigation team may be formed when:

a) investigation of criminal offences conducted in one State requires a complex and thorough investigation connected with other States;

b) several parties conduct investigation of criminal offences whose nature requires coordinated and harmonised actions by the States involved;

c) investigative actions should be taken in turn in Bosnia and Herzegovina and in another State, that is, in several States.

(6) A joint investigation team shall act on the territory of Bosnia and Herzegovina under the following conditions:

a) the Team Leader shall be a Prosecutor with the relevant Prosecutor's Office in Bosnia and Herzegovina;

b) the team shall take investigative actions in accordance with the criminal legislation in Bosnia and Herzegovina, and national and foreign members of the joint team shall perform their tasks lead by the Teal Leader;

c) the relevant Prosecutor's Office in Bosnia and Herzegovina shall take all required organisational measures to meet the needs of the team.

(7) Foreign members of the joint investigation team shall have the right to stay on the territory of Bosnia and Herzegovina during the investigation. For certain reasons and in compliance with the legislation of Bosnia and Herzegovina, the Team Leader may decide otherwise.

(8) The Team Leader may transfer powers to foreign members of the joint investigation team for taking certain investigative actions in accordance with the legislation of Bosnia and Herzegovina and with the consent of the relevant foreign judicial authorities of the State foreign members came from.

(9) If a joint investigation team is to take investigative actions on the territory of Bosnia and Herzegovina, national members of the team may ask the relevant authorities in Bosnia and Herzegovina to take such actions. These actions shall be taken in compliance with laws of Bosnia and Herzegovina.

(10) If, during an investigation on the territory of Bosnia and Herzegovina, the joint investigation team requires a legal assistance from a third State, a request for mutual legal assistance shall be filed by a relevant national judicial authority.

(11) The relevant national judicial authorities may use information the national or foreign members reached in the course of their work in the joint investigation team, which is not available otherwise, for the following purposes:

a) for the purpose for which the team has been established;

b) for detection, investigation or prosecution of other criminal offences, with the consent of the State to whose foreign members information has been made available;

c) for prevention of direct or serious threat to public safety and without prejudice to the provisions of sub-paragraph b) if the criminal investigation is to be instigated at a later point in time;

d) for other purposes if so agreed upon by the parties which have formed the team.

Article 24a

Following across the State Border of a Contracting Party

(1) By a request communicated through the Ministry of Justice of Bosnia and Herzegovina, the requesting State may ask the relevant Prosecutor's Office in Bosnia and Herzegovina to allow its police authority to follow on the territory of Bosnia and Herzegovina a person suspected of having committed a criminal offence subject to extradition, or a person in relation to whom it is believed that it will result in identification of and in locating that person. It may be noted in the request that the national police authorities shall be entrusted with surveillance.

(2) Upon receipt of the request, the relevant Prosecutor's Office of Bosnia and Herzegovina shall review:

a) if the request contains all relevant data to enable, in accordance with the criminal legislation of Bosnia and Herzegovina, that a motion to take a special investigative action - covert following and technical recording of individuals, means of transport and objects related to them, is submitted to the Court having jurisdiction thereof;

b) if the request pertains to the criminal investigation of the criminal offences which are subject to extradition in Bosnia and Herzegovina;

c) if the request pertains to the criminal investigations for the criminal offences for which, pursuant to the criminal legislation of Bosnia and Herzegovina, a special investigative action - covert following and technical recording of individuals, means of transport and objects related to them, may be ordered;

d) if the request pertains to the criminal offences according to the elements of the request which are regulated by the criminal legislation of Bosnia and Herzegovina, as follows:

- assassination
- murder
- rape
- setting fire
- forfeiture of money
- armed robbery and acquiring stolen items
- extortion
- abduction and taking hostages
- organ trafficking
- illicit trafficking in narcotic drugs and psychotherapeutic substances
- breaching the Law on Weapons and Explosive Devices
- use of explosive materials
- illicit possession of toxic and hazardous materials

(3) If the relevant Prosecutor's Office has established that the request does not include all pertinent data, it shall, through the Ministry of Justice of Bosnia and Herzegovina, notify accordingly the relevant foreign judicial authority which may subsequently provide the required data.

(4) If the relevant Prosecutor's Office has established that the request does not satisfy the requirements under paragraph (2) of this Article, it shall decline the request and, through the Ministry of Justice of Bosnia and Herzegovina, notify accordingly the relevant foreign judicial authority.

(5) If the request satisfies all requirements under paragraph (2) of this Article, the Prosecutor with the relevant Prosecutor's Office in Bosnia and Herzegovina shall file a motion to order a special investigative action - covert following and technical recording of individuals, means of transport and objects related to them, with the Court having jurisdiction for further action pursuant to the criminal legislation of Bosnia and Herzegovina.

(6) Pursuant to the criminal legislation of Bosnia and Herzegovina, the Court having jurisdiction shall decide as to whether the requirements have been satisfied for granting the motion and issuing an order for the special investigative action to be taken.

(7) Through the Ministry of Justice of Bosnia and Herzegovina, the relevant Prosecutor's Office shall notify the foreign judicial authority of the Court decision. The Court order under which a special investigative action shall be taken shall constitute authorisation for covert following.

(8) In cases where, due to reasons requiring especially urgent response, the requesting State failed to forward a request for authorisation as referred to in paragraph (1) of this Article, officers of the internal affairs authority of the requesting State, who take the covert following measures within the scope of the criminal investigation, shall be authorised to proceed with following an individual who has supposedly committed the criminal offences under paragraph (1), sub-paragraph d) of this Article on the territory of Bosnia and Herzegovina, provided that:

a) the relevant Prosecutor's Office in Bosnia and Herzegovina is promptly notified of their crossing the State border during the follow;

b) a request for legal assistance, which has been filed pursuant to paragraph (1) of this Article is promptly communicated stating the reasons for crossing the State border without prior authorisation.

(9) Following on the territory of Bosnia and Herzegovina as referred to in paragraph (8) of this Article shall be discontinued immediately upon request of the relevant Prosecutor's Office of Bosnia and Herzegovina or if the Court fails to issue an order within five hours of crossing the State border.

(10) Following under the Court order shall only be performed under the general conditions below:

a) officers of the internal affairs authority of the requesting State shall take the surveillance measures in accordance with the provisions of this Law and the legislation of Bosnia and Herzegovina and shall adhere to instructions of the relevant Prosecutor's Office in Bosnia and Herzegovina;

b) officers of the internal affairs authority of the requesting State who conduct the surveillance measures must be prepared at any time to prove that they act in their official capacity;

c) officers of the internal affairs authority of the requesting State who conduct the surveillance measures may carry their official weapons in the course of following, unless the relevant Prosecutor's Office of Bosnia and Herzegovina decides otherwise. Carrying and use of official weapons may be allowed pursuant to laws in Bosnia and Herzegovina;

d) access to private property and non-public areas is prohibited;

e) officers of the internal affairs authority of the requesting State who conduct the surveillance measures shall not be authorised to stop and question or deprive of liberty an individual placed under surveillance;

f) the relevant Prosecutor's Office in Bosnia and Herzegovina shall be notified of all actions taken, and official persons carrying out the surveillance measures might be asked to appear in person before the relevant Prosecutor's Office in Bosnia and Herzegovina;

g) foreign judicial authorities from whose territory officers of internal affairs authority come to conduct following shall, upon request of the relevant Prosecutor's Office in Bosnia and Herzegovina, offer assistance in investigation instigated based on the performed operations they participated in, including court proceedings.

(11) The relevant Prosecutor's Office in Bosnia and Herzegovina shall, through the Ministry of Justice of Bosnia and Herzegovina, forward a request as referred to in paragraph (1) of this Article to the relevant authority of the other State to authorise the police of Bosnia and Herzegovina to conduct surveillance on the territory of that State.

Article 24b

Controlled Deliveries

(1) A foreign judicial authority may, through the Ministry of Justice of Bosnia and Herzegovina or directly to the relevant Prosecutor's Office in Bosnia and Herzegovina if so stipulated in an international treaty, file a request for authorisation of a controlled delivery – supervised transport and delivery of objects of criminal offence on the territory of Bosnia and Herzegovina.

(2) Upon receipt of the request, the relevant Prosecutor's Office in Bosnia and Herzegovina shall examine:

a) if the request contains all relevant data required for enabling that, in compliance with the criminal legislation of Bosnia and Herzegovina, a motion to order a special investigative action - supervised transport and delivery of objects of criminal offence, is filed with the Court having jurisdiction thereof;

b) if the request pertains to criminal investigations related to the criminal offences for which a special investigative action - supervised transport and delivery of objects of criminal offence, may be imposed pursuant to the criminal legislation of Bosnia and Herzegovina.

(3) If the relevant Prosecutor's Office has established that the request does not contain all relevant data to enable deciding on the request, it shall notify accordingly the relevant foreign judicial authority which may subsequently provide the required data, as requested.

(4) If the relevant Prosecutor's Office has established that the request does not satisfy the requirements as referred to in paragraph (2) of this Article, it shall refuse the request and notify the relevant foreign judicial authority accordingly.

(5) If the request satisfies all of the requirements as referred to in paragraph (2) of this Article, the Prosecutor of the relevant Prosecutor's Office in Bosnia and Herzegovina shall make a motion to order a special investigative action - supervised transport and delivery of objects of criminal offence, and file it with the Court having jurisdiction thereof pursuant to the criminal legislation of Bosnia and Herzegovina.

(6) Pursuant to the criminal legislation of Bosnia and Herzegovina, the Court having jurisdiction thereof shall decide as to whether the requirements for granting the motion and issuing the order for a special investigative action have been satisfied. The Court order shall constitute an authorisation. The relevant Prosecutor's Office shall notify the foreign judicial authority of the Court decision.

(7) Executing, managing and controlling the special investigative action referred to in paragraph (1) of this Article shall be performed by the law enforcement agency of Bosnia and Herzegovina in accordance with the criminal legislation of Bosnia and Herzegovina.

Article 24c

Undercover Investigations

(1) The relevant Prosecutor's Office in Bosnia and Herzegovina and the relevant foreign judicial authority may agree to, through the Ministry of Justice of Bosnia and Herzegovina or upon a direct written request of any party, if such a possibility is stipulated in the international treaty, assist one another in a specific criminal case which the internal affairs officers run under a secret or false identity.

(2) Upon receipt of the request, the relevant Prosecutor's Office in Bosnia and Herzegovina shall examine:

a) if the request contains all relevant data required for enabling that, in compliance with the criminal legislation of Bosnia and Herzegovina, a motion to order a special investigative action - undercover investigators and informants, is filed with the Court having jurisdiction thereof;

b) if the request pertains to criminal investigations related to the criminal offences for which a special investigative action - undercover investigators and informants, may be imposed pursuant to the criminal legislation of Bosnia and Herzegovina.

(3) If the relevant Prosecutor's Office has established that the request does not contain all relevant data, it shall notify accordingly the relevant foreign judicial authority which may subsequently provide the required data.

(4) If the relevant Prosecutor's Office has established that the request does not satisfy the requirements as referred to in paragraph (2) of this Article, it shall refuse the request and notify the relevant foreign judicial authority accordingly.

(5) If the request satisfies the requirements as referred to in paragraph (2) of this Article, the Prosecutor of the relevant Prosecutor's Office in Bosnia and Herzegovina shall make a motion to order a special investigative action – undercover investigators and informants, and file it with the Court having jurisdiction thereof pursuant to the criminal legislation of Bosnia and Herzegovina.

(6) Pursuant to the criminal legislation of Bosnia and Herzegovina, the Court having jurisdiction thereof shall decide as to whether the requirements for granting the motion and issuing the order for a special investigative action have been satisfied. The relevant Prosecutor's Office shall notify the foreign judicial authority of the Court decision.

(7) Executing, managing and controlling the special investigative action – foreign undercover investigators and informants, shall be performed in accordance with the criminal legislation of Bosnia and Herzegovina.

(8) The relevant Prosecutor's Office in Bosnia and Herzegovina and the relevant foreign judicial authority participating in the investigation shall agree upon duration of the undercover investigation, details, conditions and legal status of official persons during the undercover investigation, while observing the legislation and procedures in Bosnia and Herzegovina, and shall cooperate in preparation and supervision of the undercover investigation, including protection of official persons acting under a secret or false identity.

Article 25

Expenses

(1) Execution of requests for mutual assistance shall not entail refunding of expenses except

a) Significant amounts incurred by the attendance of experts and preparation of expert opinions

b) Amounts incurred by temporary transfer of a person in custody for personal appearance as a witness or for purposes of confrontation in the requesting State and

c) Significant amounts of extraordinary expenses

(2) The allowances, including subsistence, and the traveling expenses shall be refunded to a witness or expert, who appear on a summons of a national judicial authority, in accordance with the national legislation.

(3) The summons under paragraph 2 above shall indicate the approximate allowances payable and the travelling and subsistence expenses refundable and, if a specific request is made, an advance payment can be approved.

(4) An expert opinion can be made conditional upon advance payment if a party in the proceedings bears expenses of expert opinion.

Article 26

Information Given Without A Letter Rogatory

(1) Without prejudice to their own investigations and criminal proceedings and under the condition of reciprocity and without a letter rogatory, national judicial authorities can send to the competent foreign judicial authorities information about offences, which are collected during their own investigations if they belive that such information may help in the institution of investigations or criminal proceedings or if it may result in a letter rogatory.

(2) The competent national judicial authority may request of the foreign judicial authority that has received the information under paragraph 1 above to inform it about actions taken on the receipt of information and also can set other requirements for the use of such information in the receiving State.

Article 27

Preliminary Measures

At the request of foreign judicial authorities and in accordance with the national legislation, national judicial authority shall take preliminary measures with a view to collecting evidentiary material and ensuring already collected evidence or protecting harmed legal interests.

Article 28

Provision of Information on Natural and Legal Persons

(1) Upon receipt of a Letter Rogatory of a foreign judicial authority, requesting information on natural and legal persons, the Ministry of Justice of Bosnia and Herzegovina shall weigh reasonableness of the request for provision of information under the international treaty and, if the request is well-founded, it shall forward the Letter Rogatory of the foreign judicial authority requesting information to the authority that maintains a database on such natural and legal persons.

(2) The Agency for Identification Documents, Records and Data Exchange of Bosnia and Herzegovina and other State authorities which hold and maintain databases on natural and legal persons shall be obliged to, upon a Letter Rogatory of a foreign judicial authority and in terms of the provisions of paragraph (1) of this Article, provide the Ministry of Justice of Bosnia and Herzegovina with information requested by the Letter Rogatory, whereas the Ministry of Justice of Bosnia and Herzegovina shall promptly forward such information to the authority of the requesting State which requested the data.

(3) The Ministry of Justice of Bosnia and Herzegovina and the relevant foreign judicial authority shall be obliged to keep secret all data provided by the relevant national authority and the Ministry of Justice shall particularly warn the foreign judicial authority of that duty.

Article 29

Delivery of Information About Convicted Foreigners

(1) As soon as a verdict becomes final and binding, any court in Bosnia and Herzegovina shall send information to a foreign State through the Ministry of Justice of Bosnia and Herzegovina about any conviction of foreigners completing a form that the Ministry of Justice of Bosnia and Herzegovina shall prescribe.

(2) The Ministry of Justice of Bosnia and Herzegovina shall promptly transmit the information to the convicted person's State, unless otherwise stipulated in an international agreement.

(3) At the request of foreign judicial authorities for any individual case, the Ministry of Justice of Bosnia and Herzegovina shall transmit a copy of verdict that they have been informed about.

(4) At the request of foreign judicial authorities, the Ministry of Justice of Bosnia and Herzegovina shall transmit any other information from the criminal records.

(5) At the request of a foreign judicial authority, also information about nationals of the State concerned, who are under investigation or against whom criminal proceedings are pending in Bosnia and Herzegovina.

(6) ***When a case involves offences of counterfeiting of money, money laundering, illicit production, possessing and trafficking in narcotic drugs, trafficking in human beings and other offences in respect of which the treaties provide for centralized registers, the prosecuting authority shall promptly send to the Ministry of Justice of Bosnia and Herzegovina information about the offence and the offender, whereas the trial court shall send the final verdict.***

Article 30

Criminal Records of Bosnia and Herzegovina

Nationals Convicted Abroad

(1) The authorities in charge of criminal records in Bosnia and Herzegovina shall keep criminal records of Bosnia and Herzegovina nationals who are convicted abroad, including Bosnia and Herzegovina nationals who were born abroad.

(2) Upon the receipt of the information about Bosnia and Herzegovina nationals who are convicted abroad but who were not born in Bosnia and Herzegovina from a foreign State, the Ministry of Justice of Bosnia and Herzegovina shall send the information to the Ministry of Security of Bosnia and Herzegovina, which shall keep a central register and promptly transmit the information to the authorities in charge of criminal records.

(3) If the information about Bosnia and Herzegovina nationals who are convicted abroad is not translated into one of the official languages of Bosnia and Herzegovina, the Ministry of Security of Bosnia and Herzegovina shall provide a translation.

Article 31

Information About The Legislation

At the request of national judicial authorities, the Ministry of Justice of Bosnia and Herzegovina shall obtain from competent foreign judicial authorities pieces of legislation that are valid or was valid in other countries and the information about particular legal questions, as needed. In the same manner the Ministry of Justice of Bosnia and Herzegovina shall transmit to foreign judicial authorities pieces of legislation and the information about particular legal questions, as requested, the authority implementing the pieces of legislation being obligated to send the pieces of legislation and the information.

Chapter III

EXTRADITION OF SUSPECTS, INDICTEES AND SENTENCED PERSONS FROM BOSNIA AND HERZEGOVINA TO ANOTHER COUNTRY

Article 32

Legislation Governing Extradition

(1) Extradition of foreign suspects, indictees and sentenced persons from Bosnia and Herzegovina to a foreign State shall be carried out under the provisions of this Law, unless otherwise stipulated in an international agreement.

(2) The procedure of surrender of suspects and indictees who are tried before international criminal tribunals shall be defined in a separate law.

Article 33

Extraditable Offences

(1) Extradition of a foreigner to a foreign State is permissible for prosecution or execution of a final decision on prison sentence.

(2) Extradition in terms of paragraph 1 above shall be granted in respect of offences punishable under the laws of both Bosnia and Herzegovina and the requesting State.

(3) Extradition for prosecution is permissible only for offences punishable with imprisonment for a minimum period of at least one year under the laws of both Bosnia and Herzegovina and the requesting State.

(4) Extradition for execution of a final decision on prison sentence is permissible only if the prison term or the remaining term of the prison sentence is at least four months.

Article 34

Requirements for Extradition

(1) The requirements for extradition shall be as follows:

a) that a person sought is not a national of Bosnia and Herzegovina;

b) that a person sought has not been granted an asylum in Bosnia and Herzegovina, or that the person is not in the process of seeking asylum in Bosnia and Herzegovina at the time of the extradition request;

c) that the offence in respect of which the extradition is requested was not committed in the territory of Bosnia and Herzegovina, against it or its nationals;

d) that the offense in respect of which the extradition is regarded as a criminal offence under the national legislation as well as under the legislation of the state in which it was committed;

e) that the offence in respect of which the extradition is requested is not a political or military criminal offence;

f) that the statute of limitation does not apply with respect to criminal prosecution or execution of the sentence under the national legislation before the foreigner is taken into custody or examined as a suspect or indictee, that the foreigner sought has not been convicted for the same offence by a national Court or that he has not been validly released by the national Court with regard to the same offence, unless conditions have been met for new criminal proceedings to be conducted, or that no criminal proceedings were instituted in Bosnia and Herzegovina against the foreigner for the same criminal offense, and if the proceedings were instituted for an offense committed against a national of Bosnia and Herzegovina it is required that a surety bond is deposited to secure the damages claim of the injured party;

g) that the identity of the person sought is verified;

h) that there is sufficient evidence for a suspicion that the sought foreigner committed a criminal offence or that there is a valid verdict;

i) that the extradition of a foreigner is not requested for the following purposes: criminal prosecution or punishment on the grounds of his race, sex, national or ethnic origin, religious belief or political views and that his extradition is not requested on the grounds of a criminal offence that carries a death sentence under the legislation of the requesting State unless the requesting State has provide guarantees that no death sentence shall be imposed or executed.

Article 35

Request for Extradition

(1) The procedure for the extradition of foreign suspects, indictees or sentenced persons shall be initiated upon request of a foreign state.

(2) The request for extradition shall be submitted through diplomatic channels or directly to the Ministry of Justice, if so stipulated in an international agreement.

(3) If reciprocity is agreed on with the requested State, the request shall be submitted through diplomatic channels.

(4) The request for extradition shall be accompanied by documents stipulated in a bilateral agreement between the requesting State and Bosnia and Herzegovina or a treaty that is mandatory for the two States.

(5) Unless otherwise stipulated in the international agreement or there exists no international agreement, the following documents shall be required to support the request for extradition:

a.) items for establishing the identity of the suspect, indictees or sentenced person (precise description, photographs, fingerprints etc.);

b.) certificate of citizenship of the foreigner, if the person is a national of the requesting State, or data on citizenship of the foreigner, if the person is a national of another State;

c.) the text of the article from the criminal code of the requesting State for the offense in respect of which the extradition is requested,

d.) the original or an authenticated copy of the verdict, if the person is convicted, or original or an authenticated copy of the indictment or the warrant of arrest or other order having the same legal effect, stating all information on the offence committed, the offender's identity and evidence for probable cause.

(6) If the request and supporting documents under paragraph 3 above are in a foreign language, a certified translation into one of the official languages in Bosnia and Herzegovina shall be enclosed, unless otherwise stipulated in an international agreement.

Article 36

Procedure Upon A Request for Extradition

(1) Upon receipt of a request, the Ministry of Justice of Bosnia and Herzegovina shall promptly deliver the request to the Prosecutor's Office of Bosnia and Herzegovina.

(2) The Prosecutor's Office shall examine whether the request for extradition has been submitted in line with Article 34 above and, if it establishes that the request is not complete, it shall request the Ministry of Justice of Bosnia and Herzegovina to inform the competent authority of the requesting State to remove the shortcomings.

(3) If the Prosecutor's Office of Bosnia and Herzegovina that the requesting State has sent complete extradition documentation, it shall promptly transmit it to the Court of Bosnia and Herzegovina for decision-making.

(4) If a person whose extradition is requested has not been deprived of liberty under an international arrest warrant, the Prosecutor's Office of Bosnia and Herzegovina shall file with the Court of Bosnia and Herzegovina a reasoned motion to find the assumptions for extradition and a motion to order a temporary custody, if there are grounds for that as stipulated in Article 39 of this Law.

Article 37

Arresting a Person whose Extradition is Requested

A person whose extradition is requested shall be deprived of liberty by a relevant police authority in Bosnia and Herzegovina, based on an international arrest warrant indicating the request of the requesting State for ordering that person into custody and such person shall be brought before a

preliminary proceedings judge of the Court of Bosnia and Herzegovina, with the aim of deciding on the motion of the requesting State for ordering temporary custody if there is a risk that an alien whose extradition is requested will flee or hide himself.

Article 38

Proceedings before the Preliminary Proceedings Judge and a Temporary Custody

(1) After the person deprived of liberty, whose extradition is requested, is brought before the preliminary proceedings judge based on the international arrest warrant upon request of the requesting State or upon request of a foreign State, that person, after his identity has been established, shall be informed without delay about the reasons why his extradition is requested, and based on which evidence, and he shall be called on to present his defence.

(2) The preliminary proceedings judge shall inform the person whose extradition is requested that he is entitled to hire a defence counsel of his choosing who may be present during his hearing and that, in case he does not do so, the court shall appoint to him a defence counsel *ex officio* in case of a criminal offence for which the criminal legislation of Bosnia and Herzegovina prescribes mandatory defence.

(3) Minutes on the hearing and defence shall be taken.

(4) The preliminary proceedings judge shall order a temporary custody which may last no longer than 18 days. A decision on ordering custody shall be forwarded to the Prosecutor's Office of Bosnia and Herzegovina and the Ministry of Justice of Bosnia and Herzegovina to seek a request from the foreign State which issued the arrest warrant.

(5) The deadline under paragraph (4) of this Article may be extended, however, it may not be longer than 40 days.

(6) If the requested State fails to submit a request for extradition and the documents within the deadlines set forth, the Court of Bosnia and Herzegovina shall render a decision on termination of a temporary custody of a person whose extradition is requested, which decision shall be forwarded to the Ministry of Justice of Bosnia and Herzegovina. The person's release shall not preclude a repeated deprivation of liberty and extradition if the request for extradition is received following expiry of deadlines as referred to in paragraphs (4) and (5) of this Article.

(7) If a person whose extradition is requested has already been placed into custody on some other grounds, the deadline under paragraph (5) of this Article shall run from the date of rendering a decision to order the person into temporary custody based on a motion for ordering a temporary custody.

(8) If a person whose extradition is requested is released from custody due to the expired deadline referred to in paragraph (5) of this Article, temporary custody cannot be ordered again, instead, extradition custody may be ordered based on the submitted request for extradition.

Article 39

Ordering Extradition custody

(1) Upon receipt of a request for extradition and based on the Prosecutor's motion referred to in Article 36, paragraph (3) of this Law, the preliminary proceedings judge of the Court of Bosnia and Herzegovina shall render a decision to order extradition custody if:

a) there is a risk that a person whose extradition is requested shall avoid the extradition procedure or enforcement of the extradition;

b) there exist the circumstances indicating that a person whose extradition is requested would destroy, conceal, alter or falsify traces of the criminal offence or other evidence;

c) there exist special circumstances indicating that the person whose extradition is sought would hinder the criminal proceedings or the extradition procedure by influencing the witnesses, accomplices or accessories.

(2) If there exists any of the reasons referred to in paragraph (1), sub-paragraphs a), b) and c) of this Article, upon receipt of the request in terms of Article 36, paragraph (3) of this Law, the preliminary proceedings judge shall render a decision to terminate temporary custody of the person ordered into temporary custody under Article 38, paragraph (5) of this Law, and to order the person into extradition custody.

(3) Custody referred to in paragraphs (1) and (2) of this Article may last up until the enforcement of the decision on extradition, but no longer than six months from the day of placing the person into custody.

(4) Custody shall not be ordered if it is clear from the extradition request that the extradition is not warranted.

(5) If special reasons so warrant, the court having jurisdiction may undertake other measures for securing the alien's presence instead of custody.

(6) When extradition custody is ordered pursuant to paragraphs (1) and (2) of this Article, the preliminary proceedings judge shall inform the Ministry of Justice of Bosnia and Herzegovina of custody, so that the foreign State be informed accordingly.

(7) The preliminary proceedings judge shall release the alien when grounds for extradition custody cease to exist.

Article 40

Procedure with Nationals of Bosnia and Herzegovina

(1) If the relevant authority of Bosnia and Herzegovina for cooperation with Interpol, upon an international arrest warrant issued by a foreign state, determines through an inspection of the existing citizens database or determines otherwise that the person concerned is a national of Bosnia and Herzegovina, it shall inform the Interpol of the requesting State that issued the international arrest warrant and the Interpol headquarters that it may not extradite its nationals, unless otherwise stipulated in an international treaty allowing extradition of own nationals, and that it may not issue a warrant in the territory of Bosnia and Herzegovina for a national of Bosnia and Herzegovina for the purpose of extraditing him/her to another state.

(2) If the international treaty envisages extradition of nationals of Bosnia and Herzegovina, the procedure for their extradition shall be conducted in compliance with the provisions of this Law pertaining to extradition of aliens.

(3) Along with the notification referred to in paragraph (1) of this Article, the relevant authority of Bosnia and Herzegovina for cooperation with Interpol shall inform the foreign State that the relevant judicial authorities of that State may forward a Letter Rogatory to the relevant judicial authority of Bosnia and Herzegovina for transfer of prosecution.

(4) The relevant authority of Bosnia and Herzegovina for cooperation with Interpol shall inform the Ministry of Justice of Bosnia and Herzegovina about the international arrest warrant issued for a national of Bosnia and Herzegovina and the measures undertaken.

(5) If the relevant authority of Bosnia and Herzegovina for cooperation with Interpol was unable to determine whether the person sought by a foreign state is a national of Bosnia and Herzegovina, and if the Court of Bosnia and Herzegovina subsequently determines that the person ordered into custody for the purpose of being extradited to another state is a national of Bosnia and Herzegovina, such person shall be immediately released from custody, if the requirements for taking over the criminal prosecution by the relevant authorities of Bosnia and Herzegovina have not been met or other requirements which would justify the handover of such person to another relevant authority for criminal prosecution over which the authorities of Bosnia and Herzegovina have jurisdiction.

Article 41

Investigative Actions and transmitting of the file to a Panel of the Court of Bosnia and Herzegovina

(1) When the preliminary proceedings judge has heard the Prosecutor and defense attorney, at the motion and custody hearing, he shall also, as appropriate, carry out other investigative actions in order to establish if the conditions have been met to extradite the foreigner to surrender the objects on which or by way of which the offense has been committed, if these objects have been seized from the foreigner.

(2) Upon execution of investigative actions, the preliminary proceedings judge shall deliver the files on the investigation, along with his opinion, to a Panel of the Court of Bosnia and Herzegovina.

(3) If criminal proceedings against the foreigner sought are pending at a national Court due to the same or another offence, the preliminary proceedings judge shall indicate that in the files.

Article 42

Decision on requirements for extradition

(1) Deciding an extradition request of a foreign State in extradition proceedings the Court of Bosnia and Herzegovina shall decide whether legal requirements for extradition are met or not.

(2) If extradition is requested concurrently by more than one State, the Court of Bosnia and Herzegovina shall make its decision on each individual request having regard to whether legal requirements for extradition are met or not, unless the Minister of Justice has not already issued a (procedural) decision on extradition on the grounds of an earlier decision of the Court of Bosnia and Herzegovina.

Article 43

Decision Establishing fulfilment of the Requirements for Extradition

(1) If the Panel of the Court of Bosnia and Herzegovina has found that legal requirements for the extradition of the foreigner have been fulfilled, it shall confirm that by way of a decision.

(2) The foreigner shall have the right to appeal such a (procedural) decision to the Appellate Division Panel of the Court of Bosnia and Herzegovina within 3 days of receipt of the decision.

(3) The Appellate Division Panel of the Court of Bosnia and Herzegovina shall decide the appeal against the decision under paragraph 1 above by way of a decision.

(4) If deciding the appeal against the (procedural) decision under paragraph 1 above the Appellate Division Panel of the Court of Bosnia and Herzegovina finds that the appeal is not sustainable and that legal requirements for the extradition of the foreigner have been fulfilled or if an appeal is not lodged against the decision, the file shall be transmitted to the Minister of Justice to issue a decision on extradition.

Article 44

Rendering a Decision Finding that the Assumptions for Extradition have not been Satisfied

(1) If the Panel of the Court of Bosnia and Herzegovina finds that legal requirements for extradition have not been satisfied, it shall render a decision finding that the assumptions for extradition have not been satisfied. The decision shall be forwarded to the Panel of the Appellate Division of the Court of Bosnia and Herzegovina, which shall, upon hearing the Prosecutor of the Prosecutor's Office of Bosnia and Herzegovina, either uphold, revoke or return the decision to the Panel of the Court of Bosnia and Herzegovina for further review actions towards finding if there exist the assumptions for extradition, or it shall revise the decision.

(2) If an alien is in custody, the Panel of the Court of Bosnia and Herzegovina may render a decision extending the custody until the decision becomes final.

(3) The final decision referred to in paragraph (1) of this Article shall be delivered to the Ministry of Justice of Bosnia and Herzegovina, which shall issue a decision denying the extradition.

(4) If the extradition request is denied for the reasons referred to in Article 34, subparagraphs a) and b) of this Law, the Ministry of Justice of Bosnia and Herzegovina shall inform the requesting State that the judicial authorities of Bosnia and Herzegovina may take over the criminal prosecution if the extradition was requested for the purpose of the criminal prosecution, that is, about the possibilities for recognition and execution of a foreign verdict if the extradition was requested for the purpose of the verdict execution.

Article 45

Issuing of the Final Decision on Extradition

(1) If the Panel of the Court of Bosnia and Herzegovina has found that legal requirements for extradition of the foreigner have been fulfilled, after having viewed the entire extradition documentation, the Minister of Justice of Bosnia and Herzegovina shall issue a decision granting or not granting the extradition.

(2) The decision under paragraph 1 above shall not be appealed or challenged in an administrative dispute.

Article 46

Postponed surrender

(1) After a decision on the request for extradition was made, the Minister of Justice of Bosnia and Herzegovina may postpone the surrender of the person sought while the person is prosecuted in Bosnia and Herzegovina for another offence or in order o serve the prison sentence he received in Bosnia and Herzegovina.

(2) The Minister of Justice of Bosnia and Herzegovina may decide to temporarily surrender the person sought, whose surrender was postponed, to the requesting State, as needed in urgent procedural actions, if this will not harm the criminal proceedings pending before a national court and if the requesting State gives guarantees that it will continue keeping this person in custody while staying in the State and return him back to Bosnia and Herzegovina at the time determined by the Minister of Justice of Bosnia and Herzegovina on a proposal of the Court of Bosnia and Herzegovina.

Article 47

Rule of specialty

(1) The Minister of Justice of Bosnia and Herzegovina shall specifically state in the decision on granting extradition the following:

a) A person who has been extradited shall not be prosecuted for any offence committed prior to his surrender;

b) that he shall not be subjected to the enforcement of a sentence for another criminal offense committed prior to the extradition;

c) that a sentence more severe than the sentence he has received, including death penalty, shall not be applied to him;

d) that, if he was tried *in absentia*, he shall be tried in *a trial de novo*;

e) that he shall not be extradited to a third country for prosecution for a criminal offense committed prior to the extradition or for enforcement of a prison sentence imposed prior to the extradition.

(2) Apart from the reasons above the Minister of Justice of Bosnia and Herzegovina may also put forward other conditions for extradition in accordance with the present Law and an international agreement.

Article 48

Procedure in Case of Conflicting requests

(1) If extradition is requested concurrently by more than one State, either for the same offence or for different offences, the Minister of Justice of Bosnia and Herzegovina shall make its decision having regard to all the circumstances and especially the relative seriousness and place of commission of the offences, the respective dates of the requests, the nationality of the person sought, better opportunities for social rehabilitation and the possibility of subsequent extradition to another State.

(2) If the requesting State made requests for same or similar offences, some of which does not fulfill requirements in regard to the level of sentence under Article **33(3) and (4)** of the this Law, extradition may be granted in respect of these offences too.

(3) The decision under paragraphs 1 and 2 shall be reasoned.

(4) While making the decision under paragraphs 1 and 2, the consent may be given to the requesting State that the person sought might be surrendered to another State requesting his extradition.

Article 49

Re-extradition to a third state

(1) The requesting Party shall not, without the consent of the requested State, surrender to a third State a person and sought surrendered to the requesting State.

(2) Giving consent under paragraph 1 above shall include submitting a request for consent and supporting documents by the State the sought person was extradited to and conducting of the statutory proceedings for extradition of foreigners from Bosnia and Herzegovina in accordance with the provisions of the present Law.

(3) The decision giving consent to surrender to a third State a person and sought surrendered to the requesting State shall be issued by the Minister of Justice of Bosnia and Herzegovina.

Article 50

Delivery of the decision and Surrender of the person to a foreign State

(1) The decision of the Minister of Justice of Bosnia and Herzegovina granting extradition of a foreigner shall be sent to the requesting State.

(2) The decision granting extradition of a foreigner shall be sent to relevant authority of Bosnia and Herzegovina for cooperation with INTERPOL and the Border Police of Bosnia and Herzegovina.

(3) Relevant authority of Bosnia and Herzegovina for cooperation with INTERPOL shall agree on details of realization of extradition with INTERPOL of the requesting State and the extradition, i.e. transport and surrender of the person sought to authorized officials of the requesting State shall be done by the Border Police of Bosnia and Herzegovina, with assistance of INTERPOL Sarajevo.

(4) Surrender of the person whose extradition has been granted shall happen within 30 days of the issue of decision of the Minister of Justice of Bosnia and Herzegovina granting extradition.

(5) If the requesting State fails to take over the person whose extradition has been granted within 5 days without any sound reason, he shall be released.

(6) The time-limit under paragraph 5 above may be extended to 15 days at an explicit and justified reason of the requesting State.

(7) While agreeing on details of surrender and taking over of the person sought, relevant authority of Bosnia and Herzegovina for cooperation with INTERPOL shall advise INTERPOL of the requesting State of the effects of failure to take over and the deadlines under paragraphs 5 and 6 above.

Article 51

Simplified Extradition Procedure

(1) Any person sought may give consent to surrender to the requesting State in a simplified procedure, without full extradition proceedings carried out, and may waive the rule of specialty.

(2) While hearing a person sought, the preliminary proceedings judge shall advise him of the possibility of simplified surrender procedure under paragraph 1 above and its effects.

(3) The consent and the waiver under paragraph 1 above shall be entered in the record taken by the Court of Bosnia and Herzegovina, in which it shall also be stated that the person is not a national of Bosnia and Herzegovina and the Minutes shall also be signed by an alien whose extradition is requested.

(4) The consent and the waiver under paragraph 1 above shall be irrevocable.

(5) The Court shall without delay deliver the Minutes which includes consent to the simplified extradition to the Ministry of Justice of Bosnia and Herzegovina and, based on these Minutes, the Minister of Justice of Bosnia and Herzegovina shall render a decision on the extradition of an alien. In this case the requesting State shall not be obliged to submit a request for extradition.

(6) After the person whose extradition is requested has given his consent to the simplified extradition to the requesting State, the provisions of this Law pertaining to extradition custody shall apply to the requested person with regard to further custody.

(7) The simplified extradition procedure has the same legal effects and is subject to the same requirements, which the requesting State shall be warned about.

Article 52

Re-extradition

(1) If a person who was extradited to the requesting State in some way absconds prosecution or serving the sentence in the requesting State and gets to come to the territory of Bosnia and Herzegovina may be extradited if the request is renewed.

(2) For the purpose of paragraph 1 above, the requesting State is not obliged to send supporting documents with the extradition request.

Article 53

Extradition proceedings after the expiry of a deadline for submission of extradition documentation

If the requesting State does not send an extradition request and supporting documents within the time-limit set by the Court of Bosnia and Herzegovina, the Court may decide to carry out the extradition proceedings.

Article 54

New Extradition Proceedings

(1) If, from the time when the Court of Bosnia and Herzegovina issued a final decision to the time when the Minister of Justice of Bosnia and Herzegovina issued a decision on extradition, the circumstances with regard to some of the requirements for extradition under article **34** above changed, the Minister of Justice of Bosnia and Herzegovina shall transmit the entire documentation to the Court of Bosnia and Herzegovina and ask for new extradition proceedings in accordance with the present Law in order to find whether the legal requirements for extradition are fulfilled.

(2) If the Minister of Justice of Bosnia and Herzegovina issued a decision on extradition and the circumstances with regard to some of the requirements for extradition under Article **34** above changed before extradition, the Minister of Justice of Bosnia and Herzegovina shall rescind his decision and transmit it to the Court of Bosnia and Herzegovina and ask for new extradition proceedings in accordance with the present Law in order to find whether the legal requirements for extradition are fulfilled.

(3) On the grounds of a decision issued by the Court of Bosnia and Herzegovina in repeated proceedings, the Minister of Justice of Bosnia and Herzegovina shall issue a decision on extradition.

Article 55

Search of persons and sites and seizure

(1) At the request of the requesting State, the Court of Bosnia and Herzegovina shall order search of the sought person, who is deprived of liberty, search of sites and seize of property.

(2) Property found on the sought person, who is deprived of liberty, shall be handed over to the requesting State at its request:

a) which may be required as evidence, or

b) which has been acquired as a result of the offence and which, at the time of the arrest, is found in the possession of the person sought or is discovered subsequently.

(3) The property mentioned in paragraph 1 of this article shall be handed over even if extradition, having been agreed to, cannot be carried out owing to the death or escape of the person sought.

(4) When the said property is liable to seizure or confiscation in the territory of Bosnia and Herzegovina, the latter may, in connection with pending criminal proceedings, temporarily retain it or hand it over on condition that it is returned.

(5) The provisions of this Article are without prejudice to the ownership rights and other rights over the property.

CHAPTER IV

PROCEDURE OF EXTRADITION FROM ANOTHER STATE TO BOSNIA AND HERZEGOVINA

Article 56

Request for extradition from a foreign State

(1) If criminal proceedings are pending in Bosnia and Herzegovina against a person who is in a foreign State or if a national court has imposed a sentence on a person who is in a foreign State, the Minister of Justice of Bosnia and Herzegovina may submit a request for extradition of the person upon a reasoned proposal of the authority conducting the proceedings or authority in charge of the execution of sentence.

(2) The request shall be communicated to the Ministry in charge of justice in the requested State through the diplomatic channel or directly, is provided for in an international agreement.

Article 57

Request for provisional arrest

(1) In case of urgency, when there is a risk of a sought person escaping or hiding, the Minister of Justice of Bosnia and Herzegovina may request from the requested State the provisional arrest of the person sought before sending a request for extradition.

(2) The request for provisional arrest shall be accompanied by documents verifying the identity of the sought person, arrest warrant or other document with similar legal effect, or a final verdict if the trial of case has been finished, the name of offence in respect of which provisional arrest is requested and a statement that it is intended to send a request for extradition.

Article 58

Guarantees for an extradited person

(1) If a sought person is extradited to Bosnia and Herzegovina, prosecution for another offence or execution of a sentence for another offence shall not be permissible, except for the offence that is the subject of extradition request and if the sought person waives the immunity and the requested State did not make it a condition.

(2) If extradition of a sought person to Bosnia and Herzegovina is granted conditional upon the legal nature and duration of the penalty that can be imposed or executed and the conditions are accepted by the requesting authority, the competent court in Bosnia and Herzegovina shall be bound by the conditions while imposing a sentence, and when it is execution of already imposed sentence in question, the court of last instance shall modify the sentence and bring the imposed sentence in line with the conditions of extradition.

(3) If extradition of a sought person to Bosnia and Herzegovina is granted conditional upon the type of custodial institution where he is to serve the sentence and the conditions are accepted by the requesting authority, the competent authority that sends the sentenced person to serve his prison term shall be bound to take the conditions of extradition into account in terms of the type of custodial institution where he is to serve the sentence.

(4) If the extradited person was held in detention in a foreign country in respect of the offence he is extradited for, the period of detention shall be credited against the term of imprisonment he received.

Article 59

Carrying Out and Costs of Extradition

(1) The relevant authority of Bosnia and Herzegovina for cooperation with Interpol and the requested State shall agree upon the technical details of carrying out the extradition, while carrying out the extradition, that is, taking over and transfer of the requested person, including booking and securing means of transport and accommodation for the person being extradited and his escorts, shall be performed by authorised persons with the Border Police of Bosnia and Herzegovina.

(2) If possible, without delaying or exposing to risk the very act of the extradition, extradition shall be carried out by land.

(3) The costs associated with bringing a person whose extradition is granted to Bosnia and Herzegovina shall be paid from the budget for funding the extradition requesting authority. Such costs shall be planned and paid by the Ministry of Justice being funded from that budget, or by the Judicial Committee of the Brčko District of Bosnia and Herzegovina in the Brčko District of Bosnia and Herzegovina.

CHAPTER V

TRANSPORT OF A FOREIGNER THROUGH THE TERRITORY OF BOSNIA AND HERZEGOVINA

Article 60

Request for Transit through the territory of Bosnia and Herzegovina

(1) If a request for extradition is filed by a foreign State to another State and the person sought is to be transported through the territory of Bosnia and Herzegovina, at the request of a State concerned, the Minister of Justice of Bosnia and Herzegovina may grant a request for transit of a sentenced person through its territory, provided that the sentenced person is not one of its nationals and that the offence for which the sentence was imposed is not political or military offence.

(2) Any request for transit shall contain all information under Article 35(5) above.

(3) Under the rule of reciprocity, any expenses incurred by reason of transit of a sentenced person through the territory of Bosnia and Herzegovina shall be borne from the budget of Bosnia and Herzegovina if the transit is carried on by land.

CHAPTER VI

ENFORCEMENT OF FOREIGN CRIMINAL JUDGMENTS

Article 61

General provisions

(1) A national court shall comply with a request of the sentencing State for enforcement of a criminal judgment only if it is provided for in an international agreement and shall enforce a final judgment concerning a criminal sentence imposed by a foreign court in the manner that it shall render a judgment imposing a sentence in accordance with the criminal legislation of Bosnia and Herzegovina.

(2) A foreign criminal judgment may be enforced against a national of Bosnia and Herzegovina and persons who are permanent resident in **Bosnia and Herzegovina** territory.

(3) A foreign criminal judgment imposing a custodial penalty may be enforced:

a) At the requested of a sentencing State when the sentenced person is not accessible in the State and he is a national of Bosnia and Herzegovina and a permanent resident in Bosnia and Herzegovina territory or he is only a permanent resident in Bosnia and Herzegovina territory and

b) At the requested of a national of Bosnia and Herzegovina who is serving a custodial penalty the sentencing State for transfer to Bosnia and Herzegovina to serve the remaining term of sentence imposed on him in the sentencing State.

Article 62

Requirements for the transfer of enforcement of a foreign criminal judgment

(1) Unless otherwise stipulated in an international agreement, a foreign criminal judgment shall be enforced provided that:

a) the judgment is final and enforceable and issued by a competent judicial authority in the sentencing State;

b) the acts or omissions constitute offences according to the law Bosnia and Herzegovina;

c) the sentenced person still has at least six months of the sentence to serve at the time of submission of the request;

d) the sentenced person has given consent, whether such consent was given in the sentencing State or the State in which the sentence is being served;

e) a final judgment against the sentenced person in respect of the same acts has not been delivered in Bosnia and Herzegovina or criminal proceedings against the sentenced person in respect of the same acts has not been pending in Bosnia and Herzegovina or he has not been acquitted of the charges;

f) under the laws of the sentencing State and Bosnia and Herzegovina, the enforcement is not barred by time limitations.

(2) A foreign criminal judgment shall not be enforced:

a.) If it is in contravention of fundamental principles of the legal system of Bosnia and Herzegovina or commitments Bosnia and Herzegovina has overtaken signing an international agreement and

b.) If, in the opinion of the Bosnia and Herzegovina issuing authority, the offence in respect of which the enforcement is requested is a political or military criminal offence.

Article 63

Subject-matter and territorial jurisdiction of a court in deciding a request

Subject-matter and territorial jurisdiction of a court in Bosnia and Herzegovina over a case under a request for recognition and enforcement of a foreign criminal judgment shall be determined in the same manner as over the particular criminal case if it was conducted in Bosnia and Herzegovina.

Article 64

Documentation enclosed with a request for enforcement by the sentencing State

If an international agreement provides for the Parties' possibility to make other requirements apart from the agreed ones in regard to the documentation accompanying a request for enforcement, the sentencing State shall submit the following:

a.) the original or a duly certified copy of the final judgment with an execution clause stamped;

b.) Details of the sentenced person, including, beside the personal details, his citizenship, permanent residence, the place of birth, last permanent residence and other information that can be relevant to determining jurisdiction of a court to decide the request;

c.) Information about the sentence imposed, including a statement certifying any period of provisional detention already served or any part of the sentence which has already been enforced;

d.) the text of the legal provisions applied in the case;

e.) a written statement of the person within the meaning of Article 63, paragraph (1), sub-paragraph d) of this Law, if such statement was given by a sentenced person in the State in which the sentence was pronounced.

Article 65

Procedure on a request for recognition and enforcement of a foreign criminal judgment filed by a foreign State

(1) When the Ministry of Justice of Bosnia and Herzegovina receives a request for recognition and enforcement of a foreign criminal judgment, it shall transmit it together with supporting documents to:

- The Court of Bosnia and Herzegovina if offences fall under jurisdiction of the Court of Bosnia and Herzegovina;
- The competent Entity Ministry of Justice or the Judicial Commission of Brcko District of Bosnia and Herzegovina if offences fall under jurisdiction of the courts in Entities or the Court of Brcko District of Bosnia and Herzegovina.

(2) Upon receipt, the competent Entity Ministry of Justice or the Judicial Commission of Brcko District of Bosnia and Herzegovina shall transmit it together with supporting documents to the competent court for adjudication.

(3) If the competent court finds that a request is not accompanied by necessary documentation in accordance with an international agreement or the present Law, it shall ask through the Ministry of Justice of Bosnia and Herzegovina from the competent authorities of the sentencing State to complete it.

(4) Where the court which receives the documentation finds that it lacks jurisdiction, it shall transmit the request together with the documentation to the court with subject-matter and territorial jurisdiction and shall so inform the Ministry of Justice of Bosnia and Herzegovina.

(5) If the sentencing State fails to provide the requested documentation within 3 months, the request and the documentation shall be returned to the sentencing State, the sentencing State being entitled to re-submit the request with complete documentation.

Article 66

Defence attorney

Throughout the proceedings, the person against whom the enforcement of a criminal judgment is requested has the right to retain a defence attorney of his choice and if he does not do it, the Court will appoint a defence attorney at no cost if his case is an offence where a defence attorney is mandatory in accordance with the criminal legislation of Bosnia and Herzegovina.

Article 67

Issuing a judgment

(1) A Panel of the competent court consisting of three judges shall decide a request for recognition and enforcement of a foreign criminal judgment in non-trial proceedings, which, if decides to grant the petition, shall also render a verdict.

(2) The Prosecutor, the sentenced person and his defence attorney shall be informed about the session of the Panel.

(3) While deciding a request, the court shall be bound by the findings as to the facts insofar as they appear explicitly or implicitly in the judgment handed down in the sentencing State and shall render its own judgment stating the full rendition and the name of the court from the foreign judgment and shall determine the penalty, grounding the decision on penalty on a penalty laid down by the law of Bosnia and Herzegovina and the reasons thereof shall be entered in the reasoning of the judgment.

(4) A recognized foreign criminal judgment shall be enforced in the same manner as if issued by the court that has recognized it.

(5) The court shall not aggravate by its nature or duration the penalty imposed in the sentencing State.

Article 68

An appeal against the decision

(1) The Prosecutor, the sentenced person and his defense attorney may file an appeal against the judgment under Article **68** above within **thirty (30)** days from the day the judgment was received.

(2) An appeal against the judgment issued on a request for recognition and enforcement of a foreign criminal judgment shall be decided by a Panel in charge of deciding appeals against judgments in accordance with the relevant provisions of the Criminal Procedure Code applied by the particular court.

Article 69

Delivery of a final decision

A final decision issued on a request for recognition and enforcement of a foreign criminal judgment shall be transmitted through the Ministry of Justice of Bosnia and Herzegovina to the sentencing State and the sentenced person, his attorney and prosecutor.

Article 70

Consequences of transfer

(1) If enforcement of a foreign criminal judgment is transferred, the enforcement of the judgment in the sentencing State shall be suspended and the enforcement shall be continued in Bosnia and Herzegovina.

(2) Any application for new criminal proceedings shall be decided exclusively by the sentencing State.

(3) Both the sentencing State and Bosnia and Herzegovina may grant amnesty, pardon or commutation of a penalty or sanction.

(4) If the judgment that is a request of the sentencing State based on is subsequently rescinded or modified, the competent court in Bosnia and Herzegovina shall conduct, at the request of the sentenced person, new proceedings of recognition and enforcement of a foreign criminal judgment and decide on the remaining term of prison sentence to be served on the grounds of the new judgment of the sentencing State.

(5) If the sentenced person absconds the enforcement in Bosnia and Herzegovina, the right of enforcement shall revert to the sentencing State. The sentencing State shall promptly inform Bosnia and Herzegovina about such circumstances.

(6) The sentencing State and Bosnia and Herzegovina shall inform each other about the circumstances under paragraph 5 above.

Article 71

Mandatory notification

Bosnia and Herzegovina shall inform the sentencing State about any circumstances with regard to amnesty or pardon.

Article 72

Request of a judicial authority of Bosnia and Herzegovina for recognition and enforcement of a criminal judgment issued by a national court

At the request of a national authority in charge of the enforcement of criminal sentences, the Ministry of Justice of Bosnia and Herzegovina shall request of a foreign State the recognition and enforcement of a criminal judgment issued by a national court:

a.) if Bosnia and Herzegovina cannot ensure the enforcement of the criminal judgment issued by the national court and

b.) if the transfer of enforcement warrants expectations of better social rehabilitation of the sentenced person.

Article 73

The manner and procedure of filing a request

(1) A request for the enforcement of a criminal judgment issued by a national court to be submitted to a foreign State shall be accompanied by documentation provided for in an international agreement and, in any event, by documentation provided for in Article 6**5** above.

(2) The language of the request and supporting documents is determined in an international agreement.

Article 74

Consequences of transfer of enforcement of a judgment issued by a national court

If the enforcement of a criminal judgment issued by a national court is transferred to a foreign State, the enforcement of the sentence in Bosnia and Herzegovina shall be suspended on the date of commencement of enforcement in the administering State.

Article 75

Consequences of transfer of enforcement in case of modification or termination of the enforcement of a criminal judgment

(1) If, after the enforcement of a criminal judgment issued by a national court was transferred to the administering State, the enforcement of the sentence has been modified or terminated in Bosnia and Herzegovina, the administering State shall be notified thereof..

(2) If a sentenced person absconds the enforcement in the administering State, which recognized a criminal judgment issued by a national court, the enforcement shall resume in Bosnia and Herzegovina.

CHAPTER VII

TRANSFER OF SENTENCED PERSONS FROM A FOREIGN STATE TO BOSNIA AND HERZEGOVINA

Article 76

General provisions

(1) A Bosnia and Herzegovina national serving his prison sentence in a foreign State may be transferred to Bosnia and Herzegovina, at his personal request, in order to serve the remaining term of sentence imposed on him in the foreign State.

(2) Transfer of a sentenced person, a Bosnia and Herzegovina national, shall be carried on only with approval of the sentencing State, provided that the sentenced Bosnia and Herzegovina national has given consent and that he still has at least six months of the sentence to serve.

Article 77

Procedure of deciding requests of Bosnia and Herzegovina sentenced nationals for transfer to Bosnia and Herzegovina in order to serve the remaining term of sentence imposed on them in the Sentencing State

(1) With regard to the manner and procedure of issuing a decision on a request of a Bosnia and Herzegovina national for transfer to Bosnia and Herzegovina in order to serve the remaining term of sentence imposed on him in the sentencing State, Articles **66, 67, 68 and 69** above shall apply analogously.

(2) After a national court has issued a decision to recognize a foreign court judgment in criminal matters, it shall be sent to the sentenced person in the sentencing State and the competent authorities of the sentencing State.

(3) After the sentenced person has signed the proof of service, the proof of service shall be returned to the issuing Court.

(4) After the decision has become final and the competent authorities of the sentencing State has approved it, the transfer from sentencing State to Bosnia and Herzegovina shall be carried on.

CHAPTER VIII

TRANSFER OF SENTENCED PERSONS FROM BOSNIA AND HERZEGOVINA TO A FOREIGN STATE

Article 78

Procedure of deciding requests of foreigners for transfer to the State whose nationals they are in order to serve the remaining term of sentence imposed on them in Bosnia and Herzegovina

(1) A foreign national serving his prison sentence in Bosnia and Herzegovina in accordance with a national court's decision, may file a request to serve the sentence imposed on him in the foreign State whose national he is.

(2) The correctional institution where a sentenced foreign national is serving his prison sentence shall inform the person about the possibility to serve the sentence imposed on him in the foreign State whose national he is.

(3) The request under paragraph 1 above shall be filed with the correctional institution where a sentenced foreign national is serving his prison sentence.

(4) The correctional institution shall complete the documentation to accompany the request in pursuance of an international agreement obligatory for Bosnia and Herzegovina and the administering State, that is in pursuance of Article 64 above and send the completed documentation to the Ministry of Justice of Bosnia and Herzegovina.

(5) With regard to the persons sentenced by Entity or Brcko District courts, the request under paragraph 1 shall be filed through the Entity Ministries of Justice and the Judicial Commission of Brcko District respectively.

(6) The Ministry of Justice of Bosnia and Herzegovina shall send the request to the State where the sentenced person wants to serve the sentence or continue serving the sentence, whose national he is.

(7) If a criminal proceeding against the sentenced person is pending in Bosnia and Herzegovina for some other criminal offence, the Ministry of Justice of Bosnia and Herzegovina shall note that fact in the document with which the sentenced person's petition shall be delivered to the State of his nationality.

Article 79

Rendering a Decision on Transfer of an Alien

If a foreign State takes over its sentenced citizen in order to serve his sentence in his country, the final Decision on transfer of the alien shall be rendered by the Minister of Justice of Bosnia and Herzegovina.

Article 80

Place, Time and Manner of Transfer

The time, the place and the date of the takeover of a sentenced person from Bosnia and Herzegovina by the State in which the sentence shall be served or from the sentencing State by Bosnia and Herzegovina, including the manner of his transportation, shall be agreed upon by the relevant authority of Bosnia and Herzegovina for cooperation with Interpol of the foreign State, while the transfer and the technical details about booking and securing means of transportation and accommodation for the sentenced person and his escort shall be carried out by the members of the Border Police of Bosnia and Herzegovina, with the assistance of the relevant authority for cooperation with Interpol.

Article 81

Expenses of transfer

(1) Any expenses incurred in the transfer of sentenced persons shall be borne by the administering State, except expenses incurred exclusively in the territory of the sentencing State.

(2) Any costs incurred in the bringing of the person whose transfer is granted in Bosnia and Herzegovina shall be borne from the budget funding the Court that issued the decision enabling the transfer of the sentenced person and the expenses will be planned and paid by the Ministry of Justice funded from the budget and in the case of Brcko District it shall be the Judicial Commission of Brcko District.

(3) In the event of the agreed transfer from the sentencing State to Bosnia and Herzegovina not being carried out for any reason, any expenses incurred shall be borne by a budgetary beneficiary in pursuance of paragraph 2 above.

CHAPTER IX

TRANSFER OF CRIMINAL PROCEEDINGS

Article 82

Transfer of criminal proceedings to a foreign State

(1) If a foreigner who has permanent residence in a foreign State is suspected of having committed an offence in the territory of Bosnia and Herzegovina, the criminal file may be transmitted with a view to transferring prosecution and trial to the State, if the State does not oppose it.

(2) Transfer of prosecution and trial is not permissible if a foreigner may be subjected to unfair trial, inhuman or degrading treatment or punishment.

(3) The Prosecutor shall make a decision on transfer of proceedings before bringing an indictment. After bringing an indictment and before giving the files to a judge or a panel of judges to schedule a hearing, the decision shall be made by the preliminary proceedings judge on a proposal of the Prosecutor.

(4) After the beginning of trial, a decision on transfer of proceedings shall be made by the trial judge or panel of judges on a proposal of the Prosecutor.

(5) The transfer shall not be allowed prior to hearing the aggrieved party who may submit a claim under property law and, following the decision on transfer, such claim and the case file will be delivered to the authority which decides on taking over the criminal prosecution.

Article 83

Letter rogatory for Transfer of criminal proceedings from a foreign State

(1) A request for transfer of criminal proceedings shall be filed with a foreign State in a form of letter rogatory.

(2) Unless otherwise stipulated in an international agreement, a letter rogatory for transfer of proceedings shall contain, *inter alia*, the personal details of the suspect/indictee, his citizenship, permanent residence, legal definition of the criminal offence the person has been charged with and a reasoned explanation of the reason for transferring the proceedings to the requested State.

(3) The Letter Rogatory shall be accompanied by the entire authentic file or a verified transcript of the criminal case file of the national judicial authority along with its translation to the language of the requested State, if such translation is mandatory under the international treaty applicable to the specific case.

(4) The request and supporting documents shall be translated into the language of the requested State, unless otherwise stipulated in an international agreement.

Article 84

Procedure of handling a Letter rogatory for Transfer of criminal proceedings from a foreign State filed by a national judicial authority

(1) A request of a national judicial authority for transfer of proceedings from a foreign State together with the criminal file shall be transmitted to the Ministry of Justice of Bosnia and Herzegovina.

(2) If the case being transferred falls under jurisdiction of an Entity judicial authority or a judicial authority of Brcko District of Bosnia and Herzegovina, the request under Article 83 above together with the criminal file shall be transmitted to the Ministry of Justice of Bosnia and Herzegovina through the Entity Ministries of Justice or the Judicial Commission of Brcko District of Bosnia and Herzegovina.

(3) Upon receipt of the request for transfer of proceedings from a foreign State, the Ministry of Justice of Bosnia and Herzegovina shall transmit it together with the criminal file to the competent judicial authority of the requested State, and ask it to give a feedback on the decision on the request issued by the competent judicial authority of the requested State.

(4) If, upon receipt of the request for transfer of proceedings, the Ministry of Justice of Bosnia and Herzegovina finds that the request is not complete or translated into the language of the requested State, if so provided in an international agreement, the competent authority shall be requested to remove the shortcomings within 30 days.

(5) If the competent authority of the requesting state fails to remove the shortcomings within the deadline set in paragraph 4 above, the request and the documentation shall be returned to the authority.

Article 85

Transfer of criminal proceedings from a foreign State at the request of the foreign State

(1) Upon a request for transfer of proceedings from the competent judicial authority of the requesting State, the competent judicial authority of Bosnia and Herzegovina may take over proceedings in cases provided by law and in an international agreement.

(2) The competent judicial authority of Bosnia and Herzegovina may take over proceedings involving offences committed abroad in respect of which extradition from Bosnia and Herzegovina is not permissible at the request of a foreign State, if the foreign judicial authority requesting extradition states that it will not prosecute the person sought for the same offence once the person is finally convicted by the competent judicial authority of Bosnia and Herzegovina.

(3) Upon receipt of a request for transfer of proceedings from a foreign State, the Ministry of Justice of Bosnia and Herzegovina shall transmit it to:

a) The Prosecutor's Office of Bosnia and Herzegovina if offences fall under jurisdiction of the Court of Bosnia and Herzegovina;

b) The competent Entity Prosecutor's Office through the Entity Ministry of Justice if offences fall under jurisdiction of the courts in Entities and

c) The competent Prosecutor's Office of Brcko District of Bosnia and Herzegovina through the Judicial Commission of Brcko District of Bosnia and Herzegovina if offences fall under jurisdiction of the Court of Brcko District of Bosnia and Herzegovina.

(4) If a damages claim of the injured party is filed together with a request for transfer of proceedings from a foreign State, it shall be processed as if filed with the court.

Article 86

The content of the Letter rogatory for Transfer of criminal proceedings

(1) A request for transfer of proceedings from a foreign State shall contain all elements stipulated in an international agreement, if any.

(2) A request for proceedings under paragraph 1 shall be accompanied by the criminal file and all pieces of evidence and the text of the legal provisions applied in the case in the requesting State.

Article 87

Procedure at the request of a foreign State for Transfer of criminal proceedings from the State

(1) The competent Prosecutor shall make a decision on transfer of proceedings from a foreign State.

(2) If prosecution is transferred, the criminal proceedings shall follow the criminal procedure codes of Bosnia and Herzegovina.

Article 88

Validity of evidential actions

Any evidential action, taken by judicial authorities of the requesting State in accordance with its law and regulations, shall have the same validity in Bosnia and Herzegovina as actions taken in accordance with its law and regulations, unless this is in contravention of the fundamental principles of the national legal system or standards under human rights treaties.

Article 89

Refusal of transfer of criminal proceedings

(1) The requesting State shall be informed about any decision refusing a request for transfer of proceedings and about the final decision issued in the criminal proceedings.

(2) If a request for transfer of proceedings from the requesting State is refused, the competent Prosecutor shall give a reasoned explanation of reasons for the refusal, and transmit it together with the criminal case file to the Ministry of Justice of Bosnia and Herzegovina for returning it to the requesting State.

(3) The relevant Prosecutor's Office shall refuse to take over the prosecutions for any reason for which the proceedings may not be conducted in Bosnia and Herzegovina, including non-existence of grounds for suspicion for a criminal prosecution.

Article 90

Consequences of transfer of proceedings to a national judicial authority

(1) Consequences of transfer of proceedings from the requesting State at its request to Bosnia and Herzegovina are stipulated in an international agreement, if any.

(2) In case of lacking an international agreement, consequences of transfer of proceedings from the requesting State at its request to Bosnia and Herzegovina are such that prosecution of the person for the offence concerned shall be suspended in the requesting State from the date of making a decision to send a request until the date of Bosnia and Herzegovina making a decision to take over the prosecution.

(3) It shall be considered that the requesting State has abandoned prosecution of a person:

a) if the requested competent authority in Bosnia and Herzegovina definitely terminates the criminal proceedings due to insufficient evidence or because the act is not an offence;

b) if the indictee is acquitted in a final decision;

c) if the decision issued by a court in Bosnia and Herzegovina is enforced or enforcement is not permissible by law or due to pardon or amnesty orders or the statute of limitations of either Bosnia and Herzegovina or the requesting State applies.

(4) The right of criminal prosecution and enforcement of judgment shall revert to the sentencing State:

a) If Bosnia and Herzegovina informs the requesting State that it will not take over the proceedings;

b) If Bosnia and Herzegovina refuses a request of the requesting State to take over the proceedings;

c) If Bosnia and Herzegovina informs the requesting State that it withdraws the decision granting the transfer of proceedings to Bosnia and Herzegovina;

d) If the requesting State withdraws a request before the competent authority in Bosnia and Herzegovina decides the request of the requesting State.

Article 91

Information on the status of criminal proceedings

(1) The authority that took over the criminal proceedings in Bosnia and Herzegovina, i.e. the authority conducting the criminal proceedings in Bosnia and Herzegovina, shall give information about the status of criminal proceedings at the request of the requesting State.

(2) When the criminal proceedings is closed, the authority that took over the criminal proceedings shall notify the requesting State about the outcome of the proceedings through the Ministry of Justice of Bosnia and Herzegovina and transmit the final and binding court decision.

Article 91a

Parallel Criminal Proceedings

(1) If the relevant judicial authority in Bosnia and Herzegovina learns that a criminal proceeding against the same persons and for the same events and the same criminal offences is pending in the other State as is the criminal proceeding conducted by the judicial authority in Bosnia and Herzegovina, in order to protect the principle *non bis in idem*, it shall be obliged to immediately inform the Ministry of Justice of Bosnia and Herzegovina about the existing parallel conduct of the criminal proceedings.

(2) The Ministry of Justice of Bosnia and Herzegovina shall inform the Ministry of Justice of the State in which the parallel proceeding is being conducted about the parallel conduct of the criminal proceedings as referred to in paragraph (1) of this Article, and request confirmation of such information and the position of judicial authorities of that State.

(3) If the judicial authority in Bosnia and Herzegovina and the judicial authority of the other State proceed with conducting the parallel proceedings, at the request of the judicial authority of Bosnia and Herzegovina, the Minister of Justice of Bosnia and Herzegovina may establish a Commission to conduct a consultative procedure at the State level in order to reach an agreement and determine which State will proceed with the criminal proceeding.

(4) A representative of the judicial authority conducting the proceeding in Bosnia and Herzegovina must be a member of the Commission referred to in paragraph (3) of this Article and, for the needs of the Commission, he shall prepare all facts and circumstances surrounding the criminal offence and perpetrators, arising from the criminal case conducted by that judicial authority.

(5) If the Commission under paragraph (3) of this Article fails to reach an agreement about the parallel proceedings conducted in Bosnia and Herzegovina and the other State, if so envisaged in the international treaty, the Commission shall seek assistance for amicable settlement of the problem from the relevant authority as stipulated in the international treaty.

C H A P T E R X

FINAL PROVISIONS

Article 92

Cessation of validity of the provisions of Criminal Procedure Code

(1) Chapters Thirty and Thirty One of the Criminal Procedure Code of Bosnia and Herzegovina shall cease from application on the **day of entering into force of this Law.**

(2) **The provisions of the Criminal Procedural Code of entities and Brcko District of Bosnia and Hezegovina related to the procedure of international legal assistance shall be harmonized with this Law within the dealine of six months after entering into force of this Law.**

Article 93

Instructions Issued by the Minister of Justice of Bosnia and Herzegovina

Instruction regulating the procedures to be applied by the relevant authorities of Bosnia and Herzegovina in their relations with Eurojust, within the meaning of the provision of Article 3 of this Law, shall be issued by the Minister of Justice of Bosnia and Herzegovina.

Pursuant to Article 10 of this Law, the Minister of Justice of Bosnia and Herzegovina may issue an additional instruction for establishment of Joint Investigation Teams.

Article 94

Implementing regulations for keeping records of criminal offences imposed to Bosnia and Herzegovina nationals abroad, not being born in BiH

According the Article 30 of this Law, the Ministry of Security of Bosnia and Herzegovina shall enact implementing regulations for keeping records of the criminal records where sentences imposed abroad on Bosnia and Herzegovina nationals, who were not born in Bosnia and Herzegovina, within three months of entering into force of this Law.

Article 96

The criminal record template for sentences imposed on foreigners in Bosnia and Herzegovina

According the Article 29 of this Law, the Minister of Justice of Bosnia and Herzegovina shall enact a criminal record template for recording sentences imposed on foreigners in Bosnia and Herzegovina within thirty days of **entering into force of this Law.**

Article 97

Relevant application of other regulations

Relevant provisions of the Criminal Procedure Codes, Criminal Codes, the Laws on Minor Offences and the Laws on Courts shall be applied to the matters that concern mutual assistance in criminal matters and are not specifically regulated in the present Law.

Article 98

Transitional provision

The extradition proceedings pending on the affective date of this Law shall be completed in pursuance of Chapter Thirty One of the Criminal Procedure Code of Bosnia and Herzegovina.

Article 97

Entry into Force

This Law shall enter into force on the eighth day of publishing in the "Official Gazette of Bosnia and Herzegovina".

ANNEX XXII – LAW ON BANKS OF REPUBLIKA SRPSKA

("Official Gazette of Republika Srpska" 52/12)

(Modifications and Amendments made on August 2004; November 2011, and January 2012)

DECREE

ON PASSING THE LAW ON MODIFICATION OF

THE LAW ON BANKS OF REPUBLIKA SRPSKA

I, hereby, declare the Law on Modification of the Law on Banks of Republika Srpska, which was adopted by the National Assembly of Republika Srpska on the Eighteenth Session, held on July 27, 2004 – and on August 5, 2004 the Council of Peoples confirmed that the Law on Modification of the Law on Banks of Republika Srpska adopted does not jeopardize vital national interest of constitutional peoples in Republika Srpska.

Number: 01-020-388/04 President

August 9, 2004 of the Republic

Banja Luka **Dragan Cavic** [signed]

LAW

ON MODIFICATION OF THE LAW ON BANKS

OF REPUBLIKA SRPSKA

Article 1

Article 99 of the Law on Banks of Republika Srpska ("Official Gazette of Republika Srpska", number 44/03) shall be changed and say:

"Bank shall prescribe procedures to manage dormant accounts and provide for safekeeping of documentation in accordance with legal provisions.

Bank shall inform accountholder on terms stipulated by Paragraph 1 of this Article."

Article 2

This Law shall come into force on the eighth day from the date of its being published in the "Official Gazette of Republika Srpska".

Number: 01-619/04 President

July 27, 2004 of the National Assembly

Banja Luka **Dusan Stojicic** [signed] *LoB_RS_AmendModif_2004_2012* Page 2

LAW ON MODIFICATIONS AND AMENDMENTS TO

THE LAW ON BANKS OF REPUBLIKA SRPSKA

Article 1

In the Law on Banks of Republika Srpska ("Official Gazette of Republika Srpska" no. 44/03 and 74/04) in Article 2, Paragraph 1, the wording: "nor" shall be replaced by wording: "or other repayable funds from the public and".

Paragraph 2 shall be changed and say:

"When making agreement and approving a loan legal provisions governing obligatory relationships shall be applied."

Article 2

In Article 83, Paragraph 1 after the wording: "auditors" a comma shall be added, and the wording: "appointed by the Agency" shall be replaced by the wording: "persons in the Ombudsman for banking system and other persons authorized or appointed by the Agency".

Article 3

In Article 87, after Item 10, Item 11 shall be added and say:

“11. insurance brokerage, in accordance with legal provisions governing insurance brokerage”.

The up-to-now Item 11 shall become Item 12.

Article 4

In the Chapter VI – BANK’S OPERATION before Article 98 a title of the section shall be added: “1. Protection of Rights and Interests of Banking Services Beneficiaries” and Article 98 shall be changed and say:

“In performing its activity and extending services in accordance with this and other laws, bank shall provide for protection of rights and interests of beneficiaries of banking and other services stemming out of them.

In the sense of this Law beneficiary shall be a physical person entering into a relationship in order to use services for the purpose not intended for his/her own business or other commercial activity (hereinafter: the beneficiary).

Banking services are services extended by bank to beneficiaries in activities of approving loans, receiving cash deposits and deposits for saving, opening and keeping account, approving account overdraft allowed, issuing payment cards, as well as other activities stemming out of them, and which are performed by bank in accordance with the law (hereinafter: services).

In reference to protection of beneficiaries under loan agreement, rights enjoyed by beneficiaries of loans approved by banks, of micro-credits approved by micro-credit organizations, and financial leasing approved by banks and leasing providers shall be equaled.” *LoB_RS_AmendModif_2004_2012* Page 3

Article 5

After Article 98 new Articles: 98а, 98б, 98в, 98г, 98д, 98ђ, 98е, 98ж, 98з, 98и, 98ј, 98к, 98л, 98љ, 98м, 98н, 98њ, 98о, 98п, 98р, 98с, 98т, 98ћ, 98у, 98ф, 98х, 98ц, 98ч, and 98џ shall be added and say:

"Article 98a

Bank shall provide for protection of rights and interests of beneficiaries by issuing and consistently implementing general terms of business operation and other internal enactments, which shall be put in accordance with legal provisions and based on good business practice and fair attitude towards beneficiary, observing the following principles:

1. integrity and honesty,

2. obligation performance with good expert's careful treatment,

3. equal relationship between beneficiary and bank,

4. protection from discrimination,

5. transparent business operation and informing,

6. contracting obligations that are or can be defined, and

7. beneficiary's right to make a complaint and get compensation.

Bank shall observe the principles from Paragraph 1 of this Article in all phases of establishing and existence of the relationship with beneficiary (announcement, negotiating phase, and submitting contract drafted, concluding contract, consumption of a service, and duration of the contractual relationship).

1.1. General terms of bank's business operation

Article 98б

In performing business activities and obligations from its operation, bank shall declare and implement general terms of business operation, and shall act with professional care in its relationship with beneficiary.

Professional care is an increased care and expertise, which is reasonably expected from bank in its operation with beneficiary, in accordance with code of practice, good business practice, and principle of integrity and honesty.

General terms of business operation shall prescribe standard terms of bank's business operation, which are applied to beneficiaries, terms for establishing relationship and procedure in communication between beneficiary and bank, as well as terms for performing transactions in activities of approving loans, receiving cash deposits, opening, keeping, and closing of account, issuance and use of payment cards, as well as other business operation performed by bank in accordance with law.

Article 98в

Bank shall make public general terms of business operation in clear and understandable way, giving exact, complete, unambiguous standard information illustrated by a representative

example, which are required by an average beneficiary to make appropriate decisions on use of service, to establish a relationship, and to conclude a contract with bank.

Bank shall publish and make available general terms of business operation, as well as their modifications and amendments, to beneficiary in a way stipulated by this Law, in one of languages officially used in Republika Srpska, not later than 15 days before their implementation.

General terms of business operation shall be published in the media, on bank's web page or appropriate locations in bank's office space where services are extended to beneficiaries (brochures, advertising materials, bulletin boards with exchange rate lists, and other).

General terms of business operation shall be available to beneficiaries permanently for the period of their being valid.

Article 98г

Bank shall not publish incorrect and false information or data which may create misapprehension in an average beneficiary, or information giving wrong idea on conditions of use of service, or which may lead beneficiary to make a decision that he/she would not make under different circumstances, or use data which make damage or could obviously make damage to its competition.

Bank shall be forbidden to use in its announcements phrases denoting services free of charge or similar expressions, if approval of use of such a service is conditioned by conclusion of another agreement or conditioned by anything representing cost or creating another obligation for beneficiary.

1.2. Informing beneficiary in phase of negotiating

Article 98д

In phase of negotiating bank shall inform beneficiary on conditions and all essential characteristics of the service offered by means of a standard information leaflet on a representative example of the service, in written or electronic form, which shall include:

1. type of service,

2. name and address of the bank headquarters,

3. the amount of the service, currency and terms of use,

4. duration of the agreement,

5. the level and variability of nominal interest rate and elements on the basis of which variable nominal interest rate contracted shall be determined, their amount at the moment of concluding agreement, periods in which it shall change and mode of change, as well as fixed element if contracted,

6. effective interest rate and the total amount to be paid by beneficiary, i.e. to be paid to him/her, shown by means of a representative example denoting all elements used in calculation of such a rate,

7. amount and number of installments of a loan and maturity periods (monthly, quarterly, and other),

8. maintenance costs for one or more accounts for recording transactions, unless such an account opening is just an option offered, together with cost for particular repayment funds, for both payment transactions and funds withdrawal, and all other fees and costs arising from the contract defining whether they are fixed or variable and conditions under which they may be changed,

9. information on obligation of use of notary services when concluding an agreement,

10. information on obligatory conclusion of an agreement on subordinate services related to the main agreement, especially when conclusion of such an agreement is obligatory in order to obtain the service in accordance with terms published,

11. interest rate to be applied in case of delay in meeting obligations and rules for its adjustment, as well as other fees to be charged in case of failure to meet obligations,

12. warning related to consequences of failure in meeting obligations,

13. when needed, instruments of security for meeting obligation with information on sequence and method of meeting obligations from the instrument of security,

14. beneficiary's right to renounce the contract, terms and methods of renouncing, as well as amount of expenses related to it,

15. beneficiary's right to premature loan repayment and bank's right to compensation fee, as well as the amount of such a fee,

16. beneficiary's right to be informed, in the course of his/her creditworthiness assessment and free of charge, on results of database review,

17. beneficiary's right to obtain a free of charge copy of drafted contract, unless the bank, in the moment of beneficiary's application decides not to establish the relationship with the beneficiary in the particular legal business,

18. the period in which the bank is obligated by the data submitted in the negotiating phase,

19. terms for depositing cash funds deposit with bank, if that is a precondition for approval of loan, as well as possibility and terms for loan and deposit netting off.

All data and information related to service offered by bank shall be printed in the same font and equally visible in a standard information leaflet.

The Agency may prescribe additional elements of the standard information leaflet, depending on the type of service, which are handed out to beneficiary as an offer.

Article 98ђ

On beneficiary's request bank shall clarify data, give information and adequate explanations related to the service offered, in such a way as to enable beneficiary to compare offers by different service providers, to consider benefits, deficiencies and specific risks of the service that may impact his/her economic position, and to assess whether the service suits his/her needs and financial situation, in order to make reasonable decision on use of the service.

Before concluding the agreement, bank shall present to beneficiary all information on service, i.e. make available all relevant terms and elements of the agreement from which it is clearly seen what are rights and obligations of contractual parties, and under beneficiary's request, and free of charge, deliver a draft of the agreement in order to consider it outside the bank's office space, within the period stipulated by standard information leaflet.

If a service is negotiated in equivalent value of foreign currency, i.e. in foreign currency in accordance with legal provisions on foreign currency operation, bank shall call beneficiary's attention to foreign exchange risk and all other risks to be taken over by the beneficiary in such a case.

Article 98e

Bank shall provide for employees engaged in activities of sale of services or of advising beneficiaries to have adequate qualifications, expertise and experience, professional and personal qualities, knowledge of rules of profession, to act in accordance with good business practices and business ethics, to respect beneficiary's personality and integrity, as well as to completely and accurately inform beneficiary, under his/her request, on terms for use of service.

Bank shall perform continuous training and specialization of employees engaged in activities of sale of services or of advising beneficiaries in accordance with the market requirements.

1.3. General provisions on agreements on extending services

Article 98ж

Bank shall make agreements on extending services to be concluded with beneficiary in written or electronic form and provide for a copy to each contractual party.

Contractual cash obligation shall be defined, i.e. definable.

Contractual cash obligation shall be definable in its amount if the contract contains data based on which the amount itself can be determined, i.e. if it depends on variable elements contracted, i.e. variable and fixed ones, where variable elements shall be those that are officially published (reference interest rate, consumer prices index, and other).

Cash obligation shall be definable in the context of time if based on elements contracted maturity of the obligation can be determined.

Elements from Paragraph 3 and 4 of this Article shall be of such a nature that they cannot be influenced by a single will of any of contractual parties.

Bank's agreements shall not contain general norms referring to business policy when obligatory elements of the contract stipulated by this Law are in question.

Bank shall determine contractual cash obligation based on method provided by this Article.

When contractual cash obligation is undetermined or indefinable in connection with terms for providing and consuming services, the agreement shall be deemed null and void.

If contractual parties established their relationship in the presence of ill will, i.e. under threat, essential fallacy or fraud, the other conscientious party may request annulment of the agreement and compensation for the damage suffered, in accordance with the law governing obligatory relationships.

Article 98з

Mandatory elements of loan agreement, cash deposit, savings deposit, opening and keeping of account, and allowed account overdraft shall be the following:

1. type of service,

2. title, name and address of contractual parties,

3. amount, currency and terms of service consumption,

4. period for which service is contracted,

5. amount of nominal interest rate with definition whether it is fixed or variable, and if it is variable – elements based on which it is determined (reference interest rate, consumption prices index and other),

their amounts at the moment of conclusion of agreement, periods of time in which it shall be changed, as well as fixed element, if contracted,

6. effective interest rate and the total amount to be paid by beneficiary, i.e. to be paid to beneficiary, calculated as of conclusion of agreement,

7. method to be applied in calculation of interest rates (conform, proportional, and other),

8. costs of maintaining one or more accounts on which transactions of payments and withdrawing of funds shall be recorded, unless such an account opening is just an option offered, together with cost for particular repayment funds, for both payment transactions and funds withdrawal, and all other fees and costs arising from the contract defining whether they are fixed or variable and conditions under which they may be changed,

9. penalty interest rate, in the moment of agreement conclusion, to be applied in case of delay in meeting obligations and rules for its adjustment, as well as other fees to be charged in case of failure to meet obligations,

10. warning related to consequences of failure in meeting obligations,

11. beneficiary's rights protection procedure, use of out-of-court complaint, and address of institution to which it is submitted.

Article 98и

If bank intends to change any of mandatory elements of agreement concluded with beneficiary, it shall obtain a written beneficiary's approval before making such a change, except for change of variable interest rate, which has been agreed in accordance with provisions of this Law.

If beneficiary disagrees with changes of mandatory agreement elements, bank shall not unilaterally change terms of agreement, nor unilaterally terminate i.e. renounce agreement, except for reasons stipulated by legal provisions governing obligatory relationships.

Bank shall inform beneficiary on changes of data, which do not represent mandatory elements of agreement, within deadline and applying method stipulated by agreement.

Article 98j

Agreement with fixed interest rate is such an agreement in which bank and beneficiary agreed upon a unique interest rate for the whole period of duration of agreement, or several interest rates for individual periods applying only fixed percentage determined.

If agreement does not stipulate all interest rates, interest rate shall be deemed fixed for those periods for which, on occasion of concluding agreement, the amount of rate was defined only by determined fixed percentage stipulated in the moment of concluding the agreement.

Interest rate is variable if its amount depends on variable elements contracted, i.e. variable and fixed ones, where variable elements shall be those that are officially published (reference interest rate, consumer prices index, and other) and which elements cannot be influenced by any unilateral will.

Bank shall determine variable interest rate by applying method stipulated by Paragraph 3 of this Article.

If variable interest rate is contracted, bank shall publicly announce it in an appropriate place within its office space, and make available to beneficiary information on fluctuation of value of contracted variable elements from Paragraph 3 of this Article.

Effective interest rate states total service expenses to be paid i.e. collected by beneficiary, where such expenses are expressed as percentage of the total service amount on the annual level, and it is determined under methodology prescribed by the Agency.

Bank shall calculate effective interest rate and present it in a uniquely prescribed way making it available to public and beneficiaries in accordance with provisions of this Law.

Article 98к

If conclusion and implementation of agreement with beneficiary is conditioned by conclusion of agreement on subordinate services, where the price of such subordinate service cannot be determined in advance, terms for concluding such an agreement shall be given in clear, concise, and visible way, including statement on effective interest rate, and beneficiary's choice of provider of such subordinate service shall not be conditioned by bank.

Subordinate services shall not include services of opening and keeping one or more accounts on which transactions of funds paid in and out, and withdrawals are exclusively recorded, as well as other transactions arising from consumption of service contracted.

Costs of opening of, keeping of and recording transactions on accounts from Paragraph 2 of this Article shall be presented to beneficiary in the phase of negotiation, and they shall be included in calculation of total service cost through effective interest rate.

1.3.1. Agreement on loan

Article 98л

Before concluding a loan agreement, bank shall evaluate beneficiary's credit worthiness, guarantor or other person providing for security of beneficiary's loan repayment, based on appropriate documentation and data received from beneficiary, reviewing credit registers, under written approval of the person, which is related to the data entered into registers, as well as public registers and data-basis.

Before concluding a loan agreement, and under written approval of beneficiary, guarantor or other person providing for security of beneficiary's loan repayment, bank shall inform all such persons involved on documentation and data obtained in the process of credit worthiness evaluation.

If one of persons involved disagrees for data and documentation related to his/her creditworthiness to be disclosed to other persons involved that fact shall be communicated to such other persons by the bank.

Provisions of this Article shall not be applied in cases where such data disclosure is strictly forbidden by special forced legal provisions or it is contrary to goals of public policy.

If contractual parties agree on increasing loan indebtedness of the beneficiary as the debtor, bank shall evaluate beneficiary's credit worthiness, guarantor or other person providing for security of beneficiary's loan repayment once again before any significant increase of the total loan amount.

Article 98љ

If under loan approval activities, security for beneficiary's fulfillment of obligation is required by bank, the bank shall, in the phase of negotiation, inform guarantor on the subject to be secured, the form of security required by agreement, scope of guarantor's responsibility, and present comprehensive information, i.e. make available all essential elements of agreement clearly stating rights and obligations of contractual parties, and under guarantor's request confer, free of charge, drafted agreement in order to be reviewed outside the bank's office space.

Before concluding agreement on security, bank shall obtain a copy of agreement on providing guarantee, concluded in written form between beneficiary and guarantor, and for the contents of which bank shall not be liable.

Bank and beneficiary shall not change contractual obligatory elements, which would increase scope of guarantor's responsibility, without prior written approval by the guarantor.

Article 98м

Besides obligatory elements from Article 98з of this Law, loan agreement shall contain the following obligatory elements:

1. for loans indexed in foreign currency – currency in which loan is indexed by bank, type of foreign currency exchange to be applied in loan approval and repayment (buying and selling rate of the Central Bank of Bosnia and Herzegovina, or official medium rate, or bank's buying or selling rate) as well as the date of calculation,

2. beneficiary's right to obtain in a way agreed upon, free of charge, and at least once a year, bank's statement on his/her credit indebtedness, including data on amount of principal and interest repaid, as well as on remaining debt amount,

3. total credit costs,

4. total amount to be paid by beneficiary,

5. according to need, legal provision on obligatory use and payment for public notary's services costs,

6. instrument to secure fulfillment of obligation with information on sequence and manner of fulfillment of the obligation from the security instrument,

7. beneficiary's right to renouncement, terms and manner to exercise the right, and

8. terms and manner of premature loan repayment, and the amount of bank's fee on this basis.

Total loan expense for beneficiary shall include interest, fees, taxes, and all other fees and costs directly related to loan approval and utilization, and they shall be included in effective interest rate calculation and statement.

Total amount to be paid by beneficiary shall represent the sum of loan amount and total loan expense debiting the beneficiary.

When concluding loan agreement, bank shall deliver to beneficiary, additionally to the agreement, one copy of loan repayment schedule, which is considered an integral part of agreement, while another copy of the schedule shall keep in bank's documentation.

Article 98н

If interest, fees, and other expenses in loan agreement are variable, bank shall establish change of their value on the basis of elements agreed in accordance with provisions of this Law, which are publicly announced.

Bank shall not change variable interest rates within any other deadline than agreed, and adjustment of the amount of variable interest rate shall be done in accordance with the amount of such a reference interest rate as prescribed by the agreement for interest rate adjustment, and which is publicly announced and valid as of the date of expiration of the deadline contracted for interest rate adjustment.

If bank approves a loan indexed in foreign currency, beneficiary has right to repay the loan at the same type of exchange rate which was applied when the loan was withdrawn (buying and selling rate of the Central Bank of Bosnia and Herzegovina, or official medium rate, or bank's buying or selling rate) and bank shall enable beneficiary to exercise that right.

If, in order to get a loan, beneficiary is obligated to deposit designated funds with bank, the bank shall apply the same method of interest calculation to such a deposit as to interest calculation for loan approved.

Article 98њ

Bank shall not make available loan funds to beneficiary before expiration of a period of 14 days from the date of agreement conclusion, except under explicit request by beneficiary.

Beneficiary shall have right to renounce a loan agreement concluded within 14 days from the date of agreement conclusion, i.e. within a shorter deadline contracted for making loan funds available under his/her explicit request, under condition that he/she did not start utilizing loan funds.

Beneficiary shall inform bank on his/her intention to renounce a loan agreement in writing, where the date of receiving such information shall be considered the date of the agreement renouncement.

In case of beneficiary's renouncing a loan agreement concluded, bank shall have right to collect all accrued fees for loan request processing, which shall not exceed those fees when beneficiary does not renounce a loan.

Bank is forbidden to contract and collect from beneficiary forfeit as a fee in case of beneficiary's renouncing a loan agreement.

When beneficiary renounces a loan agreement secured by mortgage, as well as agreement where the subject of agreement is purchase, i.e. financing of real estate purchase, bank shall have right to be compensated exclusively real expenses generated by agreement conclusion, and shall inform beneficiary on the fact before agreement conclusion.

If, based on loan agreement, bank or third party provides subordinate services that are related to the agreement, beneficiary shall not be bound by subordinate service agreement in case his/her right to renounce agreement are exercised, in accordance with this Article.

Provisions of this Article shall be also applied to agreement on allowed account overdraft, and agreement on issuance and use of credit card.

Article 98o

Beneficiary may repay loan, completely or partially, before the repayment deadline defined, where he/she shall be entitled to reduction of total loan expenses by the amount of interest and expenses for the remaining period of agreement duration (premature repayment), but he/she is obliged to inform bank in advance but within contracted deadline on intended premature loan repayment.

In case of premature loan repayment, bank shall be entitled to objectively justified and contracted compensation of expenses directly related to premature loan repayment, under condition that premature repayment was made in the period during which fixed interest rate was applied, and if the amount of premature loan repayment for the period of one year exceeds the limit determined by the Agency.

Bank may not request compensation for premature repayment:

1. if repayment was made on the basis of security agreement concluded, whose intention is to secure repayment,

2. if repayment is made during the period for which variable nominal interest rate was contracted, and

3. in case of overdrafts allowed.

In any case compensation for premature loan repayment shall not exceed the amount of interest, which beneficiary would pay for the period of time from the day of loan repayment to the day when the loan should have been repaid under agreement.

The Agency shall prescribe terms related to premature loan repayment, within 90 days after this Law comes into force.

Article 98п

If beneficiary fails to fulfill his/her obligation within contracted deadline, bank shall, for due and unfulfilled obligation, apply rules on interest, which are applied in case of beneficiary's failure to fulfill obligation, in accordance governing obligatory relationships.

If, during contractual relationship, such circumstances as leading beneficiary to difficult financial situation, i.e. other essential circumstances not under beneficiary's control occur, bank may, under beneficiary's request, declare delay in repayment (moratorium) for a certain period of time, and in such period bank shall not calculate penalty interest for due but not paid receivables.

Bank may prescribe criteria for declaring delay in repayment by its general enactments.

Article 98p

Bank shall, in contracted manner, free of charge, and at least once a year deliver to beneficiary written statement on beneficiary's loan indebtedness , including data on the amount of principle and interest repaid, as well as the amount of remaining debt.

In case of variable interest rate contracted, bank shall inform beneficiary on change of the rate, in writing or any other contracted way, before starting to apply changed interest rate, and also state the date for such rate application.

Additionally to information from Paragraph 2 of this Article, bank shall deliver to beneficiary, free of charge, loan repayment schedule changed after new interest rates have been applied.

Article 98c

If bank transfers receivables from loan agreement to another bank or financial organization licensed by the Agency – the recipient, beneficiary shall have same rights as with the bank, and he/she may complain to the recipient, not only with complaints directly related to the recipient, but also with complaints that he/she used to have towards the bank related to the loan agreement, and the recipient shall not put beneficiary in a more unfavorable position than the position he/she would have been in had receivables not been transferred, and due to that beneficiary shall not be exposed to additional expenses.

Bank shall inform beneficiary on transfer of rights from Paragraph 1 of this Article, unless it continued to collect the transferred receivables from beneficiary on behalf and for the account of the recipient.

Bank is forbidden to, by means of conditioning and contracting its previous approval, restrict transfer of rights from loan agreement, with all additional rights and guaranties, to guarantor or any other person securing fulfillment of beneficiary's obligations, and who, partially or completely, paid receivables charged by bank.

Article 98т

Provisions of this Law related to protection of beneficiary in loan approving activities shall not apply to the following:

1. loan agreements amounting less than KM 400 and exceeding KM 150,000,

2. leasing contracts in which no possibility for leasing recipient to acquire property right on leasing subject is provided,

3. loan agreements through current account (overdrafts) with repayment obligation within 30 days,

4. loan agreements concluded in the court settlement procedure or in another authority stipulated by law,

5. agreements on delayed repayment of current loan debt, without fee being charged,

6. loan agreements providing for no obligatory payments of any costs, and agreements to be repaid within three months, with payments of only negligible total loan costs, and

7. loan agreements secured by pledge on movables if beneficiary's responsibility is strictly restricted to the value of pledged assets.

1.3.2. Agreements on cash deposit and savings deposit

Article 98ћ

Agreements on cash deposit and savings deposit shall, except for elements from Article 98з of this Law, include following obligatory elements as well:

1. unconditional benefits extended by bank in relation with cash funds on account,

2. payment schedule of cash funds from account,

3. method and terms of payment from account within the framework of funds available,

4. terms and method of deposit term automatic prolongation, and

5. amount of deposit insured.

As for agreement on cash deposit, fees and other costs, if variable, shall depend on elements contracted which shall be officially published (reference interest rate, consumer prices index, and other) and which elements cannot be influenced by any unilateral will.

When concluding cash deposit agreement, bank shall deliver to beneficiary one copy of deposit payment schedule which is deemed an integral part of agreement, while other copy of the schedule bank shall keep in its documentation.

In case of deposit term automatic prolongation, and not later than seven days before expiration of the termed deadline, bank shall inform beneficiary on both term on which cash deposit agreement is to be prolonged and new interest rate, while beneficiary has the right to terminate the agreement not later than within 15 days upon the receipt of such information, with no fee applied and with interest rate contracted for the termed period expired.

1.3.3. Agreement on revolving loan

Article 98y

Agreement on revolving loan is an agreement on a loan enabling beneficiary to withdraw, under same conditions, the loan amount once approved, repeatedly, for a certain period of time, where the remaining unused loan amount shall be increased by the amount of repayment of the loan.

Beneficiary has the right to terminate agreement on revolving loan in a standard manner, and in any moment, without fee being charged, unless a termination period is contracted but not longer than one month.

Bank may cancel agreement on revolving loan, if so agreed, with obligation to give beneficiary a written notice at least 30 days in advance.

Bank may, due to justified reason (unauthorized utilization of loan from Paragraph 1 of this Article, significant deterioration of beneficiary's credit capacity, and other) and if so agreed, temporarily or permanently, deny beneficiary the right to withdraw the funds, where bank shall inform beneficiary on reasons in writing or electronically, if possible immediately or within following three days, unless such information is forbidden by other regulation.

1.3.4. Agreement on allowed overdraft

Article 98ϕ

If agreement on current account provides for a loan through account (allowed account overdraft), bank shall inform beneficiary on opening balance, changes on account balance due to deposits, withdrawals, collections and payments, by issuing and delivering account statements, in agreed manner, and at least at the end of each month, where the information shall include *LoB_RS_AmendModif_2004_2012* Page 14

commissions and fees charged by the bank for services provided, as well as closing account balance for the reporting period.

Additionally to delivering reports on account statement, bank shall inform beneficiary on interest rates applied in the reporting period, as well as on changes in interest rates, fees, and costs before they are to be applied, in a manner and within the deadline stipulated by this Law.

Account beneficiary has the right, without being charged a special fee, to withdraw the funds from his/her account opened with bank in an amount available on the account.

Account beneficiary has the right to close the account free of charge.

1.3.5. Agreement on issuance and use of payment card

Article 98x

If agreement on cash deposit or current account provides for issuance and use of payment card, the agreement shall include the following obligatory elements:

1. currency in which debts on the card are calculated,

2. information on existence of fee for withdrawal of cash using other bank's ATM, as well as on the amount of such a fee in case cash withdrawal is made by means of the bank-issuer's ATM,

3. information on the amount of fee for use of payment card abroad, information on currency in which transaction made abroad is recorded, as well as information on foreign exchange rate applied for conversion of the transaction amounts occurred abroad into beneficiary's debit currency, including possible commission to be charged for such conversion,

4. rights and obligations, manner of beneficiary's acting in case unauthorized use of card data have been noticed, damage, larceny or loss of card,

5. rights and obligations, manner of both beneficiary's and bank's acting in case of card blocking, and

6. responsibility of both beneficiary and bank - issuer of the card in case of larceny or loss of the card, i.e. in case of unauthorized use of card data.

Bank shall provide for beneficiary to be the only one with access to personal ID number up to delivery of payment card.

Bank, payment card issuer, shall bear the risk related to delivery of payment card and personal ID number to beneficiary.

Beneficiary shall, without delay, inform the bank on loss, i.e. larceny of payment card, and request blocking of further use of the card, and bank shall facilitate it at any moment.

If bank, payment card issuer, does not enable beneficiary to report, at any moment, on loss, larceny, or transaction performed by unauthorized use of payment card, i.e. card data, or the bank does not enable beneficiary to request blocking of further use of such card – beneficiary shall not bear the consequences of such unauthorized use, unless the very beneficiary performed such a misuse.

Beneficiary has the right to cancel payment card free of charge.

1.3.6. Agreements on other services

Article 98ц

Agreements on guaranties, sureties, letter of credit, safe, as well as other agreements on business activities performed by bank in accordance with law shall include type and amount of all fees and other costs debiting beneficiary.

The Agency may stipulate obligatory elements of agreement on other services.

1.4. Complaint of beneficiary

Article 98ч

Beneficiary, guarantor or other person securing beneficiary's fulfillment of obligations shall have the right to complain, if he/she considers that the bank is not in compliance with legal provisions, general terms of operation, good business practice, and obligations under agreement concluded.

Bank shall organize activities to resolve complaints, develop written procedures and processes, and deliver reply to the claimant not later than 30 days from the date of submitting complaint, and shall keep accurate records of received and resolved complaints, on which it shall report to the Agency.

If bank fails to reply within the deadline from Paragraph 2 of this Article or the reply does not satisfy the claimant, the claimant has the right to inform in writing and make a complaint to the Ombudsman for Banking System (hereinafter: the Ombudsman), which has been established within the framework of the Agency.

Upon the receipt of written information or beneficiary's complaint, the Ombudsman shall, if he deems it justified, request from bank to give its opinion on statements from the information, i.e. the complaint, within the deadline of eight days.

If, within the deadline stipulated, bank fails to or does give its opinion and the Ombudsman believes that provisions of this Law governing beneficiary's protection have not been abused, and for which no penalties are stipulated, the Ombudsman, beneficiary or the bank may propose to start mediation procedure to resolve the dispute in amicable manner.

If, based on facts presented in written information, i.e. in beneficiary's complaint, and after bank's opinion given on facts, the Ombudsman estimates that provisions of this Law governing beneficiary's protection have been abused and for which penalties are stipulated, the Ombudsman shall direct the subject dispute to the Agency's authorized organizational unit for further procedure.

Bank shall cooperate with the Ombudsman in order to reach fair and prompt solution and overcoming disagreements and disputes under complaints.

The Agency shall stipulate terms and method of filing the complaint from Paragraph 1 of this Article, bank's acting related to the complaint, and reporting to the Agency, as well as the method of the Agency's acting after receiving the information and complaint from Paragraph 3 of this Article, within 90 days from the date of this Law coming into force.

Article 98ц

Issues from the scope of beneficiary's rights and interests protection not regulated by this Law, shall be regulated by provisions governing consumer's protection, obligatory relationships, and payment transactions.

Protection of beneficiary – physical person-leasing recipient regulated by the Law on Leasing shall be subject to application of provisions on beneficiary's protection of this Law where issues in question are not regulated by that Law."

Article 6

Article 101 shall be changed and say:

"No bank shall acquire, convert or transfer, or be instrumental in the acquisition, conversion or transfer of money or other property if the bank knows or can reasonably expect that the money or other properties are the proceeds of criminal activity.

No bank shall engage in a transaction for which the bank knows or can reasonably expect that it is intended for money laundering and terrorism financing, as defined by the Law on the Prevention of Money Laundering and Terrorism Financing.

No bank shall convert or transfer, or be instrumental in the acquisition, conversion or transfer of money or other property for which the bank knows or can reasonably expect that it might be used for terrorism financing, as defined by the Law on the Prevention of Money Laundering and Terrorism Financing and provisions on introducing and applying certain temporary measures in order to efficiently implement international restrictive measures.

No bank shall convert or transfer, or be instrumental in the acquisition, conversion or transfer of money or other property for which the bank knows or can reasonably expect that it might be used by individuals or legal persons or entities, obstructing or threatening to obstruct, or representing significant risk from active obstruction of implementation of peace process, as defined by provisions on introducing and applying certain temporary measures in order to efficiently implement international restrictive measures.

Bank shall establish a system of internal control and internal audit, as well as develop policies and procedures in order to detect and prevent transactions involving criminal activities, money laundering, terrorism financing, and activities obstructing introduction and application of international restrictive measures.

Bank shall develop risk assessment by which it establishes risk degree of both group of clients and individual client, business relationship, transactions or products related to possibility of misuse for the purpose of money laundering or terrorism financing, in conformity with provisions governing this area.

In its business operation, bank shall fulfill obligations and tasks, as well as undertake measures and activities defined by provisions governing prevention of money laundering and terrorism financing.

Bank shall inform relevant authorities and deliver data in accordance with provisions governing prevention of money laundering and terrorism financing, and accordingly submit to the Agency monthly statistical reports in the format stipulated by the Agency within 90 days from the date of this Law coming into force."

Article 7

In Article 106 after Paragraph 1, a new Paragraph 2 shall be added and say:

“Bank shall enable the Agency and other relevant authorities to review agreements concluded with beneficiary on services, provide them with copies of such agreement, and make available other data and documentation needed during supervision activities.”

Paragraphs numbered 2 and 3 up to now shall become Paragraphs 3 and 4.

Article 8

In Article 112, Paragraph 6 wording: “from KM 5,000” shall be replaced by wording: “in accordance with provisions governing deposit insurance in banks”.

Article 9

In Article 119, Paragraph 1, Points 3, 4, and 5 wording: “defined by the Law on Insurance of Deposits in Banks of Bosnia and Herzegovina” shall be replaced by wording: “in accordance with provisions governing deposit insurance in banks”.

In Paragraph 1, Point 6 wording: “transferred to the Ministry” shall be deleted.

Article 10

Article 123 shall be changed and say:

“A monetary fine of KM 200,000 shall be imposed on a legal entity for a violation if it, acting on its own behalf and for its own account, engages in receiving or enables receiving cash deposits and extends credits without a banking license issued by the Agency, contrary to provisions in Article 2 of this Law.

A monetary fine of KM 20,000 to KM 100,000 shall be imposed on a bank or another legal entity for a violation if it:

1. uses word in its name contrary to provisions of Article 2, Paragraph 3 of this Law,

2. directly or indirectly engages in collecting deposits as described in Article 3 of this Law,

3. continues to conduct banking activities contrary to prohibition from Article 21, Paragraph 4 of this Law,

4. does not liquidate its assets and pay its obligations in accordance with provisions in Article 21, Paragraph 4 of this Law,

5. does not maintain paid in share capital and net capital in accordance with provisions in Article 22 of this Law,

6. without obtained approval from the Agency, exceeds limitations from Article 23, Paragraph 1 of this Law,

7. without obtained license from the Agency, makes an investment contrary to provisions in Article 24 of this Law,

8. without obtained consent from the Agency, engages in activities concerning mergers, amalgamations or divisions of bank contrary to provision in Article 28, Paragraph 1 and puts into effect modifications and amendments to its Statute contrary to provisions in Article 32, Paragraph 3 of this Law,

9. appoints President and members of the Supervisory Board, Director and members of Management contrary to provisions in Article 80 of this Law,

10. acts contrary to provisions in Article 83 of this Law,

11. conducts its operations contrary to provision in Article 86 of this Law,

12. enters into transactions or engages in practices of any kind representing unfair competition from Article 88 of this Law,

13. does not observe limitations in business operations from Article 90, 91, 95 and 96, and does not submit reports under Article 94 of this Law,

14. does not keep documents and records on completed transactions in accordance with provisions in Article 97 of this Law,

15. based on general terms of business operation and other internal enactments, does not provide implementation of legal provisions, good business practice and does not observe principles towards beneficiary as stipulated in Article 98a of this Law,

16. does not publish general terms of business operation in clear and understandable way does not provide beneficiary with standard information illustrated by a representative example in the manner and time as stipulated in Article 98в of this Law,

17. publishes incorrect and false data which may give wrong idea and create misapprehension in an average beneficiary and lead him/her to make a decision that he/she would not make under different circumstances, as described in Article 98г, Paragraph 1 of this Law,

18. in its announcements uses phrases denoting services free of charge or similar expressions if approval of use of such service is conditioned by conclusion of another agreement or conditioned by anything representing cost or creating another obligation for beneficiary (Article 98г, Paragraph 2),

19. in the phase of negotiation does not inform beneficiary on terms and all essential characteristics of the service offered by means of a standard information leaflet, in written or electronic form which includes elements from Article 98д, Paragraph 1 of this Law,

20. does not print all data and information in the same font size and equally visible in a standard information leaflet (Article 98д, Paragraph 2),

21. prior to agreement conclusion, does not present to beneficiary all information on service and does not make available all relevant terms and elements of the agreement, and under beneficiary's request, and free of charge, does not deliver a draft of the agreement in order to consider it outside the bank's office space, within the period stipulated (Article 98ђ, Paragraph 2),

22. does not provide training for employees engaged in activities of sale of services or of advising beneficiaries (Article 98e),

23. does not conclude agreement in written or electronic form and provide a copy for each contractual party,

24. does not publicly announce in an appropriate place within its office space, and does not make available to beneficiary information on fluctuation of value of contracted variable elements that influence the amount of variable interest rate (Article 98j, Paragraph 5),

25. does not calculate effective interest rate nor present it in a uniquely prescribed way making it available to public and beneficiaries (Article 98j, Paragraph 7),

26. does not give terms in clear, concise and visible way if an agreement is conditioned by conclusion of agreement on subordinate services, including statement on effective interest rate, and it conditions beneficiary's choice of provider of such subordinate service (Article 98k, Paragraph 1),

27. in the phase of negotiation, does not present to beneficiary costs of opening of, keeping of and recording transactions on accounts stemming out from consumption of service contracted and does not include them in calculation of total service cost through effective interest rate,

28. before concluding a loan agreement, does not mutually inform and meet beneficiary, guarantor or another person providing for security of obligation repayment, with documentation and data obtained in the process of credit worthiness evaluation of beneficiary (Article 98л, Paragraph 2),

29. does not communicate to other persons if one of the persons involved disagrees for data and documentation related to his/her creditworthiness to be disclosed to other persons (Article 98л, Paragraph 3),

30. in the phase of negotiation, does not inform guarantor on the subject to be secured, the form of security required by agreement, scope of guarantor's responsibility, and does not present all information and essential elements of agreement, and under guarantor's request confer, free of charge, drafted agreement in order to be reviewed outside the bank's office space (Article 98љ, Paragraph 1),

31. changes contractual obligatory elements which would increase the scope of guarantor's responsibility without prior written approval by the guarantor (Article 98љ, Paragraph 3),

32. does not deliver to beneficiary one copy of loan repayment schedule when concluding both loan or cash deposit agreement, which is deemed an integral part of those agreements (Article 9м, Paragraph 4 and Article 98ћ, Paragraph 3),

33. contracts and collects a forfeit from beneficiary as a fee in case of beneficiary's renouncing a loan agreement (Article 98њ, Paragraph 5),

34. contracts and collects a fee from beneficiary higher than real expenses generated by agreement conclusion when such an agreement is secured by mortgage, as well as agreement where the subject of agreement is purchase, i.e. financing of real estate purchase (Article 98њ, Paragraph 6),

35. does not apply rules on interest for due and unfulfilled obligation, which are applied in case of beneficiary's delay in obligation fulfillment, stipulated by the law governing obligatory relationships (Article 98п, Paragraph 1),

36. does not deliver at least once a year, in contracted manner and free of charge, to beneficiary a written statement on beneficiary's loan indebtedness and data as stipulated in Article 98p, Paragraph 1 of this Law,

37. does not inform beneficiary on new terms in case of deposit term automatic prolongation or fails to act in accordance with Article 98ћ, Paragraph 4 of this Law,

38. does not act in accordance with Article 98y of this Law when concluding agreement on revolving loan,

39. does not enable beneficiary to report, at any moment, on loss, larceny or transaction performed by unauthorized use of payment card, i.e. card data or does not enable beneficiary to request blocking of further use of such card (Article 98x, Paragraph 5),

40. performs transactions with related persons contrary to provisions in Article 100 of this Law,

41. does not cooperate with the Agency in the process of bank examination in accordance with Article 106 of this Law,

42. does not carry out order from the Agency's decision issued on the basis of Article 125 of this Law, and

43. does not act in the manner stipulated in Article 129a of this Law.

For violations under Paragraph 2 of this Article, a monetary fine of KM 3,000 to KM 20,000 shall be imposed on both person responsible and person who actually committed the violation in a bank or another legal entity."

Article 11

After Article 123 a new Article 123a shall be added and say:

"Article 123a

A monetary fine of KM 10,000 to KM 50,000 shall be imposed on a bank or another legal entity for a violation if it (its):

1. does not perform its business operation in accordance with internal enactments under Article 32 of this Law,

2. does not submit the necessary enactments to the Agency's file, in accordance with Article 32, Paragraph 2 of this Law,

3. Supervisory Board, Management and members of their immediate family living in the same household fail to submit signed disclosure statement in accordance with Article 82 of this Law,

4. establishes a bank's branch office contrary to provisions in Article 84 of this Law,

5. conducts contrary to the provision in Article 89 of this Law,

6. agreements contain general norms referring to business policy when obligatory elements of the contract stipulated by this Law are in question (Article 98ж, Paragraph 6),

7. conducts contrary to the obligation determined by Article 98ж, Paragraph 7 of this Law,

8. agreements on loans, cash deposit, savings deposit, opening and keeping of account, allowed overdraft, use of payment card do not contain stipulated obligatory elements as defined in Article 98з, Article 98м Paragraph 1, Article 98ћ Paragraph 1 and Article 98х Paragraph 1 of this Law,

9. does not fulfill obligations set forth in Article 98и of this Law,

10. contracts variable interest rate contrary to Article 98j, Paragraphs 3 and 4 of this Law,

11. does not obtain a copy of agreement on providing guarantee concluded in written form between beneficiary and guarantor, before concluding agreement on security (Article 98љ, Paragraph 2),

12. does not establish the change of value of interest, fees and other expenses, if variable, on the basis of elements agreed in accordance with provisions of this Law, which are publicly announced (Article 98н, Paragraph 1),

13. changes variable interest rate within deadlines different than agreed and in a manner contrary to Article 98н, Paragraph 2 of this Law,

14. does not enable beneficiary to repay the loan at the same type of exchange rate which was applied when the loan was withdrawn (Article 98н, Paragraph 3),

15. does not apply the same method of interest calculation to a deposit designated with bank in order to get a loan as to interest calculation for the loan (Article 98н, Paragraph 4),

16. makes available loan funds to beneficiary before expiration of the period defined in Article 98њ, Paragraph 1 of this Law,

17. does not reduce total loan expenses to beneficiary in case of premature loan repayment, if being informed in advance by him/her, by the amount stipulated in Article 98о, Paragraph 1 of this Law,

18. collects compensation from beneficiary for premature repayment of loan in cases described in Article 98о, Paragraph 3 of this Law,

19. collects compensation from beneficiary for premature loan repayment higher than the amount stipulated in Article 98о, Paragraph 4 of this Law,

20. does not inform beneficiary on change of variable interest rate contracted before starting to apply changed interest rate and does not state the date for such rate application (Article 98р, Paragraph 2),

21. additionally to information on change of variable interest rate, does not deliver, free of charge, the changed loan repayment schedule (Article 98р, Paragraph 3),

22. transfers receivables from loan agreement to another bank or financial organization licensed by the Agency – the recipient, and puts beneficiary in a more unfavorable position, and exposes him/her to additional expenses, without informing the beneficiary on such transfers (Article 98с, Paragraphs 1 and 2),

23. by means of conditioning and contracting its previous approval, restricts transfer of rights from loan agreement to guarantor or any other person under Article 98с, Paragraph 3 of this Law,

24. by means of issuing and delivering account statements, does not inform beneficiary on data and balance on current account through which the loan was agreed, interest rates applied as well as on changes in interest rates before they are to be applied, in accordance with Article 98ф, Paragraphs 1 and 2 of this Law,

25. does not enable beneficiary, without being charged a special fee, to withdraw the funds from his/her account in an amount available on the account (Article 98ф, Paragraph 3),

26. collects fee from beneficiary when closing the account (Article 98ф, Paragraph 4),

27. collects fee from beneficiary when canceling payment card (Article 98х, Paragraph 6),

28. does not compose agreements on other service in accordance with Article 98ц of this Law,

29. does not submit prescribed monthly reports to the Agency (Article 101, Paragraph 8),

30. does not appoint external auditor in accordance with provisions in Article 104 of this Law, and

31. does not submit a financial report and external auditor's report to the Agency , or does not publish financial information in accordance with Articles 105 and 106 of this Law.

For violations under Paragraph 1 of this Article, a monetary fine of KM 2,000 to KM 10,000 shall be imposed on both person responsible and person who actually committed the violation in a bank or another legal entity."

Article 12

Article 124 shall be changed and say:

"Violation procedure shall be started and conducted in accordance with provisions governing violations procedure.

Establishing responsibility and pronouncing measures in accordance with this Law shall not exclude establishing responsibility and pronouncing measures determined by other laws."

Article 13

In Article 125, Paragraphs 14 and 15 shall be changed and say:

"In case a bank has been charged with a fine from Article 123 and 123a of this Law for a violation committed, and the Agency finds out the bank has repeated the same or similar violation within a period of six months from the day when the first violation was committed, the Agency may undertake one or more actions from Paragraph 2, Points 6, 7, and 8 of this Article.

If the Agency undertook one or more activities from Paragraph 14 of this Article against bank, and the bank repeats the same or similar violation in the period of six months, the Agency may undertake measures from Paragraph 2, Points 9, 11, and 12 of this Article."

Article 14

After Article 125, a new Article 125a shall be added and say:

"Article 125a

The Agency may prohibit a bank to conclude agreement on service with beneficiary until removal of irregularities if it finds out the following:

1. agreement has not been contracted in the format prescribed,

2. agreement does not include all the elements stipulated by this Law and regulation of the Agency,

3. bank calculates effective interest rate or total price of service extended contrary to provisions of this Law and regulation of the Agency,

4. agreement contains provisions contracted contrary to this Law and to the detriment of beneficiary,

5. service advertising does not include all data and information stipulated by Article 98в and 98д of this Law, and

6. bank approves loans, receives deposits, opens and maintains accounts or issues payment cards contrary to provisions of this Law."

Article 15

After Article 129, a new Article 129a shall be added and say:

"Article 129a

Bank shall harmonize its general business enactments with provisions of this Law and regulation of the Agency, not later than three months from the day of passing those legal provisions.

Bank shall harmonize agreements concluded prior to this Law coming into effect, in which variable but indefinable nominal interest rate was contracted, i.e. variable indefinable element of that rate, with provisions of Article 98ж, Paragraphs 2 through 7, and Article 98j, Paragraphs 3 and 4 of this Law within six months from the day of its coming into force in such a way that the amount of variable but indefinable nominal interest rate contracted i.e. variable indefinable element of that rate shall not exceed their initial amount (the amount in the moment of contracting the agreement). *LoB_RS_AmendModif_2004_2012* Page 23

Provisions of Article 98ж, Paragraphs 2 through 7, and Article 98j, Paragraphs 3 and 4 of this Law shall be applied to all obligations based on agreements, which are due after expiration of the deadline for harmonization of agreements from Paragraph 2 of this Article.

Within the deadline for harmonization of agreements from Paragraph 2 of this Article, bank shall not increase the amount of interest rates applying variable indefinable elements contracted.

Bank shall not charge beneficiaries with special fee for harmonization of agreements in the way provided by Paragraph 2 of this Article nor request additional documentation for that purpose."

Article 16

This Law shall come into force on the eighth day from the date of its being published in the "Official Gazette of Republika Srpska".

Number: 01-1706/11 PRESIDENT

Date: November 3, 2011 OF THE NATIONAL ASSEMBLY

ANNEX XXIII – FBIH LAW ON BANKS

The Law was published in the "Official Gazette of the Federation of B&H", No. 39/98 from 15.10.1998;

Amendments to the Law on Banks were published in the "Official Gazette of the Federation of B&H", No. 32/00 from 30.08.2000; No. 48/01 from 09.11.2001; No. 27/02 from 28.06.2002; No. 41/02 from 23.08.2002; No. 58/02 from 19.11.2002; No. 13/03 from 02.04.2003; No. 19/03 from 13.05.2003; No. 28/03 from 26.06.2003 and No. 66/13 from 28.8.2013.

I - GENERAL PROVISIONS

Article 1

This Law regulates the establishment, business operation, governance, supervision and termination of legal persons who engage in the business of receiving money deposits and extending credits, as well as other operations in accordance with this Law (hereinafter: bank) in the Federation of Bosnia and Herzegovina (hereinafter: the Federation).

A bank shall be established and perform business operation as a joint stock company.

Article 2

No one shall engage in the business of receiving money deposits and extending credits for its own account in the Federation without a banking license issued by the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) pursuant to this Law.

When negotiating and approving loans, the provisions of regulations governing contractual obligations are applied.

No one shall use the word "bank" or derivatives of the word "bank" in respect to a business, product or service without a banking license or authorization issued by the Agency pursuant to this Law, unless such usage is established or recognized by law or international agreement, or unless it shall be clear from the context in which the word "bank" is used that it does not concern banking activities.

No bank shall use any words in its name that, in the opinion of the Agency, may mislead the public because of association with any state, federal or cantonal institution.

Article 2a

Terms used in this Law have the following meanings:

Supplementary

Capital of a bank - amount of permanent preferred cumulative shares, general reserves for loan losses for assets classified as good assets, subordinated debts up to 50% of core capital, hybrid capital instruments up to 50% of core capital and such other items as regulated by the Agency. Supplementary capital cannot exceed 100% of core capital.

Capital of a bank - sum of core capital and supplementary capital.

Supervisory Board - body that is responsible for the supervision of the business operations of a bank, along with other authorities as specified under this Law. The Supervisory Board and its Chairman shall be duly elected at the General Meeting of Shareholders and must act in accordance with this Law.

Dormant Account - an account where there has been no accountholder activity, either deposit to or withdrawal from the account by the accountholder, for a period of one year from the date of the last accountholder activity, and in the case of Time Deposits, one year beyond the maturity date.

Net Capital of a bank - sum of the bank's core and supplementary capital decreased for deductible items as defined and regulated by the Agency.

Core Capital of a bank - is composed of all cash and tangible assets given for all common shares, preferred non-accumulative shares as well as general legal reserves, retained profits and certain other reserves all as regulated by the Banking Agency.

Related Banks - two or more Banks that share two or more of the same members of the Supervisory Board, or common ownership by the same legal entity or individual of at least 10% of each of their outstanding Common Shares.

Related Entities -two or more legal entities and/or natural persons who individually or jointly have:

-direct or indirect control of a bank's Supervisory Board, Management, or a Significant Ownership Interest, or

- by mutual agreement act in concert to create a Significant Ownership Interest in order to affect the operations of a bank.

Preferred Shares - those shares that pay a fixed dividend which are issued without voting rights and are permanently outstanding unless converted to Common Shares. Preferred Shares may only be converted to Common Shares upon the prior approval by the

Agency and the subsequent approval by the shareholders. Preferred shareholders have a claim to the assets ahead of common shareholders in the event of liquidation.

Subsidiary - any legal entity for which a Bank holds the equivalent of 50% or more of the total voting shares, which permits the bank to exercise control over the management and policies of that legal entity. If the Subsidiary is a Bank, then the Subsidiary Bank must independently meet all requirements of this Law.

Paid in Share

Capital - the amount of cash paid by the shareholders for all Common or Preferred Shares.

Management - Director, Deputy Director and Executive Directors appointed by the Supervisory Board to direct the business operations of a bank and must act in accordance with this Law.

Participation

Interest - any shareholder's ownership participation as determined in a contract duly registered with the relevant institutions that provide for contribution of money or other property which represents a proportional interest in managing rights and rights to receive profit from that legal entity's operations.

Significant

Ownership Interest - any legal entity or natural person who owns at least 10% of the aggregate voting rights of another legal entity or bank.

Indirect Investment - an investment in the bank's capital in order to acquire voting rights in the bank through a third party (indirect owner), i.e. the ability of a party with no direct ownership in the bank to effectively exercise ownership rights in the bank using the direct ownership of another party in the bank.

Article 3

The Agency will not issue a license to any legal person who, designed to entice others to make payments, in exchange for the chance to receive financial or other gains resulting from a progressive increase (geometric or otherwise) in the number of persons making such payments.

The Agency shall be empowered to start the procedure with the authorized court of seizing the assets, books and records of any person who conduct operation described in Paragraph 1 and to liquidate the business of such person.

Article 4

Banks with headquarters outside the Federation may be authorized by the Agency to establish representative offices in the Federation.

The request for approval to open a representative office needs to include the following:

(3) information on the name, legal status and headquarters of the bank

(4) the bank's Charter

(5) information on the financial operations of the bank

(6) document on the establishment of the representative office

(7) name and headquarters of the representative office

(8) activities of the representative office

(9) program of representative office's operations

(10) information on the senior employees of the representative office

(11) authorization of the person responsible for the activities and representation of the representative office

(12) certified statement from the bank that confirms the bank's willingness to take over all the liabilities resulting from the operation of the representative office.

In the context of this Law, a representative office is an organizational part of the bank where banking business is not conducted. Presentations, collection and provision of data are the operations of a representative office.

A decision regarding the issuance of authorization according to the request from this Article paragraph 2 the Agency shall issue in 60 days from the day that the request was received.

Article 5

A bank with headquarters outside the Federation shall be permitted to receive money deposits and extend credits for its own account in the Federation through a branch office authorized by the Agency pursuant to Articles 36 and 37 of this Law.

In its request for issuance of authorization to open a branch office, the bank needs to provide a certified statement that confirms the bank’s willingness to provide guarantees, with all of its assets for the liabilities created in the operation of the bank’s branch office.

In the context of this Law, a bank’s branch office is a business unit of the bank with legal authorizations, as defined in the bank’s charter.

Article 6

In order for the Agency to cooperate with the Central Bank of Bosnia and Herzegovina (hereinafter: the Central Bank), and with other agencies responsible for the licensing and supervision of banks, with respect to the domestic activities of banks licensed outside the Federation and the activities of domestic banks outside the Federation, the Agency shall be authorized to provide information to the Central Bank and such other agencies responsible for licensing and supervision of banks with headquarters outside the Federation.

Article 6a

Banks may be established by independent bank associations as non-profit voluntary associations.

Bank association's charter must ensure that banks cannot sign any contract with other banks or associations that limits the principle of the free market and transparent competition in banking business.

II - LICENSING AND AUTHORIZATION

Article 7

Banking licenses shall be applied for in writing to the Agency by the founders and shall be accompanied by the following information and documents:

1. founding contract signed by all founders, draft of Charter, and other

   founding documents, as directed by the Agency;
2. *the qualifications and experience of the Supervisory Board and Management of the proposed bank;*
3. *the amounts of capital stock and other forms of bank capital;*
4. *a business plan for the proposed bank, setting out inter alia the types of activities envisaged for and the structural organization of the proposed bank;*
5. *a list of owners of the bank.*

Article 8

Within 60 days from the date of receipt of an application for a banking license, pursuant to Article 7 under this Law, the Agency shall finalize its decision.

Objections to the Decision from Paragraph 1 of this Article can be submitted to the Director of the Agency within 8 days from the date when the Decision was made.

Article 9

The banking license is a condition for registration at the Court Register.

The Agency shall grant a banking license if, and only if, an amount of the bank's capital stock from Article 20 of this Law has been paid in and if it is confident that:

1. the bank will comply with the provisions of this Law and projections for the future financial condition of the bank are documented;
2. the qualifications and experience of the Supervisory Board and Management of the bank will be appropriate for the banking activities that the bank will be licensed to engage;
3. all holders of Significant Ownership Interest are of sufficient financial capability, and suitable business background;

In the case of an applicant that is a legal entity, the criteria of Paragraph 2, Items 2 and 3 of this Article shall also apply to any Management official and persons with Significant Ownership Interest.

In the context of this law, members of the Supervisory Board and Management are employees who have special responsibilities and authorities in accordance to the charter of the bank.

Article 10

Licenses concerning a founding of a subsidiary of a bank whose headquarters are outside the Federation shall be granted only if that bank has a banking license issued by the institution that is in charge of issuing licenses and supervision of this bank.

(Paragraph 2 was deleted).

Article 11

Banking licenses pursuant to Article 10 of this Law shall be granted only following consultations on the granting of a banking license between the Agency and the authorities that supervise the banking activities of the founder bank concerned, and only following a finding by the Agency that the founder bank is adequately supervised.

Article 12

The Agency shall also refuse both a banking license and an authorization if the laws or regulations referring to banks' headquarters outside the Federation prevent or make it difficult to exercise effectively its supervisory functions.

The Agency shall require banks to provide it with the information required for monitoring of compliance with the conditions referred to in Paragraph 1 of this Article.

Article 13

A bank obtains the status of a legal entity upon entry into the Court Registry.

An application for registration of a founding of the bank in court register shall be submitted within 30 days starting from the date when the Agency issues a banking license.

Organizational subsidiaries or branches of the bank have to be entered into the Court Registry, in accordance with the provisions on court registration of business components of legal entities that have authorities in the legal system.

Article 14

Banking licenses shall be granted for an indefinite period of time and shall not be transferable.

The banking license of each bank shall specify the banking activities that such bank shall be authorized to engage in.

All banks licensed by the Agency shall be required to meet the membership criteria for deposit insurance in order to maintain their banking license.

Article 15

(Paragraph 1 was deleted).

Branches of foreign banks have the status of legal entities and must obtain an authorization.

Article 16

A separate register shall be kept by the Agency and it shall record for each registered bank the name, headquarter and branch office addresses and applicable documents specified under Paragraph 2 of Article 28 of this Law.

Entries and other information concerning former banks whose banking licenses have been revoked shall be removed from the separate register.

The Agency can publish data from the separate register of banks.

Article 17

The Agency can, by its decision, revoke a license or an authorization in the following cases:

1. upon a request of the bank pursuant to Article 18 of this Law;
2. following an infraction pursuant to Article 65 of this Law;
3. following the report of a provisional administrator pursuant to Article 58 Paragraph 2, Item 1 of this Law;

4. the license or the authorization has been obtained on the ground of false or fraudulent statements or other material irregularities that occurred in connection with the license application;
5. the bank has not submitted an application for registration in the court register within thirty days after the date that the banking license took effect, or has not begun to engage in banking activities within 90 days after its registration in the court register, or has ceased for more than 6 months to engage in the business of receiving money deposits or other repayable funds from the public or extending credits for its own account;
6. a merger, acquisition or division of the bank has occurred;
7. the bank no longer possesses the minimum amount of capital and reserves required by regulation of the Agency; and

- the owner or owners of the bank have decided to liquidate the bank, or the bank has ceased to exist as a legal entity.
- failure to meet membership for deposit insurance.

Objections to the Decision from Paragraph 1 of this Article can be submitted to the Director of the Agency within 8 days from the date when the Decision was made.

The decision from previous Paragraph of this Article shall be communicated in writing by the Agency to the bank concerned one day after the decision has been made.

Article 18

A bank can request the Agency in writing to revoke its banking license.

Within 60 days after its receipt of the request from Paragraph 1 of this Article, the Agency shall decide on the request and inform the bank of its decision.

Objections to the Decision from Paragraph 2 of this Article can be submitted to the Director of the Agency within 8 days from the date when the Decision was made.

Article 19

The Agency's decision from Article 17 of this Law determines the date when the banking license or the authorization will be revoked.

The decision to revoke a banking license or the authorization shall immediately be published in the "Official Gazette of the Federation of Bosnia and Herzegovina" and in one newspaper of general circulation in the Federation and a newspaper available in the Republika Srpska and Brcko District.

The Agency must additionally inform the Central Bank of Bosnia and Herzegovina and the Federation Deposit Insurance Agency or its successor of any actions described in Article 17 of this Law.

Starting on the date that the revocation of a banking license or an authorization takes effect, as determined by the decision in Article 17 of this Law, the former bank shall be prohibited from engaging in any of the banking activities specified in Article 39 of this Law, and shall within 90 days thereafter liquidate its assets, terminate its current deposit agreements and discharge its liabilities.

During conducting its affairs as described in Paragraph 4 of this Article, the former bank shall otherwise continue to be subject to the provisions of this Law as if it were licensed or authorized.

III - CAPITAL AND OWNERSHIP OF A BANK

Article 20

The minimum amounts of share capital in cash of the bank and the lowest amount of net capital which the bank must keep up shall not be less than the equivalent of 15.000.000 (fifteen million) Konvertible Marks (hereinafter: KM).

No bank shall decrease its capital or deteriorate the structure of its capital by repurchasing shares or distributing reserve assets without prior written authorization from the Agency.

Paid in Share Capital cannot be treated as such if the funds originate from:

(7) loan funds granted by the bank into whose capital the payment is being made;

(8) loan funds that another bank granted for some other purposes;

(9) loan funds, where the bank receiving capital is a guarantor.

If a connection is established between a loan user or its related entity and a loan granted and payment made to the bank's Paid in Share Capital or if a connection is made between a payment to the Paid in Share Capital and a loan granted, then such a payment to the bank's shareholders' capital has no legal effect whether payments were made on the same or a different day.

The Agency has a right to review cash flows in a bank, loan user and its related entity. Also, the Agency holds a discretionary right to decide whether payments to the Paid in Share Capital were performed in accordance with the Law and, in a case of Law violations, to deny such payment and exclude them from the Paid in Share Capital.

Provisions of this article apply to branches of foreign banks.

Article 21

No physical or legal person, directly or indirectly (through an indirect owner), alone or acting in concert with one or more other persons, may acquire significant voting rights in a bank, or increase the amount of

his ownership of the bank's voting shares or capital in such a way that the thresholds of 10%, 33%, 50% and 66.7% are reached or exceeded without obtaining the approval from the Agency.

To obtain authorization specified under Paragraph 1 of this Article, a person must submit to the Agency a request and information specified under the regulations of the Agency.

No such gain or increase in significant voting rights in the bank, as described in Paragraph 1 of this Article, shall have legal effect without such authorization issued by the Agency.

The Agency shall respond to the request specified under Paragraph 2 of this Article within 60 days when the request was received.

Neither a political party nor a related legal entity of a political party can be a bank shareholder.

Article 22

No bank shall, directly or indirectly, without prior written authorization of the Agency:

(2) hold a Significant Ownership Interest in a legal entity or indirectly in a subsidiary of that legal entity that exceeds 5% of the bank's Core Capital, or

(3) hold the aggregate net value of all Participation Interests of the bank in other legal entities and in subsidiaries of those legal entities to exceed the equivalent of 20% of the bank's Core Capital.

A bank cannot directly or indirectly have a Participation Interest in a legal entity that exceeds 15% of the bank's Core Capital, and the Participation Interest in a non-financial entity the Participation Interest cannot exceed 10% of its Core Capital nor can the Participation Interest exceed 49% of ownership of the non-financial legal entity.

Total amount of all Participation Interests of a bank in other legal entities may not exceed 50% of its Core Capital, and total amount of all Participation Interests in other non-financial legal entities may not exceed 25% of the bank's Core Capital.

Loans granted by the bank to legal entities that the bank has investments in shall be considered as investments for the limitations under this Article.

Neither a bank nor a Subsidiary may invest in any legal entity that is primarily engaged in the business of armaments, gambling, nor the selling or consuming of alcohol on its premises, nor make a donation or loan to any political party. In addition, the Agency may, by regulation or decision, determine additional restrictions in investments or donations.

Article 23

The Agency may refuse authorization to acquire or increase an Ownership Interest in a bank upon any of the following grounds:

c.) bad financial condition of the applicant or a person who has significant ownership interest in the legal entity applicant;

d.) lack of competence, experience, or trustworthiness of any of the applicants, such that the interests of the bank or its depositors could be threatened;

e.) granting such authorization would lead to breach of requirements of Article 40 of this Law; or

f.) the applicant submitted unreliable information or information not complying with the requirements of Paragraph 1 to 3 of this Article or regulation of the Agency, or refused to submit information required by the Agency to make a decision on the application, or submitted information that cannot be verified;

g.) if the applicant has not submitted proof of the origin of the money.

The Agency may revoke the authorisation issued to acquire or increase the significant ownership interest in the bank if one of the reasons referred to in Paragraph 1 of this Article sets in.

In the case referred to in Paragraph 2 of this Article, the Agency requires the sale of shares for which the person's authorisation for the acquisition or increase of the substantial ownership interest was revoked.

Article 24

When a legal entity is the applicant for the acquisition referred to in Article 21 of this Law, the provisions of Article 21, Paragraph 2 and Article 23 of this Law apply to each member of the Management Board and the Supervisory Board and to any person who has a significant ownership interest in the legal entity (indirect owners).

When a natural person is the applicant for the acquisition referred to in Article 21 of this Law, the provisions of Article 21, Paragraph 2 and Article 23 of this Law apply to their spouse/common-law partner and children, i.e. persons living in the same household or having interconnected or joint investments (indirect owners).

A legal entity that has significant voting rights in the bank shall inform the Agency of any changes related to its Management Board and Supervisory Board members, within 8 days of the occurrence of these changes.

A legal entity that has significant voting rights in the bank shall inform the Agency of all its status changes and the status changes of persons who have a significant ownership interest in the legal entity, within 8 days of the implementation of the status change.

A natural person who has significant voting rights in the bank shall inform the Agency of any changes in the information that has been submitted to the Agency, and is essential for significant voting rights, within 8 days of the occurrence of these changes.

Article 25

The Agency, upon prior application and in writing may allow that on these institutions requirements and limits described in Articles 21-24 of this law may not apply in the case of acquisition of non-voting shares in a bank by official multilateral lending institutions or regional development institutions.

Article 26

Status changes in a bank, mergers, acquisitions or divisions of a bank shall require the prior written authorization of the Agency.

To obtain authorization for a status change, the bank must submit to the Agency an analysis of the economic justification and a plan of operation of the resulting bank or banks, in accordance with the Agency's regulations.

Status changes that would be inconsistent with the provisions of Paragraphs 1 and 2 of this Article shall not have any legal effect.

Article 27

The Agency may refuse authorization for the status change of a bank on any of the following grounds:

(3) any resulting bank would fail to meet the minimum capital requirement established by the Agency;

(4) lack of competence and experience of Supervisory Board and Management of any resulting bank, such that the interests of the bank or its depositors could be threatened;

(5) the applicant submitted unreliable information or information not complying with the requirements established by the Agency's regulation, or refused to submit information required by the Agency to make a decision on the application.

Where close links exist between the bank and other natural or legal persons, the Agency shall grant such authorization only if those links do not prevent the effective exercise of its supervisory functions.

Article 28

Bank's charter must specify bank's corporate name and address; its purposes; the jurisdiction and authority of its bodies, as well as the amount of its share and other kind of capital, the classes, numbers and nominal values of its shares, and the voting rights attaching to its shares, process of issuance of general acts and other significant questions related to the bank's business.

The Bank shall submit to the Agency a duly certified copy of its charter, and a list of the officials of the bank who are currently authorized contractually to obligate the bank, together with their specimen signatures and a description of the limits of their authority.

The Agency gives its approval to the bank's charter**.**

IIIa - MANAGEMENT OF BANK

Article 29

Bodies of the bank are:

(5) General Meeting of Shareholders;

(6) Supervisory Board;

(7) Management.

1. General Meeting of Shareholders

Article 29a

The General Meeting of Shareholders of the bank shall be composed of shareholders.

The General Meeting of Shareholders shall normally be held in the place of the bank's headquarter.

The General Meeting of Shareholders shall be chaired by its Chairman, who shall be elected at the beginning of the General Meeting of Shareholders session.

Upon proposal of the Chairman, General Meeting of Shareholders shall appoint a person in charge of the minutes, two shareholders who certify the minutes and appoint members of the General Meeting of Shareholders Voting Committee.

Chairman and members of Supervisory Board, and members of Management shall be present during General Meeting of Shareholders session.

Members of Supervisory Board in a bank consisting of five shareholders or less are not obliged to be present at General Meeting of Shareholders.

In a bank with a single shareholder the authorities of the General Meeting will be carried out by the shareholder.

Article 29b

A General Meeting of Shareholders shall be held at least once a year.

Supervisory Board, except for the cases otherwise provided by this Law, shall convene General Meeting of Shareholders.

Shareholder who was placed on the list of shareholders at the Registry 45 days before the date of the General Meeting of Shareholders session shall have voting rights in the General Meeting of Shareholders.

Bank shall cover expenses of the General Meeting of Shareholders session.

(12) Convening the General Meeting of Shareholders

Article 29c

Notification of the agenda, place, date and time of the General Meeting of Shareholders session shall be published in at least one of the daily newspapers published within the Federation, no later than 30 days before the date determined for the General Meeting of Shareholders session.

If the General Meeting of Shareholders session was convened out of headquarter of the bank, notification provided by Paragraph 1 of this Article shall within the same time period be sent to each of the shareholders by registered mail, fax or electronic mail, to the address from list of shareholders provided by Article 29b, Paragraph 3 of this Law.

(13) Convening an Emergency General Meeting of the Shareholders

Article 29d.

A majority of members of the Supervisory Board may vote to hold an Emergency General Meeting of the Shareholders and may vote to hold this Emergency General Meeting of the Shareholders in less than the 30 days required in Paragraph 1, Article 29c of this Law. However, every shareholder must be notified of the emergency General Meeting of the Shareholders, including its purpose and the proposed Agenda in the manner provided in Article 29c. The Emergency General Meeting of the Shareholders may only be held if shareholders holding an aggregate total of 75% of the outstanding shares are represented and are available to vote. Further, any action taken at the Emergency General Meeting of the Shareholders must be approved by two thirds of the number of shares represented.

1.3 Decision Making

Article 29e

Shareholder or group of shareholders with at least 5% of the total number of shares with voting rights, shall have right to propose in writing amendments to the agenda and the proposal of the decisions of the

General Meeting of Shareholders no later than eight days from the day of publication of notification provided by Article 29c, Paragraph 1 of this Law.

Supervisory Board shall publish notification on shareholders' proposal provided by Paragraph 1 of this Article in the same manner as notification on convening the General Meeting of Shareholders as provided by Article 29c, Paragraph 1 of this Law.

Supervisory Board shall not publish the proposal provided by Paragraph 1 of this Article if proposal is:

(d) illegal or contrary to provisions of the charter of bank;

(e) based on inaccurate and incomplete data or containing such a data;

(f) the same proposal was discussed at the General Meeting of Shareholders at least two times in the last 5 years and was not supported by other shareholders with more than 5 % of the total number of shares with voting rights;

(g) person who gave proposal announced that he/she will not be present at the General Meeting of Shareholders.

Costs of publication of individual proposals provided by Paragraph 1 of this Article that contain up to 100 words shall be covered by bank, and for longer proposals, by the person who gave the proposal.

Article 29f

Request for convening the General Meeting of Shareholders may be submitted by:

(4) shareholder or group of shareholders with more than 10% of the total number of shares with voting rights;

(5) two members of the Supervisory Board;

(6) Audit Board.

Request for convening the General Meeting of Shareholders, with proposal on its agenda, shall be submitted to the Supervisory Board in written form.

If Supervisory Board, within 45 days from the day the request was submitted, fails to publish notification on convening the General Meeting of Shareholders session in a manner provided by Article 29c of this Law, person who submitted request is authorized directly to convene the General Meeting of Shareholders session in the same manner and shall inform the Agency about it in writing.

Persons provided by Paragraph 1 of this Article are authorized directly to convene the General Meeting of Shareholders session in case if the General Meeting of Shareholders had not been convened six months after expiration of period for making of annual report.

Article 29g.

General Meeting of Shareholders may make decisions only if shareholders with more than 50% of the shares with voting rights are represented in person or through proxies.

If upon expiration of 60 minutes from the set time of commencement of the General Meeting of Shareholders quorum is not reached for decision making provided by Paragraph 1 of this Article, General Meeting of Shareholders shall be postponed, and the Supervisory Board shall not earlier than 15 and no later than 30 days from initially set up date for convening it publish notification on reconvening the General Meeting of Shareholders.

In case provided by Paragraph 2 of this Article quorum shall be made of one third of the shares with voting rights.

Article 29h.

General Meeting of Shareholders of bank shall make decisions on:

1. establishment of bank's Core Capital through the issuance or increase of Common Shares and the issuance or increase of Preferred Shares.
2. increase and decrease of core capital;
3. annual financial report, with the reports of external auditor, Supervisory Board and Audit Board;
4. distribution of profit and payment of dividend;
5. manner of loss coverage;
6. consolidation with other enterprises and merger of other enterprises by the bank, except for consolidation or merger of subsidiaries;
7. division and termination of the bank;
8. purchase, sale, exchange, leasing and other transactions with property, directly or through subsidiaries within business year, in the extent that exceeds one third of the bookkeeping value of property of the bank;
9. sale and purchase of property with accounting value between 15% and 33% of the total existing property of the bank, if such a transaction is not previously approved by unanimous decision of Supervisory Board;
10. election and release of duty of the members of Supervisory Board on individual basis;
11. establishment, reorganization and liquidation of subsidiaries, and approval of their respective charters;
12. compensations for the members of Supervisory Board and Audit Board;
13. adoption, changes and amendments to the charter; and
14. other issues important for business operation of the bank, in accordance with the Law and charter of the bank.

Article 29i

Shareholder shall have right, from the day of publication of notification on convening the General Meeting of Shareholders in the bank premises, to review the financial statement, with the reports of external auditors, Supervisory Board and Audit Board as well as other documents that concerned proposal of the decisions placed on the agenda of General Meeting of Shareholders.

Article 29j

General Meeting of Shareholders shall make decisions by majority of shares with voting rights, except for the issues specified under Article 29h, Paragraphs 2, 6, and 13 under this Law (error made by the legislator, instead of Paragraphs 2, 6 and 13, there should stand Items 2, 6 and 3) on which decisions are made by the two third majority of the represented shares with voting rights.

Regarding the reports provided under Article 29h, Item 3 of this Law, the General Meeting of Shareholders shall give its decision no later than six months from the end of business year.

Article 29k

Voting at the General Meeting of Shareholders shall be conducted through ballot papers that shall contain name or company name of the shareholder and the number of votes on his/her disposal.

Voting shall be conducted by circling on the ballot paper responses "for" and "against" proposal of the decision or the name of the candidate at the election of bodies of the bank.

The Voting Committee shall determine results of voting.

1.4 Decision Making Through Proxies

Article 29l

Shareholders' proxy shall have authorization for representation by shareholders, signed by a shareholder – natural person or representatives of the shareholder-legal person. The signed proxy must be certified.

Article 29m

Proxy shall deliver to the voting board a written authorization for representation of the shareholders.

Voting Committee shall check validity of authorization and identity of the proxy.

Article 29n

If a shareholder or his proxy, within seven days from the day of General Meeting of Shareholders, deliver certified statement of the shareholders to the Voting Committee, public document or other verifiable evidence that denies validity of authorization to the Voting Committee, it shall declare votes based upon such authorization to be invalid and inform the Supervisory Board about it in writing.

Supervisory Board shall suspend enforcement of the decision, passing of which was decisively influenced by invalid votes and it shall convene the General Meeting of Shareholders for repeated decision making on these issues no later than 30 days from the day of receipt of notification of the Voting Committee on invalid votes.

1.5 Minutes of General Meeting of Shareholders

Article 29o

Minutes shall be made of the work of the General Meeting of Shareholders and it shall contain:

(3) company name and address of the headquarter of the bank;

(4) place and time of the General Meeting of Shareholders

(5) first name and family name of the Chairman, person in charge of minutes, persons in charge of certification of minutes and members of voting committee;

(6) agenda;

(7) decisions;

(8) data about voting;

(9) objections of shareholders and members of Supervisory Board to the General Meeting of Shareholders decisions.

Minutes shall be accompanied with proposals in writing and the reports submitted to the General Meeting of Shareholders.

Supervisory Board shall ensure that the minutes be made no later than 30 days from the day of convening the General Meeting of Shareholders.

Minutes shall be signed by chairman of the General Meeting of Shareholders, person in charge of minutes and the persons who certify the minutes.

Shareholder may request that the copy of minutes or excerpt from minutes be delivered to him for all the General Meetings of Shareholders.

Article 29p

Bank shall maintain minutes of the General Meeting of Shareholders for an indefinite period, evidence on presence and voting of shareholders, notifications and invitations for the General Meeting of Shareholders.

Liquidator shall ensure maintenance of the documents provided under Paragraph 1 of this Article at least 10 years after the bank has ceased its operations.

c) Protection of Minority in Decision Making and

Contest of the General Meeting of Shareholders Decisions

Article 30

If the General Meeting of Shareholders rejects proposal of shareholders with more than 20% of the shareholders with voting rights for appointment of an external auditor for extraordinary examination of all the issues relating to establishment and business operation of the bank within last five years, external auditor shall be appointed by the Agency.

Decision of the General Meeting of Shareholders shall be null and void if:

(4) General Meeting of Shareholders was not convened in a manner determined under Article 29c of this Law;

(5) was not entered into the minutes;

(6) nullity is determined by a court decision.

Procedure to contest and annul the decision of the General Meeting of Shareholders, with the court at which the bank was entered into court register, may be initiated by:

h) a shareholder representing minimum of 33% ownership and who attended the General Meeting of Shareholders, whose objection to the decision was entered into the minutes, or was not entered correctly;

i) a shareholder who was not present at the General Meeting of Shareholders due to convening the General Meeting of Shareholders contrary to the provisions under the Article 29c of this Law;

j) Supervisory Board and Management and each member of Supervisory Board and Management, if enforcement of the decision would constitute an economic offense or crime or create damage to the bank.

Procedure provided under Paragraph 1 of this Article may be initiated no later than 60 days from the day of General Meeting of Shareholders.

According to the procedure provided under Paragraph 1 of this Article, bank shall be represented by Director or other member of Management, upon authorization issued by Director.

If the claimant is a member of the Management, bank shall be represented by a person appointed by Supervisory Board, and if the claimants are the Supervisory Board and Management or the members thereof, the court shall appoint representative for bank, if not appointed by General Meeting of Shareholders.

2. SUPERVISORY BOARD

Article 31

Supervisory Board shall be composed of a Chairman and at least four members, with a maximum of six members appointed and released of duty by the General Meeting of Shareholders, provided that entire number of members of the Supervisory Board is odd, including the Chairman.

Chairman and members of Supervisory Board shall be appointed simultaneously for the period of four years.

The same person may be appointed as Chairman or member of Supervisory Board several times without limitations.

Chairman and members of Supervisory Board shall be entered into the register maintained with the Agency.

Article 31a

Following persons may not be Chairman or member of Supervisory Board:

(2) person convicted of crime or economic offense within the economic and financial crime;

(3) person who, pursuant to the court decision, was denied to conduct activities within competence of Supervisory Board; and

(4) person older than 70 years of age on the day of appointment.

Article 31b

A shareholder or a group of shareholders with at least 5% of the shares with voting rights may nominate candidate for member of Supervisory Board.

Each proposal provided under Paragraph 1 of this Article shall be submitted in writing, no later than eight days from the day of publication of notification on convening the General Meeting of Shareholders that has on its agenda issue of election of the Chairman and members of Supervisory Board.

Each proposal provided under Paragraph 1 of this Article that was delivered to the Supervisory Board before publication of notification under Article 29c of this Law, shall also be delivered to the shareholders, accompanied with other materials.

Candidates for Chairman and members of Supervisory Board shall before voting give statement in writing on their acceptance of nomination.

Article 31c

The chairman and members of Supervisory Board shall be elected by voting, in accordance with Article 29j of this Law, provided that each shareholder may cast one vote for each share with voting rights. Each shareholder with voting rights may cast all votes for one person or distribute their votes to more than one person.

Each shareholder shall receive a ballot that sets out at the top the number of votes entitled to be exercised as set out in paragraph 1 of this Article.

The candidate that wins greatest number of votes shall be declared Chairman by the General Meeting of Shareholders, while candidates with the second greatest number of votes shall be declared members of Supervisory Board.

If they receive an equal number of votes, the Supervisory Board can select the Chairman from among them.

Article 31d

Chairman and members of Supervisory Board shall enter into employment contracts with the bank that is subject to approval by the General Meeting of Shareholders.

Each employment contract shall be signed on behalf the bank by its Director, in accordance with General Meeting of Shareholders approval.

Article 31e

Chairman and members of Supervisory Board in the first mandate shall be elected at the founding General Meeting of Shareholders in accordance with provisions of Articles 31b and 31c of this Law.

Article 31f

Director and members of Management of the bank may not be appointed Chairman and member of the Supervisory Board in that or any other bank in Bosnia and Herzegovina.

Elected officials and all employees of the State, Entity, Canton and Municipal Governments and their respective Institutions may not serve as members of the Management of any bank while so employed.

Elected officials, Ministers and Deputy Ministers of State, Entity, Canton and Municipal Governments and their respective Institutions may not serve as members of the Supervisory Board of any bank while they are so employed and for a period of one year thereafter.

All employees of the State, Entity, Canton and Municipal Governments and their respective Institutions who serve as members of a Supervisory Board of any bank must recues themselves and refrain from

involvement in any discussions or decisions within the government having to do with the bank for which they are a member of the Supervisory Board.

A person or a legal entity's duly proxy cannot serve as Chairman or member of a Supervisory Board of more than one bank concurrently, unless that person or that legal entity owns more than 50% of shares of each bank.

The same person may not be appointed simultaneously Chairman or member of the Supervisory Board in more than three banks.

Article 31g

A session of Supervisory Board shall be held when necessary, and at least once a quarter.

Chairman of Supervisory Board shall convene session of Supervisory Board.

Chairman of Supervisory Board shall convene the session upon request of the Director of the bank or two members of the Supervisory Board, no later than 14 days from the day of submission of the request, otherwise person who submitted the request shall be authorized for convening the session. However, provided that all members of the Supervisory Board are invited, and the invitation is accompanied by an Agenda and material for each item on the Agenda, a majority of members of the Supervisory Board may convene an emergency session within three days of the vote to convene such emergency session of the Supervisory Board. All provisions of Article 31i apply to emergency meetings of the Supervisory Board.

Article 31h

Written invitation for the session of Supervisory Board, in which place and date of session, time of its commencement and the agenda of session shall be delivered to the members of Supervisory Board no later than 7 days before the date of holding of the session.

Invitation for session shall be accompanied by the materials for each of the items on the agenda.

Article 31i

In order to convene the session of the Supervisory Board, quorum of majority of the entire number of members is required.

Supervisory Board shall issue its decisions by majority of votes of the entire number of members.

Chairman and member of Supervisory Board may not vote on the issues that relate to him/her personally.

Persons who are not members of Supervisory Board may be present at the session only based upon written invitation by Chairman of the Supervisory Board.

Article 31j

Supervisory Board of the bank shall be competent to:

c) supervise business operation of the bank;

d) supervise work of Management;

e) adopt report of Management on business operation upon semi-annual balance sheet, profit and loss statement, annual balance sheet and internal and external audit reports;

f) submit an annual report to the General Meeting of Shareholders on business operation of the bank, which shall include internal and external audit reports, report on work of the Supervisory Board and the board for revision, as well as plan of business operation for the following business year;

g) appoint Management of the bank;

h) appoint external auditor;

i) propose distribution and manner of use of profit and manner of loss coverage;

j) approve purchase, sale, exchange, leasing and other property transactions by property, directly or through Subsidiaries during the business year to the extent ranging from 15% to 33% of the accounting value of the entire property of the bank;

k) ensure that appropriate internal controls for the bank are established and maintained;

l) ensure that appropriate internal and external audits are performed;

m) establish provisions for loan losses to be expensed; establish necessary reserves out of net profit of the bank; and declare dividends;

n) appoint chairmen and members of the committee for compensation and the committee for appointment;

o) establish ad hoc commissions and determine their composition and tasks;

p) convene the General Meeting of Shareholders;

q) approve issuance of new shares of the existing class in the amount up to one third of the sum of nominal value of the existing shares and determine amount, time of sale and price of these shares, that may not be lesser than average market value of the existing shares of the same class in 30 consecutive days prior to the day of decision making;

r) approve internal acts, business and other policies and procedures; and

s) decide on issues not specifically directed under the Law or its charter to some other decision making body of the bank.

Article 31k

Chairman and members of Supervisory Board shall carry out their commitments and responsibilities in accordance with the interests of the shareholders and bank and may not perform activity that would compete with activities of the bank without advice and consent of other members of Supervisory Board.

Chairman and members of Supervisory Board shall upon proposal of the emission of new or purchase of its own shares of bank and other securities announce all the important data relating to business operation of the bank.

Chairman and member of Supervisory Board shall report to the Supervisory Board on each personal interest within the legal person, with which bank has or intends to enter into business relationship.

In case provided under Paragraph 3 of this Article, Chairman and member of Supervisory Board may not make decision on issues that concern relations of bank and other legal persons in which Chairman and member of Supervisory Board shall have direct or indirect financial interest.

Article 31 l

If Chairman or a member of Supervisory Board act contrary to the provisions of the Article 31k of this Law, bank shall have right to claim compensation of damage caused by that.

Bank may forfeit the claims provided under Paragraph 1 of this Article upon expiration of three years from the day of raising request for compensation, if the General Meeting of Shareholders consent to resignation, provided that no objections of the shareholders who possess at least 10% of the shares with voting rights.

Article 31m

Chairman and members of Supervisory Board shall be either individually or jointly and severally liable for damages caused by failure to comply or irregular compliance with their duties.

Article 31n

Chairman and members of Supervisory Board shall have right to request all the data on business operation and presence of the management members to the sessions of Supervisory Board.

Chairman and members of Supervisory Board shall have right to attend the sessions of bank's Management.

3. Management

Article 32

Management shall organize work and direct business operation.

Management of the bank shall consist of Director and Executive Directors as well as the Deputy Director who may be appointed at the discretion of the Supervisory Board.

Article 32a

Director shall preside over Management, direct business operation, represent bank and be responsible for legality of business operation.

The term in office for the Director shall be 4 years, which may be renewed without any limitation as to the number of terms.

Position, authorities, responsibilities and rights of the Director shall be regulated by contract between Supervisory Board and Director.

The Director cannot be appointed without the prior approval of the Agency.

Article 32b

Deputy Director shall substitute for the Director in case of his/her absence, and if the bank has no Deputy Director appointed, the Director shall authorize in writing one of the Executive Directors to substitute for him and determine his/her authorities.

Executive Directors shall organize work, represent bank and shall be responsible for the legality of business operation in businesses and their scope defined by written act of the Director.

Executive Directors shall be appointed and removed by Supervisory Board upon proposal of the Director, for the period for which Director was appointed.

Salary and other material rights of the Executive Director shall be regulated by contract between the Director and Executive Director, upon prior approval of the Supervisory Board.

Article 32c

Director, Deputy Director and Executive Directors shall report to Supervisory Board each direct or indirect interest within the legal person with which bank has or intends to enter into business relationship.

In case provided under Paragraph 1 of this Article, Director, Deputy Director and Executive Director may participate in such a business relation based upon written consent of the Supervisory Board.

Article 32d

In any case when the Director is released of duty, resigns, dies, or is ill or otherwise absent from his/her duties without the prior approval of Supervisory Board for a period of more than thirty consecutive calendar days, the Supervisory Board must confirm the Deputy Director in this position or appoint an interim Director to serve until such time as the Supervisory Board appoints a new Director.

The Interim Director may serve a maximum period of ninety days without having to obtain the approval of the Agency.

Prior to the expiration of ninety days the Supervisory Board must either submit an application for approval for Director of the bank to the Agency or an application for extension for another ninety days for approval for the Interim Director from the Agency. The Agency has 45 days to act on this application. Thereafter if the application for an extension for the Interim Director is not approved by the Agency or if no Director has been appointed by the Supervisory Board and approved by the Agency, the Agency shall appoint a Provisional Administrator.

Article 32e

Bank shall have its Secretary, appointed by Supervisory Board, upon proposal of the Director of bank, serve for the same period for which the Director has been appointed.

Salary and other material rights of the Secretary shall be regulated by contract between the secretary and Supervisory Board, upon Director's proposal.

Article 32f

Secretary is responsible for maintaining the register of shareholders, register of minutes of General Meeting of Shareholders and Supervisory Board and keeping documents determined by this Law and charter of bank, except for financial reports.

Secretary shall be authorized for carrying out decisions of the General Meeting of Shareholders, Supervisory Board and the Director.

Secretary shall be responsible for preparation of sessions and maintaining minutes of the General Meeting of Shareholders and Supervisory Board.

4. Audit Board

Article 32g

Bank must establish an Audit Board appointed by the Supervisory Board.

The Audit Board shall consist of five members appointed for terms of four (4) years. Members may be reappointed.

The Audit Board must have all oversight responsibilities for the conduct and employment of an external audit firm to prepare the annual audited financial statement.

The Audit Board will present the completed annual audited financial statement to the Supervisory Board and to the General Meeting of Shareholders.

The Audit Board must also supervise all internal audit activities including the oversight of the annual balance sheet and auditing of financial business operation of bank upon request of shareholders with at least 10% of the shares with voting rights, and deliver a report on that to the General Meeting of Shareholders and Supervisory Board, no later than eight days from the completion of auditing.

Article 32h

Chairman and members of Audit Board may not be appointed from the group that includes the Chairman or members of Supervisory Board and must not be members of Management or staff within the bank, nor may he/she have direct or indirect financial interest in the bank, except for the compensation based upon conduct of that function.

Compensation and other rights of the members of the Audit Board shall be regulated by contract based upon the decision of the General Meeting of Shareholders.

The Audit Board reports directly to the Supervisory Board.

Article 32i

The Audit Board is responsible for implementing the decisions of the General Meeting of the shareholders concerning the selection and engagement of the external auditor.

Article 32j

The Audit Board shall be authorized to request convening the session of Supervisory Board and the General Meeting of Shareholders when it considers that the shareholders interests are threatened or when it determines irregularities in work of the Chairman or members of Supervisory Board, Director or Executive Directors.

Article 32k

The Internal Auditor is responsible for identifying, monitoring and assessing risks in the operations of a bank and determining whether the system of internal control that is in place makes sure that those risks are managed in the manner that the risks are mitigated in an acceptable measure.

In performing his/her responsibilities, the Internal Auditor shall have authorities for unrestricted and unimpeded work and he/she is obliged to cooperate with the Audit Board of a bank.

The Internal Auditor reports directly to the Audit Board. However, in cases of major unresolved disputes, the Internal Auditor will notify the Supervisory Board and the Supervisory Board must resolve the dispute.

Supervisory Board appoints the Internal Auditor.

Salary and other material rights of the Internal Auditor shall be determined by the contract signed by the Supervisory Board and the Internal Auditor.

Article 33

The Director of a bank shall be responsible for the legality of the bank's operations and implementation of the established business strategy of the bank.

The Chairman and all members of the Supervisory Board, the Director, the Deputy Director and the Executive Directors of the Loan Department of a bank cannot be appointed without the previous agreement of the Agency.

The bank's Director shall not be:

(5) a member of the Supervisory Board of the same bank or some other bank that is registered in the Federation, except if that bank has close relation with a bank of which he is a Director.

(6) person who had a position of a Director or of a Deputy director of the Agency for past two years, except if it has received previous approval of the Management Board of the Agency.

The bank's Director shall:

i) represents the bank and acts as its agent;

j) executes decisions of the General Meeting of Shareholders, the Audit Board and the bank's Supervisory Board;

k) organizes and manages the bank's operations;

l) makes decision about all matters which are not in the jurisdiction of the General Meeting of Shareholders, the Audit Board or the Supervisory Board of a bank;

m) performs other functions in accordance with the law, the bank's charter and its general acts.

The Director may delegate part of his powers to others.

Article 34

Individuals appointed as members of Management of a bank cannot be older than 65 years old and must meet all requirements set by the Agency’s regulations and general acts of the bank.

Individuals appointed as Internal Auditor cannot be related by marriage or blood to the third degree of consanguinity to any member of the Supervisory Board, Management or any person who holds a Significant Ownership Interest.

If the Agency rejected a request to approve an individual, in accordance with Article 33 of the Law, the bank cannot file another request for the appointment of that individual for the same position until the reasons stated in the Agency's Decision on rejection of giving an Agreement are eliminated.

Article 34a

The Supervisory Board, Management and members of their immediate family who are living in the same household, or have joint investments are each required to file a signed disclosure statement, within thirty calendar days of the Supervisory Board or Management member concerned assuming position.

This disclosure statement will describe all assets, including information on all of the investments, any loans or credits of over 20,000 KM, and information on legal entities for which 5% or more of shares or equities with voting rights is owned, as well as any other information required by the Agency.

The form of the Disclosure Statement will be promulgated by the Agency. Each person, who is required to file a disclosure statement hereunder, must also file an annual update of this disclosure statement with the Agency as of the first day of each calendar year.

Article 35

The Supervisory Board, Management, and all employees, as well as any person engaged to work in the bank on any basis, shall be required to keep business secret, and not to use for personal gain or permit to be examined by others, any information that they obtained in the course of their services to the bank, except to the Agency, which includes supervisors and auditors the Ombudsman for the banking system (hereinafter: the Ombudsman) and other persons authorised or appointed by the Agency or other competent authorities in accordance with the Law.

Persons from Paragraph 1 of this Article shall be required to keep business secrets even after the completion of their engagement in the bank.

Article 36

Bank branches or subsidiaries cannot be established without a written authorization of the Agency.

The Agency can reject the request of a bank to establish a branch or representative office on the following grounds:

e) the staff, premises and equipment of the proposed office do not meet regulatory requirements established by the Agency;

f) operations or financial condition of the applicant bank indicate that establishment of the office would not be in the interest of its depositors;

g) a bank whose headquarter is located outside the Federation is not subject to comprehensive regulation or supervision on a consolidated basis.

Article 37

Business and control of the bank's parts in Federation and the bank with headquarters outside of the Federation will be regulated by the Agency's regulation.

IV - OPERATIONAL REQUIREMENTS

Article 38

Bank is obliged to conduct its business operations in accordance with the Law, regulation issued by the Agency, any conditions and restrictions attached to its banking license, and corresponding business and accounting principles and standards determined by a special law.

Bank shall continuously while conducting its business operation maintain adequate capital, that is its solvency, and sufficient liquid resources, that is its payment and lending capability, and shall ensure that its assets are diversified.

In the context of this Law, diversification shall include the expansion of assets by investing and lending funds to various different legal entities.

Article 39

Banks may only conduct the following activities:

(3) receiving money deposits or other repayable funds;

(4) making and purchasing of loans and financial leasing;

(5) issuing all forms of monetary guarantees;

(6) participating, buying and selling for its own account or for account of customers of money market and capital market instruments;

(7) providing payment system and money transfer services;

(8) buying and selling foreign currencies;

(9) issuing and managing payment instruments (including credit cards, travelers' and bankers' checks);

(10) safekeeping and managing of securities and other valuables;

(11) providing financial management services;

(12) purchase and sale of securities;

(13) factoring and forfeiting services;

(14) insurance brokerage services, in accordance with the regulations governing insurance brokerage; and

(15) anything that shall be incidental to the foregoing from Item 1 to 12 of this Article.

Article 40

Banks shall refrain from entering into transactions or engaging in practices of any kind that would provide them a position of dominance on the financial markets.

Article 40a

The Agency has the right to regulate fees that banks charge in cases of price fixing agreements or other unfair business practices as defined by the Agency's regulations.

Article 41

When prescribed by regulation of the Banking Agency, each bank shall observe the maximum ratios and risk exposures to be maintained by it concerning its balance sheet and off-balance sheet items, assets and risk-weighted assets, capital and its structure.

The bank shall ensure that at all times the value of its share capital and net capital will be in accordance with Article 20 of this law and shall be equivalent to not less than 12% of the total value of its risk weighted assets, whereby not less than 1/2 of its capital shall consist of core capital.

The values of capital, share capital and risk weighted assets shall be determined in accordance with the regulation issued by the Banking Agency.

Article 42

Outstanding principal amount of all credit from a bank to a single borrower or a group of related borrowers may not exceed the equivalent of 40% of the bank's core capital. This limitation is subject to the following further conditions and qualifications:

1. the maximum amount of unsecured credit to a single borrower or a group of related borrowers may not exceed the equivalent of 5% of the bank's core capital;
2. any amount of credit to a single borrower or a group of related borrowers exceeding the equivalent of 25% of the bank's core capital must be fully secured by readily marketable collateral whose good quality, as determined by reliable and continuously available price quotations, exceeds the amount of such credit;

Large credit exposure means credit to a single borrower or group of related borrowers amounting to more than the equivalent of 15% of the bank's core capital. The bank's total aggregate outstanding principal amount of all large credit exposures may not exceed the equivalent of 300% of the bank's core capital

Two or more borrowers shall be considered to be a "group of related borrowers" where their mutual relationships make it likely that, exposure to this group presents a unified exposure of the bank to credit risk The Agency shall prescribe via regulation further conditions under which these circumstances shall be deemed to exist.

Article 42a

If a bank receives payments of public revenue funds, deposits, and performs payment transactions on behalf of the budgets and non-budgetary funds, the bank must either:

a) transfer 50% of those daily balances, in cash, at the close of each business day to a special reserve account that each depository bank must establish at the Central Bank of Bosnia and Herzegovina under the Law on the Central Bank of Bosnia and Herzegovina and regulations passed based on the Law; or

b) fully collateralize the average daily balance with either domestic or foreign securities held by another third party bank acting as custodian. The accountholder, the bank, and the third party bank must enter into an agreement specifying the type of securities and that the securities must be held in the name of, or for benefit of, the accountholder and providing that the interest on the securities accrues to the bank. The securities must be sufficient to provide 100% coverage of the average daily balances. The securities may be substituted and traded upon the agreement of the accountholder so long as the securities continue to equal 100% of the average daily balance. Upon default, or should the bank be declared to be under provisional administration or bankrupt, the securities will belong to the accountholder. Otherwise if the accountholder closes the account, or the bank ceases to be a depository bank, the securities will be transferred back to the bank.

For the purpose of this Law "public revenue funds" are defined to be customs, taxes, fees, contributions, donations and other revenues belonging to the State, Entities, Cantons, and their respective ministries and institutions, as well as municipalities.

Article 42b

A bank cannot hold from any one source, funds in an amount greater than 20% of its total daily deposits.

Should a bank receive cash from any one source that exceeds 20% of its total daily deposits then the bank shall, by the next business day, maintain the total excess amount in cash to the special reserve account established at the Central Bank of Bosnia and Herzegovina described in Article 42a, Paragraph 1 Item a of this Law.

For the purpose of the previous Paragraph "one source" is defined to be one legal entity, one physical person, or the total amount of all users of public revenue funds regardless of their level and number.

The bank is completely and independently responsible to perform special oversight of its depositors, especially those of public revenue funds.

Article 42c

A bank is required to submit reports to the Agency on the basis of the provisions of Articles 42a and 42b of the Law in the form, content and within time limits as prescribed in a regulation promulgated by the Agency.

Article 43

No bank shall without permission of the Agency invest more that 50% of its core capital in fixed assets.

Article 43a

No bank shall deposit funds in a Related Bank or make loans to or invest in such bank that in combination exceeds 25% of the bank's Core Capital, or 40% of Core Capital in the case of all such Related Banks.

Article 44

Banks shall keep on file the pertinent documents for each one of their transactions, in accordance with law.

Article 45

Each bank shall regularly notify its customers of the terms and conditions associated with the deposits made and credits received by them, including the annual rate of interest.

Article 45a

The Bank is required to prescribe the procedure for dealing with inactive accounts and ensure the retention of documents in accordance with a special regulation of the Agency.

The Bank shall inform the account holder of the procedures referred to in Paragraph 1 of this Article.

Article 46

In conducting operations with persons related to the bank and in the name and in behalf of persons related to the bank, bank cannot offer to that person more favorable conditions that to any other person that is not related to the bank.

For the purposes of paragraph 1, persons related to the bank are especially considered to be:

1. Chairman and members of the Supervisory Board, members of the Management, members of the Audit Board and members of their immediate family within the third degree of consanguinity or marriage, or persons who are living in the same household, or who have interconnected or joint investments;

2. Individuals with Significant Ownership Interest in the bank and members of their immediate family within the third degree of consanguinity or marriage, or persons who are living in the same household, or who have interconnected or joint investments;

3. Legal entities holding any common shares, preferred shares or any voting rights in the bank;

4. Legal entities in which the bank holds Significant Ownership Interest;

5. Legal entities in which Significant Ownership Interest is held by same legal or natural person holding Significant Ownership Interest in the bank;

6. Legal entities in which the holder of Significant Ownership Interest, a member of the Supervisory Board or Management is one of the persons mentioned under items 1 through 5 of this paragraph;

7. Related Entities as defined in Article 1, Paragraph 2 of this Law, and the Related Entities of all Shareholders of the bank.

Bank cannot grant loans to its employees that exceed the amount determined by the Agency's regulations.

The Agency issues regulations ensuring implementation of the limitations determined in provisions of Paragraphs 1 to 3 of this Article.

Article 47

The bank must not acquire, make conversions or transfers, or broker in the acquisition, conversion or transfer of money or other property it knows or might reasonably assume to have been acquired by committing criminal offences.

The bank must not engage in a transaction which it knows or might reasonably assume to be for the purpose of money laundering in accordance with the Law on Prevention of Money Laundering and Financing of Terrorist Activities.

The bank must not acquire, make conversions or transfers, or broker in the acquisition, conversion or transfer of money or other property it knows or might reasonably assume might be used to finance terrorist activities in accordance with the Law on Prevention of Money Laundering and Financing of Terrorist Activities and the Law on Application of Certain Provisional Measures for Effective Implementation of the Mandate of the International Criminal Tribunal for the Former Yugoslavia and other international restrictive measures.

The bank must not acquire, make conversions or transfers, or broker in the acquisition, conversion or transfer of money or other property it knows or might reasonably assume might be used by individuals or legal entities or bodies to obstruct or threaten obstruction or pose a significant risk of actively obstructing the implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina, as well as the Law on Application of Certain Provisional Measures for Effective Implementation of the Mandate of the International Criminal Tribunal for the Former Yugoslavia and other international restrictive measures.

The bank is required to establish internal control and internal audit, as well as policies and procedures for the purpose of detecting and preventing transactions that involve criminal activity, money laundering, activities that support terrorism and activities that support the obstruction of the peace process.

The bank shall take measures to, in a satisfactory manner, establish the true identity of any person who wishes to enter into business relations with that bank, that performs a transaction or series of transactions in that bank or that wishes to establish any other kind of business relationships.

The bank shall submit a monthly statistical report on the transactions referred to in Paragraphs 2, 3 and 4 of this Article to the Agency, of which the competent authority for receiving and analysing reports, in the format prescribed by the Agency, has been informed.

V - BOOKKEEPING, AUDIT AND EXAMINATION

Article 48

A bank and its subsidiaries shall maintain at all times accounts and records, and prepare annual financial statements, adequate to reflect their respective operations and financial condition, in such form and with such content that is in accordance with the law, international accounting standards, and regulations of the Agency.

The accounts, records and financial statements of a bank shall also reflect the operations and financial condition of its subsidiaries both on an individual and on a consolidated basis.

Article 49

Banks and their subsidiaries shall each appoint an independent external auditor acceptable to the Agency who shall:

(9) advise the bank on maintaining proper accounting systems;

(10) prepare an annual report together with an audit opinion as to whether the financial statements present a full, accurate and fair view of the financial condition of the bank, in accordance with the provisions of this Law and regulations of the Agency; and

(11) inform bank's Supervisory Board, Audit Board, Management and the Banking Agency about any fraudulent act by an employee of the bank or a subsidiary of the bank, and of any irregularity or deficiency in the administration or operations of the bank or a subsidiary of the bank, of which he has become aware and which should be expected to result in a material loss for the bank or the subsidiary.

(12) comment in the annual report to the bank's Supervisory Board, Audit Board, Management, and the Agency on the effectiveness of the Internal Auditor and the system of internal controls.

Each bank shall promptly at the request of the Agency provide to the Agency such information and supplemental audit opinions about the banks and their subsidiaries that they audit, for the account of such a bank

Article 50

Each bank shall, within 75 days after the end of the preceding financial year, submit to the Agency its financial statements and its external auditor's report for the preceding financial year within 5 months after the end of the preceding financial year.

Each bank shall publish the external auditor's report in abbreviated form in one or more of the daily newspapers in the Bosnia and Herzegovina within 15 days after receiving it. Each bank should submit a copy of the abbreviated form of the external auditors report to the Agency.

In addition to publishing the audited annual report, at the end of each six months, the Bank is required to publish a non-audited semi annual report which includes a balance sheet, including all off-balance sheet items, an income statement and a cash flows statement, as well as information containing names of members of the Supervisory Board and Management and each of the bank's shareholders owning 5% or more of shares with voting rights.

The Bank is required to publish the report from Paragraph 3 of this Article within 30 days after the expiration of the first six months period in one or more local newspapers available throughout Bosnia and Herzegovina and must continuously make copies available to the clients at each location of teller windows.

Article 51

The bank is obliged to prepare and submit to the Agency reports concerning its administration and operations, liquidity, solvency, and profitability, and those of its subsidiaries, for an assessment of the financial condition of the bank and each of its subsidiaries on an individual and a consolidated basis. The reports shall be prepared in such form and detail and shall be submitted at such intervals as shall be prescribed by regulation of the Agency.

The Bank is required to provide an overview of service agreements concluded with the user to the Agency and other controlling bodies authorised by a special law, to give them their copies, as well as send them other information and documentation required for supervision.

Every bank and each of its branches established in the Brcko District as well as any branch of a bank headquarters outside the Federation shall be subject to all supervisory activities by the Agency, in accordance with the Agency's regulations.

Subject from Paragraph 2 of this Article shall admit and cooperate fully with the examiners of the Agency and the auditors appointed by the Agency.

VI - PROCESS OF BANKRUPTCY AND LIQUIDATION OF THE BANK

Article 52

The process of bankruptcy and liquidation of the bank is conducted pursuant to the Law on Bankruptcy Proceedings and the Law on Liquidation Proceedings ~~(Official Gazette of the Federation of Bosnia and Herzegovina, number 23/98)~~, unless differently determined by this Law.

1. PROVISIONAL ADMINISTRATION AND LIQUIDATION

Article 53

The Agency may appoint a Provisional Administrator when it assesses that:

(6) there has been any violation of law, regulation or decision of the Agency, seriously undermining the interests of the bank's depositors;

(7) the bank has been conducting unsafe or unsound practice in the operation of the bank, which has caused or is likely to cause a substantial deterioration in the level of the bank's capital or financial condition, or other serious risk to the interests of the bank's depositors;

(8) the bank has violated provisions of Article 65 of this Law, and such violation is continuing;

(9) books, papers, records, or assets of the bank have been concealed or withheld from the Agency or any of its examiners or auditors;

(10) a request for a provisional administrator received from the Supervisory Board, the Audit Board, Director, or the General Meeting of Shareholders of the bank provides adequate justification for such action;

(11) the capital of the bank is less than 50% of the core capital required pursuant to Article 41, Paragraph 2 of this Law;

(12) the bank is not paying its financial obligations as they fall due consistently for 15 days or inconsistently for 30 days during a period of 45 days;

(13) after the revoking of a banking license it is necessary to have protection of depositors' interests until the authorized court appoints bankruptcy administrator.

The Agency appoints a Provisional Administrator for a period of one year, with the possibility of extension of up to six months.

Article 54

A bank shall be deemed to be insolvent when the Agency, in its sole judgment, determines that the value of its liabilities is greater than the value of its assets.

In the process of solvency determination the value of the assets and liabilities of a bank shall be determined in accordance with valuation standards and procedures prescribed by regulation of the Agency; and in determining the value of the assets and liabilities of a bank for a future date, the reasonably anticipated future income and expenses of the bank until that date shall be taken into account.

The Agency must revoke the license of any bank that it deems to be insolvent and initiate liquidation process or file request to the authorized court to start bankruptcy procedure.

The Agency's decision to revoke banking license under Paragraph 3 shall be final.

Article 55

The provisional administrator shall be appointed by written order of the Agency giving the grounds on which the appointment is based with reference to the applicable section of Article 53 of this Law.

Decision about appointment, release of duty or extension of mandate of the provisional administrator of the bank will be immediately submitted to the provisional administrator and the bank for which the provisional administrator has been appointed; published in the Official Gazette of the Federation of BiH; registered in the register of banks pursuant to Article 16 of this Law, and registered in the court registry with the authorized court.

The Provisional Administrator will have absolute immunity from and be protected against any liability, personal and official, for action or inaction, or decision taken within the scope of duties as the Provisional Administrator. The Provisional Administrator may not be prosecuted in any court so long as the Provisional Administrator is acting in good faith within the provisions of this Law.

Article 56

The provisional administrator shall have unrestricted access to the premises of the bank and any of its offices and subsidiaries, and control over the financial assets, the offices, the books of account and other records, and all other assets of the bank, including its subsidiaries.

Immediately after being appointed or any of it subsidiaries the Provisional Administrator is obliged to take certain measures to secure the assets and records of the bank in order to prevent their dissipation by theft or other improper action.

In the implementation of the measures from their authority, the Agency and the provisional administrator are authorized to request assistance from the authorized institutions of internal affairs and other authorized institutions.

Article 57

The Provisional Administrator shall be responsible for conserving the assets and assuming control of the operation of the bank and making a determination as to whether to continue the operations of the bank.

During the tenure of the Provisional Administrator of a bank, the powers of the Supervisory Board, Audit Board, Management, and shareholders of the bank to take decisions or actions shall be suspended.

The Provisional Administrator shall have all the powers of such Supervisory Board, Audit Board, Management, and shareholders, in accordance with the Agency's decision on his/her appointment.

The Provisional Administrator may immediately suspend the powers of the bank representatives on the Supervisory Board, Management and General Meeting of Shareholders of the bank's Subsidiaries and in all of the bank's Participation Interests and exercise directly or through appointees all powers of such representatives.

The provisional administrator is authorized to:

(8) sell assets and purchase liabilities of the bank as may be necessary to conserve the appropriate value of the bank or to protect the interests of the depositors and other creditors of the bank;

(9) cancel or unilaterally amend agreements the bank has signed, including suspension of interest accruals and change of interest rates, fees and maturity dates and may offset loans with deposits held by the same natural person or legal entity;

(10) issue orders concerning dismissal, demotion or temporary removal from a position, or the distribution of responsibilities between the bank's employees;

(11) suspend the acceptance of deposits by the bank;

(12) sign any contracts and documents and accept liabilities in the name of the bank;

(13) lodge claims in the name and interests of the bank, and represent the interests of the bank in court;

(14) suspend the payment of any kind to members of the Supervisory Board, Management, Audit Board, and shareholders of the bank;

(15) make the pay-out of deposits of natural depositors to such depositors, within the funds available and on a pro-rata basis if applicable.

Subject to the availability of reserves for priorities from Items 1 and 2 of Article 63 of this Law, the maximum amount to be paid out per natural depositor shall be the aggregate of all of his or her deposits less any legal or contractual debt owed to the bank by the natural depositor or 5000 KM, whichever is smaller.

The deposits shall exclude funds kept in any account whereby the account title is not transparent as to its ownership or any non-nominative deposit or assets kept in a bank's safe deposit box. Also excluded shall be deposits, loans or any other transaction for which the natural depositor has obtained rates, whether preferential or otherwise, and/or any other financial concession from the bank which may have helped to aggravate the bank's financial condition.

The bank's Supervisory Board members, Management, shareholders of at least 5% of the bank's capital and persons responsible for carrying out the statutory audits of the bank's accounting documents are not entitled to any pay-out.

The immediate family within the third degree of consanguinity or marriage of persons mentioned in the previous sentence as well as third parties acting on behalf of the same persons are also not entitled to any pay-out.

(16) with the approval of the Agency, may make the pay-out of deposits of legal entities and other depositors on a pro rata basis after paying or reserving funds for the higher priorities and reserving funds for operation and expenses. The Provisional Administrator will comply with other requirements in item 8 of this Article;

(17) file a request with the Agency for issuing a decision to all banks in the Federation of BiH to cease payments from accounts of defaulting debtors of the bank under provisional

administration and/or those debtors' guarantors and their Related Entities, which they have in other banks, until those liabilities are fulfilled;

(18) requiring that all transfers of common and preferred shares including the sale, assignment, or pledge must have the prior written approval of the Provisional Administrator and the Agency.

The Agency is required to review and act within 15 days in accordance with the Provisional Administrator's requests from Paragraph 5, Item 10 of this article.

The Agency's decision in Paragraph 5, Item 10 of this Article and in Paragraph 6 of this Article, is to be implemented as the first priority claim before any other payment order and before any other collection as determined by other laws.

The Provisional Administrator may delegate some of his authority to others.

The Provisional Administrator is obliged to implement laws, regulations, and orders issued by the Agency.

Article 58

Within 60 days of his appointment, unless this period is affirmatively extended by the Agency, the provisional administrator shall present a written report to the Agency on the financial condition and future prospects of the bank for which he has been appointed. The provisional administrator shall prepare pro forma balance sheets and shall document the assumptions on which his analysis is based, including those with regard to interest rates, asset recovery rates, asset holding costs, and contingent liabilities.

The provisional administrator shall propose in the report under Paragraph 1 of this Article one or more of the following measures:

(5) a recommendation to revoke the banking license of the bank and to liquidate the bank; with an assessment of the amount of assets likely to be realized in a liquidation of the bank;

(6) a detailed plan to restore the bank in compliance with the requirements of the law and the regulations of the Agency, including an increase in the bank's capital to the minimum level required by law or regulation within the time set forth in the plan;

(7) a detailed plan to sell the bank as a going concern or to sell any part of the assets and purchase liabilities of the bank; or

(8) merger or acquisition of one bank with another bank.

Article 59

Within thirty days of the receipt of the report of the provisional administrator, the Agency shall revoke the banking license of the bank, unless the report of the provisional administrator includes one of the measures listed in Article 58, Paragraph 2, Items 2 to 4 of this Law.

The Agency, taking into account the report of the provisional administrator and the need to protect the interests of the depositors and other creditors of the bank, determines if there are reasonable prospects that such plan can be successfully carried out within 12 months upon determination of the Agency regarding the report of the provisional administrator.

The Agency may change or amend the provisional administrator's plan in any way it deems appropriate, prior to or during the implementation of the plan.

If the Agency revokes banking license and issues decision on liquidation of the bank, taking into account the bank's assets and liabilities, it may, upon its own evaluation:

(3) Nominate Liquidation Administrator, in accordance with the Article 61 of this Law, in both cases when liabilities do not exceed assets and when liabilities exceed assets of the bank, who will conduct liquidation of assets under the best circumstances he may achieve with concurrence of the Agency and make the payments according to the priority list defined in the Article 63 of this Law from the proceeds. As to the remaining assets and liabilities that can not be liquidated within a reasonable timeframe as assessed by the Agency in its sole discretion, the Agency may apply for bankruptcy to the court in charge; or

(4) Immediately apply to the court in charge for bankruptcy and appointment of bankruptcy administration in the bank.

Notwithstanding anything to the contrary in the Law on Compulsory Settlements, Bankruptcy Procedures and Liquidation Procedures, only the Agency may apply for bankruptcy of a bank.

Article 59a

The decision to liquidate a bank terminates all litigation in which the bank is sued until the liquidator makes a decision on recognising or not recognising the claims of the plaintiff, and enforcement proceedings against the bank are suspended.

Article 60

The powers of a provisional administrator shall end upon:

f) the termination of his appointment by order of the Agency; or the completion of his term specified in the order of his appointment or in any order extending his term; or

g) the revocation of the banking license of the bank and the decision by the Agency to order liquidation of the bank;

h) the appointment by the Agency of a liquidation administrator for the bank;

i) decision on appointment of the bankruptcy administrator by the court in charge.

Article 61

If the Agency, based on the provisional administrator's report, determines to sell, merge, or liquidate the bank, it may appoint a liquidation administrator to carry out this task.

The Agency's order appointing the liquidation administrator shall be in writing, and shall be in accordance with Paragraph 1 of this Article.

Liquidation administrator may be a person who meets the requirements as to the professional qualification, experience and trustworthiness determined under this Law and regulations of the Agency.

The Agency shall cause its order of appointment, extension or termination of a liquidation administrator to be published in the Official Gazette of the Federation of Bosnia and Herzegovina, and to be registered in the register of banks pursuant to Article 16 of this Law, and to be distributed to the appropriate court and the bank for which the liquidation administrator was appointed.

From the moment of the appointment of the liquidation administrator by the Agency, all powers, authority, and ownership rights of members of the Supervisory Board, Management, Audit Board, and shareholders of the bank are terminated.

Within 7 days after receiving the Decision on Appointment, the liquidation administrator is required to announce in at least three daily newspapers available in the Federation and at least one in the Republika Srpska and one in the Brcko District a notice that all creditors are required to register their claims against the bank with the liquidation administrator within 60 days of the date of publication of this notice.

Within 30 days after the first publication, the liquidation administrator is required to publish a second creditors' notice in at least three daily newspapers available in the Federation and at least one in the Republika Srpska and one in Brcko District.

However, all creditors will still be required to file their claims against the bank with the liquidation administrator 60 days from the date of the publication of the first notice.

The liquidation administrator shall act in accordance with law, regulations, and orders of the Agency. He/she is responsible to the Agency for completion of tasks.

The liquidation administrator will have immunity from and be protected against any liability, personal and official, for action or inaction, or decision taken within the scope of duties as the liquidation administrator. The liquidation administrator may not be prosecuted in any court so long as the liquidation administrator is acting in good faith within the provisions of this Law.

The liquidation administrator of a bank, apart from the authorities of the provisional administrator under Article 57 of this Law, has the authority to:

(4) sell all or substantially all, or any part, of the assets and redeem liabilities of the bank,

(5) merge the bank with another bank, or sell the bank to an acquirer, subject to the approval of the Agency;

(6) liquidate the bank, and, in connection therewith, decide the validity of, and pay, claims against the bank.

Offsetting of claims against counterclaims of a bank are only possible in accordance with the list of priorities determined in Article 63 of this Law.

The procedures for determination of claims and disposal of assets and liabilities of a bank in liquidation are determined by regulation of the Agency.

During the execution of the liquidation administrator's plan for sale or merger of the bank, the liquidation administrator shall report to the Agency no less frequently than quarterly on the progress of the plan.

At any time during the execution of the plan, the Agency, after having received a written report of the liquidation administrator may abort the plan, revoke the license of the bank, and order the liquidation of the bank.

Article 62

If recommended by a provisional administrator or liquidation administrator, the Agency may at any time declare all or part of deposits and investments by the public in the bank to be totally or partially blocked.

The decision from Paragraph 1 of this Article may be declared only to ensure the orderly development or implementation of the provisional administrator's plan, or the functions of the liquidation administrator, and when a blocking order is declared the provisional administrator or receiver shall take measures which, in the opinion of the Agency, will preserve the approximate value of these deposits and investments in the bank.

Article 63

In the liquidation or bankruptcy, the following priorities of claims shall be observed solely based on the decision of the liquidation or bankruptcy administrator:

(3) Debts of a bank that is being liquidated which resulted from borrowings to the bank, or other obligations created during the provisional administration of a bank or liquidation pursuant to this Law;

(4) Claims by secured creditors, up to the value of their security;

(5) Claims of the Federation Deposit Insurance Agency or its legal successor for reimbursement of payments of deposits belonging to natural persons and legal entities in accordance with the regulations governing the insurance of bank deposits;

(6) Deposits of natural persons and legal entities in accordance with the regulations governing the insurance of bank deposits ~~per depositor~~, which were not otherwise paid by the Federation Deposit Insurance Agency or its legal successor ~~under Item 4 of~~ this Law;

(7) Other deposits, including deposits of natural persons above the amount per depositor of the insured deposit in accordance with the regulations governing the insurance of bank deposits;

(8) Dormant Deposit Accounts;

(9) Claims by other creditors;

(10) Claims by preferred shareholders;

(11) Claims by common shareholders.

In the procedure from Paragraph 1 of this Article, payment of bank's liabilities to the members of the Supervisory Board, Management, members of the Audit Board, shareholders of at least 5% of voting rights, Related Entities and Related Banks will be suspended until all liabilities to other bank's creditors are fully fulfilled.

Third parties acting on behalf of natural persons or legal entities mentioned in the previous paragraph as well as the immediate family within the third degree of consanguinity or marriage of the same natural persons are also not entitled to be paid until all liabilities to other bank's creditors are fully fulfilled.

VIa - LIABILITIES AND RESPONSIBLE PARTIES

Article 64

A provisional administrator or liquidation administrator appointed by the Agency shall conduct the sale or disposition of assets, liabilities, and sale or merger of a bank in a manner which will:

(3) maximize the price of such sale or disposition, consistent with the goal of protection of depositors and other creditors of the bank;

(4) ensure fair competition among potential purchasers or merger partners;

(5) prohibit any kind of discrimination in the solicitation and consideration of offers; and

(6) ensure that the acquirer, merger partner, or combined bank is majority owned and controlled by private owners, unless, with the written authorization of the Agency, a state owned bank

which has a privatization plan approved in writing by the authorized state entity; or a bank that is majority owned by a foreign state or government.

Article 64a

A bank can be declared through court proceedings responsible individually or jointly with other banks or business companies for the liabilities of a bank or business company, which is insolvent or declared bankrupt, provided there are evidences that the banks and business companies were placed under a situation of related management.

A situation involving related management can result from agreements among the bank and/or business companies or from their respective by-laws or when the Supervisory Boards are made up of a majority of the same persons, persons related to the bank, as defined in Article 46 of this Law, Related Entities or the majority of the shares are held by the same persons.

Article 64b

Bank Shareholder is responsible for bank obligations up to the level of his share in the bank.

Exception of provision in Paragraph 1 is in cases when bank is in bankruptcy or is insolvent where bank shareholders, members of its Management and Supervisory Board, as well as other legal entities and individuals (who had a direct or indirect influence to bank's operations or control in the bank) will bear responsibility, jointly or individually, for bank's obligations with their entire property. These cases include:

(4) when a bank is used for fulfilling goals opposite to goals of the bank as determined by the Law; or

(5) when there was no difference between bank property and personal property of the above listed persons; or

(6) when bank operated with a purpose to commit fraud against its creditors or against interest of the creditors; or

(7) when a cause for bankruptcy or insolvency of the bank is found in intentional poor management or lack of attention in managing the bank.

VII – PENALTY PROVISIONS

Article 65

A monetary fine of KM 3000 to KM 15,000 shall be imposed on the bank or another legal entity for a violation, if it:

(8) engages in receiving money deposits or extending credits without the permission of the Agency contrary to provisions in Article 2, Paragraph 1 of this Law;

(9) directly or indirectly engages in collecting deposits as described in Article 3 of this Law;

(10) uses words in its name that are contrary to provisions of Article 2, Paragraph 3 of this Law;

(11) continues to conduct banking activities after its banking license has been revoked, contrary to provisions in Article 19, Paragraph 3 of this Law;

(12) does not discontinue its assets and pay its liabilities within the deadline established in the decision to revoking of its license, in accordance with Article 19, Paragraph 3 of this Law;

(13) does not collect paid in share capital and does not maintain net capital in accordance with Article 20 of this Law;

(14) does not comply to provisions on the limitations of ownership structure from Article 21, Paragraph 1 of this Law;

(15) if a bank, without obtaining the approval of the Agency, makes an investment in contravention of Article 20 of this Law;

8a. does not comply with Article 24, Paragraphs 3, 4 and 5 of this Law;

(16) without the prior consent of the Agency, engages in activities concerning mergers, acquisitions and divisions of the contrary to provisions in Article 26, Paragraph 1;

9a. acts contrary to the provisions of Article 28 of this Law;

(17) does not conduct its activities in accordance to its internal acts, contrary to provisions in Article 28, of this Law;

(18) does not submit the necessary documents for the Agency's files, in accordance with Article 28, Paragraph 2 of this Law;

(19) appoints the Chairman or members of the Supervisory Board, the Director and the Management non conforming with provisions of Article 33 of this Law;

(20) if the Supervisory Board, the Management or members of their immediate family living in the same household fail to submit signed disclosure statement in accordance with Article 34a of this Law;

(21) does not keep business secrets in accordance with the provision from Article 35 of this Law;

(22) establish a bank branch or representative office in violation of Article 36 of this Law;

(23) conducts business contrary to the provisions in Article 38 of this Law;

(24) conducts business contrary to the provisions from Articles 40 and 40a of this Law;

(25) engages in transactions or participates in activities that present unfair competition in the financial market, contrary to the provisions in Article 40 of this Law;

(26) does not comply to limitations in business operations, as described in Articles 41-44 of this Law;

(27) does not maintain records and documentation on its transactions in accordance with provisions in Article 44 of this Law;

(28) does not regularly inform its customers on the conditions of its operations, in accordance with Article 45 of this Law;

(29) conducts transactions with related persons, contrary to provisions in Article 46 of this Law;

(30) acts contrary to the provisions of Article 47 of this Law;

(31) does not appoint an independent external auditor in accordance with the provisions in Article 49 of this Law;

(32) does not submit a financial report and the external auditor report to the Agency, or fails to publish the financial information in accordance with Articles 50 and 51 of this Law;

(33) does not cooperate with the Agency in the process of its bank examination in accordance with the provisions in Article 51 of this Law;

(34) the bank fails to comply with the written order of the Agency in whole or in part.

For violations from Paragraph 1 of this Article, the time period for discovery of the violation is limited to three years. After discovery of the violation, the time period for submission of the violation is limited to one year.

For violations from Paragraph 1 of this Article, a monetary fine can be imposed that will be in proportion to the level of created damage or unsettled liability, which cannot be greater than twenty times the level of created damage or unsettled liability that is the subject of the violation.

Upon a specific finding of willful misconduct, the Agency may determine that each day the violation continues shall be considered to be separate offense.

For violations referred to in Paragraph 1 of this Article, the responsible person in the bank, i.e. the other responsible person in another legal entity will be fined between KM 500.00 and KM 3,000.00, and a natural person who has committed a violation in the bank, i.e. in another legal entity, i.e. another natural person will be fined between KM 500.00 and KM 1,500.00.

However, upon a specific finding of willful misconduct, the Agency may determine that each day the violation continues shall be considered to be separate offense.

All monetary fines stipulated in this Article will be paid to the Federation budget.

Establishing of responsibility and pronouncing of measures under this Law do not exclude establishing of responsibility and pronouncing of measures determined by other Laws.

1. VIOLATION PROCEDURE

Article 66

Violation proceedings are initiated and carried out in accordance with the provisions of the Law on Violations of the Federation of B&H.

Article 67

The measures provided for in this Article shall be determined in each particular case by the Agency.

The Agency may take one of the following actions as provided in this Article in regards to a bank or any of its Supervisory Board or Management members, employees, persons that have Significant Ownership Interest, or any Related Entity thereof:

(5) issue written warnings;

(6) call the General Meeting of Shareholders of the bank or the other owners of the bank to discuss and to agree on remedial measures to be taken;

(7) issue written orders:

(8) requiring the bank to cease and desist from such violations of this Law and regulations of the Agency, or to undertake remedial action;

(9) and imposing special prudential requirements that differ from those normally applicable to such bank;

(10) issue written orders containing prescriptions concerning the rate of interest, maturity or other conditions applicable to any type or form of financing extended or received (including deposits) by the bank, or to contingent liabilities of the bank;

(11) issue written orders imposing monetary fines in accordance to this Law;

(12) issue written orders suspending temporarily members of bank's Supervisory Board, Management or employees from duties in the bank where:

(13) the Agency determines that such persons have committed one of the violations set forth in Article 65 of this Law; or

(14) such persons do not meet the requirements of qualifications, experience, or other conditions established by regulation issued by the Agency;

(15) issue written orders prohibiting that one or more persons with Significant Ownership Interest in the bank from exercising voting rights, or requiring them to sell or otherwise dispose of all or any part of their ownership rights in the bank in accordance with the Law and within a period specified in the order, where:

(16) the Agency determines that such persons have intentionally or recklessly committed one of the violations set forth in Article 65 of this Law;

(17) the Agency learns of facts that would warrant refusal of an authorization to acquire or increase the Significant Ownership Interest; or

(18) the Significant Ownership Interest was acquired or increased without the prior authorization of the Agency;

(19) issue written orders attaching conditions to the banking license of the bank to the extent required to remedy such infraction;

(20) with the agreement of the Supervisory Board, the Agency may appoint an adviser for the bank with the duties and responsibilities prescribed by the Agency;

(21) appoint an external auditor at the expense of the bank to perform a financial or operational audit under terms of reference provided by the Agency;

(22) appoint a provisional administration in accordance with provisions of this Law;

(23) revoke the banking license of a bank.

In the event the Agency determines to take an action set out in Items 3, 9, 11, and 12 it shall also notify the Federation Deposit Insurance Agency or its legal successor.

In the case of Agency's order for sale of all or portion of common or preferred shares with voting rights, the potential buyer must receive Agency's approval first.

If any person referred to in Paragraph 2 of this Article is charged with any criminal offense within the Financial and Economic scope of crime, the Agency may issue a written order temporarily suspending such person from his or her position in the bank, and, if applicable, suspending the exercise of voting rights in the bank by such person, pending the determination of the legal case.

If the person from the Paragraph above is convicted by legally valid verdict, the Agency may issue a written order removing such person from his or her position in the bank, and, if applicable, prohibiting the exercise of his or her voting rights in the bank and requiring him or her to dispose of all or any part of his or her ownership interest in the bank.

No prior notice or hearing is required for orders issued under this Paragraph.

If any person referred to in Paragraph 2 of this Article is charged by the Agency with violation of an Order of the Agency or any part of Article 65 of the Law, and that person's actions pose a immediate threat to the bank's financial condition or to the safety of its financial operations, the Agency may issue a written order immediately and temporarily suspending that person from his or her duties and responsibilities in the bank, and, if applicable, suspending the exercise of voting rights in the bank.

This temporary suspension may not exceed 45 days pending a final determination by the Violation Committee.

No prior notice or hearing is required for written orders issued under this Paragraph.

No person may hold any position in, or participate in any manner in the conduct of the activity of, any bank without the prior written approval of the Agency if he or she is subject to an Order of the Agency:

1. suspending or removing him/her from a bank;

2. prohibiting the exercise of his/her Significant Ownership Interest in a bank, or requiring him/her to dispose of a Significant Ownership Interest in any bank due to an intentional or reckless infraction; or

3. involving him/her in a criminal activity pursuant to Paragraph 3 of this Article.

The Order from Paragraph 5, Item 3 of this Article may be issued against any person within five years after such person ceases to be a member of the Supervisory Board, Management, Audit Board, shareholder, employee, or holder of Significant Ownership Interest in a bank.

In the event that any person is required to sell or dispose of voting shares of a bank pursuant to an order issued in accordance with this Article and does not do so within the prescribed period of time, the Agency is authorized to sell such voting shares at public auction, except in the case when the license is revoked because of the lack of solvency of the bank.

A complaint concerning any Decision of the Agency taken under this Article may be submitted to the Director of the Agency within 8 days from the date of receipt of the decision.

However, any complaint submitted will not delay the implementation of the Decision.

The measures provided in this Article shall not preclude application of other civil penalties or criminal penalties as provided in other legislation in force.

In case the bank is fined in accordance with Article 65 of this Law for a violation it committed, and the Agency determines that the bank has committed the same or a similar violation within six months of the date of the first violation, the Agency may take one or more of the actions referred to in Paragraph 2, Items 6, 7 and 8 of this Article.

If the bank commits the same or a similar violation for the third time within six months of the date the repeat violation referred to in Paragraph 17 of this Article was committed, the Agency may take the measures referred to in Paragraph 2, Items 9, 11 and 12 of this Article."

VIII - TRANSITIONAL AND FINAL PROVISIONS

Article 68

Licensed banks must comply with Article 20 of this Law as of December 31, 2002.

The deadline defined by Paragraph 1 of this Article does not refer to the FBiH Investment Bank and BOR Bank.

The banks specified under Paragraph 2 of this Article shall be regulated by a separate regulation (FIB) and separate deadline (BOR). These banks cannot receive deposits until they meet minimum capital requirement.

Article 69

The Banking Agency shall harmonize its regulations with this Law within 4 months of this Law entering into force.

Regulations from Paragraph 1 of this Article shall be published in the "Official Gazette of the Federation of Bosnia and Herzegovina".

Regulations that shall be passed by the Agency pursuant to this Law as well as Agency's activities in implementation of its legally prescribed authorities shall be based on the basic principles for effective bank supervision issued by the Basel Committee for Bank Supervision.

Article 69a

Banks are required to adjust their business operations with the provisions of this Law within 6 months from the day this Law becomes effective, and requirements from Article 14, Paragraph 3, one year from the effective date of the Law on the Deposit Insurance of Bosnia and Herzegovina.

Article 69b

The Agency shall adopt the regulations provided for in this law within three months of the date of this Law entering into force. The bank shall harmonise its general business acts with the provisions of this Law and the Agency's regulations no later than three months from the adoption of these regulations.

Article 70

On the date when this law enters into force the "Law on Banks" (Official Gazette of the Federation of Bosnia and Herzegovina, number 2/95, 9/96 and 25/97) no longer exists, as well as the application of other laws and regulations which have regulated this material, and were applied in the Federation region up to when this law entered into force.

Article 70a

Legislative Commission of the House of Peoples and Legislative Commission of the House of Representatives of the Parliament of the Federation Bosnia and Herzegovina are authorized to prepare a consolidated version of the Law on Banks.

Article 71

This Law comes into effect eight days after its publication in the "Official Gazette of the Federation of Bosnia and Herzegovina".

ANNEX XIV – LAW ON THE BANKING AGENCY OF THE FBIH

1. ESTABLISHMENT AND THE OBJECTIVE

Article 1

(1) This law establishes the Banking Agency of the Federation of Bosnia and Herzegovina (henceforth: the Agency).

(2) The Agency is an independent and non-profit institution of the Federation of Bosnia and Herzegovina (henceforth: Federation).

(3) The Agency is established with purpose to improve safety, quality and legal performance in market-oriented and stable banking, micro-crediting and leasing system of the Federation.

Article 2

(1) The Agency is a legal entity.

(2) The Agency's headquarters is in Sarajevo.

Article 3

(1) The title of the Agency is "The Banking Agency of the Federation of Bosnia and Herzegovina."

(2) Shortened title of the Agency is "FBA".

(3) The Agency has its seal and stamp.

2. ACTIVITIES OF THE AGENCY

Article 4

The main tasks of the Agency are the following:

a) Issuing licenses for establishment of banks, micro-credit organizations and leasing companies,

b) Supervising banking, micro-credit and leasing operations, and undertaking appropriate measures in accordance with law;

c) Revoking banking, micro-credit organizations and leasing companies licenses in accordance with law;

d) Appoints provisional and liquidation administrators of banks, conducts supervision of provisional administration and liquidation of banks, monitors liquidation of micro-credit organizations and submits request to initiate bankruptcy process in banks and micro-credit organizations;

e) Declaring sub-legal acts regulating the work of banks, micro-credit organizations and leasing companies;

2

f) Performing evaluation of conditions and issues approvals to banks, micro-credit organizations and leasing companies in accordance with laws from those areas and sublegal acts;

g) Supervising and evaluating compliance of banks, micro-credit organizations and leasing companies to the anti-money laundering and terrorism financing standards;

h) Supervising and evaluating implementation of measures by banks, micro-credit organizations and leasing companies in order to prevent the funding of activities which are, or which threaten to be, obstructive of the peace implementation process as pursued under the aegis of the General Framework Agreement for Peace in Bosnia and Herzegovina, in accordance with special law.

Article 4a

(1) Within the Agency established is an independent organizational unit within which acting is one or more ombudsmen for the banking system (in the further reading: Ombudsmen), with an aim to promote and protect the rights and interests of the consumers, that is the individuals as the users of the financial services.

(2) Ombudsmen, as one of the carriers of the consumer protection right in the Federation of BiH facilitates that the disputes and conflicts occurred between the banking system institutions and the users can be rightfully and promptly resolved by the independent parties, with a minimum formality through reconcilement, negotiation or other peaceful manner.

(3) Ombudsman is independent in performing its tasks and is responsible for its implementation, and in implementation of its functions it does not act as the Agency's representative.

Article 4b

Ombudsman performs following tasks:

a) Provides information about the rights and obligations of the users and providers of the financial services;

b) Follows and suggests activities for the improvement of the relations between the user of the financial services and the financial organizations of the banking system of the Federation of BiH;

c) Researches the activities on the financial market as part of the official duty or based on the complaints, with an aim to protect the rights of the users of the financial services;

d) Reviews the complaints of the users of the financial services, provides responses, recommendations and opinion, and suggests measures for the resolution of the

complaints;
e) Mediates in the peaceful resolution of the conflict relations between the user of the financial services and the financial organizations of the banking system of the Federation of BiH;
f) Issues guidelines and recommendations about the special standard conditions or activities for the implementation of the good business practices in the performance of the financial organizations of the banking sector of the Federation of BiH, and suggests to the Management Board of the Agency to issue decisions within its authority in regard to the protection of the rights of the users of the financial services;
3
g) Cooperates with the authorized legislative, executive and other bodies and organizations, as well as with the supervisory and control institutions in the country and abroad, within their responsibility;
h) Cooperates with other bodies and subjects authorized for the protection of the consumer rights;
i) Takes other actions in the area of protection of the rights of the users of the financial services.

Article 4c

(1) Ombudsmen, in acting upon the complaints by the users of the financial services, secures the protection of their rights and interests through the:
a) Procedures of review of the complaints by the users of the financial services, by providing answers, recommendations and opinion, and suggesting measures for resolving the complaints;
b) Procedure of mediation in the peaceful resolution of the conflict relations, when it is evaluated that the subject of complaint can lead to court proceedings.
(2) In the procedure of mediation in the peaceful resolution of the conflict relations the ombudsmen applies provisions which regulate the mediation procedure in which case, he can, upon need, engage other authorized individuals with a specialized expertise or mediators.
(3) The agreement on resolution, reached by the participants in a peaceful resolution of a conflict relation through mediation of an ombudsman is developed in a written form, and has the authority of an executive order.

Article 4d

(1) In the procedure for reviewing the complaints and mediation in the peaceful resolution of

the disputed relations, ombudsman is obliged to respect the principles: of jurisdiction, objectiveness, expertise, equal rights and justice, efficiency and transparency of rights and procedures for the ombudsmen's performance.

(2) In addition to the principles from the Paragraph (1) of this Article, the ombudsmen is obliged to, during the procedure of the peaceful resolution of the conflict relations, apply the principle of good will and confidentiality.

Article 4e

(1) The financial organizations of the banking system of the Federation of BiH are obliged to cooperate with the ombudsmen.

(2) During the procedure of the reviews in reference to the complaints of the users f the financial services, the ombudsmen is obliged to provide to the financial organizations of the banking system in the Federation of BiH, for which performance the user of the financial services submitted a complaint, to give a statement about the facts and circumstances noted in the complaint, or in other words submit evidence on their behalf.

Article 4f

(1) The report on the ombudsmen's performance is a part of the report of the Agency in compliance with the Article 27 of this Law.

4

(2) The ombudsman submits the report about his performance to the Parliament of the Federation of BiH and the Government of the Federation of BiH as a half annual and annual report.

Article 4g

(1) Ombudsman's function is appointed and terminated by the Board.

(2) The Board will issue general acts which will define the conditions and procedure for the appointment and termination of the duties of the ombudsmen, conditions and manner in acting in regard to the complaints by the users of the financial services and mediation in the peaceful resolution of the disputed relations, financing, reporting and other issues of importance for the performance of the ombudsmen.

Article 4h

The issues from the area of protection of the users of the financial services in the banking system and the performance of the ombudsman, which are not defined by this Law, are covered by the provisions which regulate the area of the consumer protection, mediation procedure and obligatory relations.

3. INDEPENDENCE OF THE AGENCY

Article 5

(1) Within the scope of its operations, and in accordance with the law, the Agency is fully autonomous and independent.
(2) Since the establishment of the Agency, the Agency, the Managing Board of the Agency, the Director of the Agency, the Deputy Director of the Agency, the employees of the Agency, provisional and liquidation administrators, as well as other individuals recommended or appointed by the Agency to perform certain activities within the Agency's mission, cannot be prosecuted for criminal actions, nor held responsible in civil law procedure during and after cease of the work or engagement in the Agency for any action conducted in good faith during the implementation of tasks within their authorities. The Agency will reimburse to its employees for legal processes initiated against the employees for actions conducted by good faith in implementing their duties within their authorities.
(3) The activities from the Agency's professional expertise can be performed by the examiners that have passed the professional expertise exam. The conditions and manner of passing the professional expertise exam are proscribed by the Management Board of the Agency.
(4) In performing Agency's operations, an authorized employee of the Agency will use an ID and the badge of the Agency with a shape and form given by the Director of the Agency.

4. INTERNATIONAL COOPERATION

Article 6

5

(1) The Agency shall exchange information and realize international cooperation independently or in cooperation with the Central Bank of Bosnia and Herzegovina in accordance with Law on Central Bank of Bosnia and Herzegovina and this Law.
(2) The Agency shall cooperate with international institutions within the scope of its work.

5. ORGANIZATION, GOVERNANCE AND MANAGEMENT

Article 7

This Law, together with the Statute of the Agency and other general acts of the Agency, in accordance with the Law, regulates the organization, governance, and management of the Agency.

Article 8

(1) The Managing Board of the Agency (henceforth: the Board) is the managing body of the Agency.
(2) The Board consists of five members, who are appointed by the Parliament of the Federation of Bosnia and Herzegovina (henceforth: the Parliament), on the basis of the reconciled proposal of the Government of the Federation of BiH (henceforth: the Government).

(3) The Board is appointed for a period of 5 years.

Article 9

(1) The Board supervises the Agency's operations and undertakes measures for effective and rational conduct of operations for the Agency's scope of work.

(2) Within overall supervision specified under Paragraph (1) of this Article, the Board especially:

a) Passes the Statute of the Agency;

b) Passes other general acts in accordance with the Statute of the Agency;

c) Adopts financial plan and financial reports of the Agency; and

d) Adopts reports that the Agency prepares according to Article 27 of this Law.

(3) The Board is responsible for its work to the Parliament.

Article 10

(1) The Director of the Agency represents and advocates the Agency, manages the Agency's operations, and is responsible for the Agency's operations.

(2) The Director and the Deputy Director participate in the work of the Board, but have no right to vote.

(3) The Director and the Deputy Director are responsible for their work to the Board, and to the Parliament.

(4) The Director and the Deputy Director are appointed by the Parliament, for a term of 5 years, at the reconciled proposal of the Government of FBiH.

Article 11

The Director, within its rights and obligations, performs the following duties:

a) Issuing and revoking banking and activities of granting micro-credit and leasing licenses;

b) Undertaking prescribed measures towards banks, micro-credit organizations and leasing companies;

6

c) Signing agreements regarding the contracts in interest of the Agency;

d) Appointing staff and representatives of the Agency;

e) Advocating the Agency in court proceedings;

f) Performing other activities prescribed by this law and the Statute.

Article 12

(1) The members of the Board, the Director, and the Deputy Director of the Agency may be re-appointed if there are no obstacles from Article 15 of this Law.

(2) The Director, the Deputy Director and the members of the Board shall continue to carry out their functions until such time as when the Parliament makes new appointments of

Director, Deputy Director, and members of the Board in accordance with Article 8 and Article 10 of this Law.

Article 13

The Board determines the compensation for the members of the Board, wages for the Director and the Deputy Director, as well as for other staff of the Agency, in accordance with the General Act of the Agency.

Article 14

(1) A citizen of FBiH with a high reputation in financial expertise and high moral qualities for assigned duties may be appointed to a position of a member of the Board, the Director or the Deputy Director.

(2) A member of the Board cannot be staff of the Agency.

(3) The Director, the Deputy Director, and the Agency staff cannot be employed in any other company or any other legal entity.

Article 15

(1) Members of the Board, the Director, or the Deputy Director will be released from their duties before the end of their mandate if they are convicted for a felony that makes them undignified for their job.

(2) The Parliament may release a member of the Board, the Director, or the Deputy Director from duty if:

a) He/she is not able to perform his/her duty because of his/her state of health; or

b) If authorized state organ has determined that he/she was involved in a serious infraction that greatly affects interests and authority of the Agency.

Article 16

(1) Members of the Board, the Director, the Deputy Director may submit their resignation. The resignation must be explained in writing.

(2) In case of resignation, the officials in the Paragraph (1) of this Article stay in their positions until their dismissal and no longer than three months from the day of submission of the resignation.

Article 17

Without prior approval of the Board, the Director and the Deputy Director of the Agency must not be appointed as a member of Supervisory Board or Management Board of a bank, microcredit organization or leasing company within two years after their work for the Agency ended.

7

Article 18

Members of the Board, the Director, the Deputy Director, staff and representatives of the Agency must not receive any money or other gifts, if that could influence their objectivity in performing their duties for the Agency.

6. BUSINESS SECRET

Article 19

(Confidential Information)

(1) The confidential information are data, facts and circumstances which authorized individuals of the Agency came to know due to the performance of their tasks within their responsibilities and/or if the Agency received the information from an authorized body from another country, including the supervisory bodies established based on the decisions by the European Parliament and Council of the European Union (in further reading "confidential information"). The confidential information is considered a business secret. The authorized individuals of the Agency are the members of the Management Board, director, deputy director, employees, auditors and other individuals who work or who worked for or in the name of the Agency (in the further reading "authorized individuals"). Authorized individuals must protect such information as confidential which they received during the supervision or performance of their duties for the Agency.

(2) The confidential information must not be disclosed to any other person or state body, except in a combined or abbreviated form, based on which it is not possible to conclude which bank or other financial subjects under Agency's supervision (in further reading: other supervised subjects) such confidential information apply to.

(3) The prohibition of disclosure listed in the Paragraph (2) of this Article is not implemented in the following cases:

a) If the confidential information is needed for implementation of a criminal proceeding, or

b) In the case of bankruptcy or liquidation, the confidential information needed for resolution of the receivables of the creditor and other requests which relate to the bankruptcy proceedings or liquidation of a bank or other supervised subject, or a civil proceeding which is connected with the noted procedures and in regard to the item a) of this paragraph, except those which refer to third parties which are involved in an attempt of a financial rehabilitation or restructuring of a bank or other supervised subject.

(4) The obligation of keeping the confidential information listed in the Paragraphs (1), (2), and (3) of this Article is implemented for the information which the Agency or the authorized individuals gained through exchange of information with other supervisory bodies, including European Banking Agency and European Council for systemic risk. The European Banking

Agency is a European body for supervision, established in compliance with the Directives (EU) No. 1093/20/10 of the European Parliament and Council as of 24 of November 2010 (OJ L 331, 15.12.2010, page 12). The European Council for systemic risk is an European Council for systemic risk established in compliance with the Directive (EU) No.1092/2010 of the
8
European Parliament and the Council as of 24th November of 2010 about the Macro prudential control of the financial system of the European Union and the establishment of the European council for systemic risk (OJ L 331, 15.12.2010, page 1).

Article 19a

(Use of confidential information)

The Agency can use the confidential information only for the following purposes:

a) In order to check the implementation of the conditions for issuing legal authorities, licenses or other approvals which are needed for performance of the bank or other supervised subject and in order to secure the supervision on individual or consolidated bases, of the performance of the banks and other supervised subjects, especially in regard to liquidity, capital adequacy, large exposures, administrative and accounting procedures and internal control mechanisms;

b) Proscribing all supervisory measures presumed by laws in cases of violations of rules (such as orders, penalties, etc);

c) In the case of a legal proceeding and other court procedures against the acts of the Agency.

Article 19b

(Confidential information disclosure)

(1) The Agency can disclose the confidential information from the Article 19, Paragraph (1) of this Law to the following legal entities and individuals in Bosnia and Herzegovina, states members of the EU and third countries:

a) Supervisory bodies responsible for the supervision of the financial subjects over which performed is the supervision of the financial sector (banks, MCOs, leasing companies, insurance companies, investment funds, etc.);

b) Courts and other bodies which implement the activities within the process of liquidation or bankruptcy or similar procedures;

c) Auditors in charge of the audit of the financial reports of a bank and other supervised subjects;

d) Authorized individuals or bodies responsible for deposit insurance, including the Deposit Insurance Agency of BiH;

e) Bodies responsible for the supervision of bodies included in the liquidation process or bankruptcy of a bank or other supervised subjects or other similar procedures;
f) Bodies responsible for supervision of the auditors in charge of the implementation of the legal audits of the reports of banks and other supervised subjects;
g) Courts, authorized prosecutor office or individuals who work according to their orders if such information are needed for the processes which are being implemented within their authorities;
h) Authorized bodies in BiH responsible for the financial stability, including the crises situations and systemic risk;
9
i) Central banks of the European system of central banks, including the Central Bank of BiH and other bodies with similar tasks and responsibilities such as the central monetary government, when the information are important for the implementation of their by law prescribed duties, including the implementation of the monetary policy and related provisions in reference to liquidity, control of the payments, clearing and settlement systems and maintaining the stability of the financial system or, when it is appropriate, other bodies authorized for the supervision of the payment systems, which is also pertinent for the extraordinary situations;
j) Ministry responsible for the finances and state body of a particular country responsible for the implementation of the law which regulates the supervision of banks and other supervised subjects or insurance companies, which is pertinent for the extraordinary situations in the measure needed for the implementation of their tasks and responsibilities;
k) Central clearing institutions for securities or other clearing houses or settlement systems, in compliance with the Law which regulates the market of the financial instruments in reference to the clearing operations and settlement which are performed on one of the markets in Bosnia and Herzegovina, if the Agency estimates that such information is needed for taking certain actions of such institutions in regard to the lack of implementation of liabilities or potential lack of implementation of liabilities by a participant on this market;
l) Members of the supervisory colleges where the Agency is a member, within the implementation of the tasks of such a college;
(2) Individual noted in the Paragraph (1) of this Article to who the Agency discloses the information, can use the disclosed information only in the sense of the implementation of the supervisory authority and tasks noted in the Paragraph (1) of this Article and has the

obligation to keep the confidential information in compliance with the Article 19 of this Law.

Article 19c

(Agreements on cooperation and exchange of information)

(1) The Agency can, within its authority, conclude agreements which determine the exchange of information with the authorized bodies or entities listed in the Article 19b, Paragraph (1) of this Law, if following conditions are fulfilled:

a) Signed agreement about cooperation between the Agency and that particular authorized body or individual about mutual exchange of information,

b) If a particular entity or individual is subject to the obligation of maintaining the information secrecy, which is at a minimum equal to those listed in the Article 19 and 19a of this Law and

c) If the purpose of the exchange of information is exclusively implementation of supervisory authorities or implementation of the tasks of the given authorized body or individual.

10

(2) If the Agency receives confidential information from an authorized body of any other country, it can reveal this information only if there is consent from the appropriate authorized body and exclusively for the purposes for which that body gave consent.

7. STATUTE

Article 20

(1) The Agency has its Statute.

(2) The Statute particularly establishes:

- The organization and the procedures for operations of the Agency;
- The operational procedures of the Board;
- Authorization for representing the Agency and signing the documents;
- Rights and obligations of individuals who perform duties with special authorization and responsibilities; and
- Other organizational issues regarding the Agency's operations.

(3) The Board, with approval of the Parliament, passes the Statute of the Agency.

8. FINANCING OF THE AGENCY

Article 21

(1) The resources for the operations of the Agency are obtained from compensations achieved through the issuance of banking, micro-credit organization, and leasing company licenses, supervision of banks, micro-credit organizations, and leasing companies' operations, and from

other compensations.

(2) The resources for the operations of the Agency which have not been provided from resources mentioned in Paragraph (1) of this Article will be taken from the Budget.

(3) Based on annual increase of funds, exceeding income in relation to expenses will be transferred to the next year.

Article 22

(1) The Board passes regulations regarding the level of the compensation and other income specified in Article 21, Paragraph (1) of this Law.

9. BANKS', MICRO-CREDIT ORGANIZATIONS', AND LEASING COMPANIES' REPORTS

Article 23

(1) The banks are obliged to submit to the Central Bank according to the Law on the Central Bank and to the Agency reports and other information according to their type, extent, and deadlines in accordance with regulations issued by the Central Bank according to the Law on the Central Bank.

11

(2) The banks are also obliged to submit to the Central Bank according to the Law on the Central Bank and to the Agency revised balances, and other financial reports until June 30 of the current year for the previous year.

(3) Micro-credit organizations are obliged to submit to the Agency an annual financial report along with an audit report in compliance with the Law on micro-credit organizations.

(4) Leasing companies are obliged to submit to the Agency an annual financial report along with an audit report in compliance with the Law on leasing operations.

(5) The Agency prescribes requirements for extent, form, and content of the program for economic - financial revision intended for banks, micro-credit organizations, and leasing companies.

(6) The Agency may refuse the report specified in Paragraphs (2), (3) and (4) of this Article and request a new report, which will be prepared by an authorized auditor appointed by the Agency, and on the burden of the bank, micro-credit organization or leasing company.

Article 24

If the bank, micro-credit organization or leasing company fails to pay the required fees to the Agency, the Agency can revoke the work license.

10. GENERAL ACTS

Article 25

(1) In implementing its tasks, the Agency passes general acts that are indispensable for

successful bank, micro-credit organization and leasing company operations.

(2) The acts from Paragraph (1) of this Article are published in the "Official Gazette of the Federation of BiH". The Agency runs a record of the approved general acts.

Article 26

(1) The Agency is authorized to perform bank, micro-credit organization and leasing company examinations, to supervise and obtain copies of business books, documents, and bills, to issue orders and act with purpose to ensure that the bank, micro-credit organization and leasing company activities are performed in accordance with the law and other regulations.

(2) Banks, micro-credit organizations and leasing companies are obliged to provide the Agency with the access to the complete documentation so that the activities in the Agency's authority can be performed.

11. REPORTS AND AUDIT

Article 27

(1) The Agency is obliged to submit a report on its business operations to the Parliament through the Government within three months from the end of the reporting year. The reports consist of the analysis of the condition in the banking, micro-credit and leasing sectors in FBiH, a description of the activities of the Agency during the reporting year, and a breakdown of the accounts for that year.

(2) The report must be approved by the Board.

12

(3) Every year, the Federal Agency in charge of auditing performs revisions to the accounts and the Agency's books, and issues a report on revisions for the Parliament through the Government and the Agency.

12. TRANSITIONAL AND FINAL PROVISIONS

Article 28

On the date this law becomes effective the institutions with licenses for banking operations will perform their rights and obligations mentioned within the license itself and will continue with their work in accordance with authorizations given by that license.

Article 28a

The Board and the Agency shall adopt regulations necessary for the implementation of this Law within three months from the date of this Law becoming effective.

Article 28b

The Business secret from the Article 19, Paragraph (1) of this Law is made equal with the business secret from the Criminal Code of the Federation of BiH, and in the case of its violation implemented are the penalties asserted in the noted Law.

Article 31

This law comes into force on the date of its publication in the "Official Gazette of the Federation of BiH".

ANNEX XXV – LAW ON BANKING AGENCY OF REPUBLIKA SRPSKA

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the status, authority, organization, financing and operation of the Banking Agency of Republika Srpska.

Article 2

Terms used herein shall have the following meaning:

a) banking system of Republika Srpska (hereinafter: banking system) consists of banks, microcredit organizations, saving-credit organizations and other financial organizations whose founding and operation is regulated by separate laws where it is stipulated that the Agency shall issue operating licenses and approvals, supervise operations, and perform other activities related to such organizations,

b) bank is a legal entity whose founding, operation, management, supervision and termination of operation shall be regulated by the Law on Banks,

c) microcredit organization is a legal entity whose founding, operation, management, supervision and termination of operation shall be regulated by the Law on Microcredit Organizations,

d) saving-credit organization is a legal entity whose founding, operation, management, supervision and termination of operation shall be regulated by the Law on Saving-Credit Organizations,

e) leasing company is a financial organization of the banking system whose founding, operation, management, supervision and termination of operation shall be regulated by the Law on Leasing,

f) European Banking Authority is a body of the European Union responsible for examination and supervision of the banking sector, established in accordance with the Regulation (EU) No. 1093/2010 of the European Parliament and the Council as of November 24, 2010 (OJ L 331, 15.12.2010, page 12), and

g) European Systemic Risk Board is a body of the European Union responsible for macro-prudential supervision of the European Union financial system, established in accordance with the Regulation (EU) No. 1092/2010 of the European Parliament and the Council as of November 24, 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010, page 1).

Article 3

The main objective of the Banking Agency of Republika Srpska (hereinafter: the Agency) is to safeguard and strengthen the banking system stability, as well as to improve its safe, good quality and lawful operations.

II. MANDATE OF THE AGENCY

Article 4

(1) The Agency has been established with the purpose to regulate and supervise the banking system, and acts as both autonomous and independent legal entity while exercising its objective and performing tasks in accordance with this and other laws.

(2) Head office of the Agency is in Banja Luka.

(3) Title of the Agency is: "Banking Agency of Republika Srpska".

(4) The Agency has its seal bearing the title of the Agency and emblem of Republika Srpska.

Article 5

(1) The Agency shall:

a) issue licenses for foundation and operation of banks, licenses for status changes and changes in both the organizational structure of banks and type of operation the banks perform,

b) supervise safety and soundness and legality of banks' operations – through off-site and on-site examination of banks, and undertake appropriate supervisory measures,

c) revoke banking licenses,

d) introduce provisional administration in banks and appoint a provisional administrator; institute liquidation proceeding in banks and appoint a liquidation administrator; direct and supervise the proceeding of provisional administration and liquidation in banks; submit a request to institute bankruptcy proceeding in banks,

e) adopt acts regulating banks' operation,

f) evaluate whether the requirements have been met, and approve of the following issuance of shares,

g) supervise and undertake necessary activities regarding anti-money laundering and terrorism financing related to banks, microcredit organizations, saving-credit organizations and other financial organizations, all in cooperation with the competent institutions and in accordance with regulations governing this field,

h) supervise and undertake other activities in accordance with regulations governing the introduction and implementation of certain interim measures for the purpose of effective enforcement of international restrictive measures,

i) adopt adequate acts in the field of anti-money laundering and terrorism financing, and

cooperate with the competent authorities and institutions within this field,
j) adopt acts and undertake actions in order to ensure the protection of consumers' rights, i.e. of physical persons as beneficiaries of financial services in the banking system, supervise the implementation of regulations governing this field and undertake other activities and adequate measures within the scope of its authority,
k) perform other tasks in accordance with the law governing operation of banks.
(2) The Agency shall issue and revoke licenses and approvals to microcredit organizations, saving-credit organizations and other financial institutions when authorized to do so by this and other laws, control the legality of their operation, adopt general acts regulating operations of microcredit organizations, saving-credit organizations and other financial organizations, and perform other activities as stipulated by this Law, as well as other laws.
(3) In solving administrative issues, the Agency shall apply the provisions of regulations governing both general administrative procedure and operation of financial organizations of the banking system, as well as the rules of supervision and profession, unless otherwise stipulated by law.

Article 6

(1) The Agency shall perform examinations and supervision of work and legality of banks' operation and of other financial organizations within the banking system; order and undertake measures to eliminate illegalities and irregularities in accordance with this Law and laws governing banks, microcredit organizations, saving-credit organizations and other financial institutions of the banking system.
(2) While performing the examinations under paragraph (1) of this Article, the Agency shall have the right to examine business books and other documentation of financial organizations of the banking system, as well as of legal entities related by ownership, management and business relations to financial organization subject to examinations.
(3) The examinations under paragraph (1) of this Article shall be performed by examiners that have passed the professional expertise exam.
(4) The Management Board of the Agency shall pass an act stipulating terms and manner of passing the professional expertise exam under paragraph (3) of this Article.

Article 7

(1) The Agency shall be autonomous and independent while performing its activities in accordance with provisions of this Law, rules of supervision and profession, and its activities shall be supervised by the National Assembly of Republika Srpska (hereinafter: the National Assembly), to whom the Agency is responsible for its performance.
(2) Members of the Management Board, the Director and employees of the Agency shall

not be held responsible for any damage arising from the performance of duties under this Law and other regulations governing the banking system, unless proved that a certain action was done or failed to be done intentionally or with gross negligence.

Article 8

While performing activities within the authority of the Agency and introducing himself/herself, an authorized representative of the Agency shall use the identification and badge of the Agency in a form and manner determined by the Director of the Agency.

Article 9

(1) The Agency shall represent Republika Srpska at the international conferences, gatherings and in international organizations, within its authority.

(2) The Agency shall cooperate with international authorities, bodies and institutions responsible for examination and supervision of banks and other financial institutions.

(3) In order to perform and improve activities within its authority, the Agency shall cooperate with supervisory authorities of the financial sector of Republika Srpska and Bosnia and Herzegovina, and other regulatory bodies and institutions.

III. OMBUDSMAN FOR BANKING SYSTEM

Article 10

(1) Ombudsman for banking system is established within the Agency (hereinafter: the Ombudsman) as an independent organizational unit with an aim to promote protection of rights and interests of consumers, i.e. physical entities as beneficiaries of financial services.

(2) The Ombudsman, as one of the carriers of consumers' protection of rights in Republika Srpska, shall enable the disagreements and disputes occurred between institutions of the banking system and beneficiaries of financial services to be rightfully and promptly resolved by independent parties, with a minimum of formality, through reconciliation, negotiation or other peaceful manner.

(3) The Ombudsman shall be independent in performing his/her tasks and shall be responsible for their implementation, and while performing his/her duties he/she shall not act as the Agency's representative.

Article 11

The Ombudsman shall perform the following:

a) provide information on rights and obligations of beneficiaries and providers of financial services,

b) follow-up and propose activities to improve relationship between beneficiaries of financial services and financial organizations of the banking system,

c) research activities at the financial market, as part of the official duty or based on

complaints, in order to protect beneficiaries' rights,
d) review complaints submitted by beneficiaries of financial services, provide answers, recommendations and opinions, and propose measures for the resolution of complaints,
e) mediate in the peaceful settlement of disputes between beneficiaries of financial services and financial organizations of the banking system,
f) provide guidelines or recommendations related to special standard terms or activities for implementation of good business practices in the business operations of financial institutions of the banking system, and propose to the Management Board of the Agency to pass acts within his/her authority in the area of protection of rights of beneficiaries of financial services.
g) cooperate with competent judicial, administrative and other authorities and organizations, as well as with supervisory and control institutions in the country and abroad, within his/her authority,
h) cooperate with other bodies and subjects responsible for the protection of rights of consumers, and
i) undertake other actions in the area of protection of rights of beneficiaries of financial services.

Article 12

(1) The Ombudsman, in acting upon complaints submitted by beneficiaries of financial services, shall ensure protection of their rights and interest through:
a) review of beneficiaries' complaints, providing answers, recommendations and opinions, as well as proposing measures for the resolution of such complaints,
b) mediation in the peaceful settlement of disputes, when he/she evaluates that the subject of a complaint may lead to court proceedings,
(2) During the process of mediation in the peaceful settlement of disputes, the Ombudsman shall apply regulations governing the mediation process, and he/she may, upon need, engage other authorized individuals with specialized expertise or mediators.
(3) Agreement on resolution, reached by participants in the peaceful settlement of disputes through the Ombudsman's mediation and concluded in a written form, shall be deemed as an executive document.

Article 13

(1) In the procedure of reviewing a complaint and during the process of mediation in the peaceful settlement of disputes, the Ombudsman shall be obliged to respect the principles of: legality, impartiality, professionalism, equal rights and fairness, efficiency and transparency of rules and procedures for acting of Ombudsman.
(2) In addition to the principles under paragraph (1) of this Article, the Ombudsman shall

be obliged to apply the principle of good will and confidentiality during the process of mediation in the peaceful settlement of disputes.

Article 14

(1) Financial organizations of the banking system shall be obliged to cooperate with the Ombudsman.

(2) In the course of reviewing the complaints of beneficiaries of financial services, the Ombudsman shall enable financial organizations of the banking system, whose acting was the subject of a beneficiary's complaint, to state the facts and circumstances noted in the complaint, i.e. to present evidences in their own favor.

Article 15

Report on Operation of Ombudsman is an integral part of the Report of the Agency, in accordance with the Article 39 of this Law.

Article 16

The Management Board of the Agency shall adopt acts governing the field of operation of Ombudsman, terms and procedure for appointment or termination of duties of the person in charge of the Ombudsman's office, terms and manner in addressing the complaints of beneficiaries of financial services and in mediation in the peaceful settlement of disputes, as well as financing, reporting and other issues of importance for the Ombudsman's operation.

Article 17

Issues concerning the area of protection of rights of beneficiaries of the banking system and of the operation of Ombudsman, which are not defined by this Law, shall be regulated by regulations governing the area of consumers' protection, mediation process and obligatory relations.

IV. ORGANIZATION, GOVERNANCE AND MANAGEMENT OF THE AGENCY

Article 18

Organization, governance and management of the Agency shall be regulated by this Law, the Statute and other acts of the Agency.

Article 19

(1) The Management Board is the governing body of the Agency.

(2) Members of the Management Board shall be appointed for the period of five years, and based on previously conducted procedure of public competition in compliance with law.

(3) The Management Board shall consist of five members proposed by the Government of Republika Srpska (hereinafter: the Government) and appointed by the National Assembly.

Article 20

(1) The Management Board of the Agency shall undertake measures for the efficient and

rational conduct of operations and tasks under the authority of the Agency.
(2) Within the operations under its authority, the Management Board shall:
a) pass the Statute of the Agency,
b) adopt other acts in accordance with law and the Statute of the Agency,
c) adopt financial plan and financial report of the Agency, and
d) adopt reports to be submitted by the Agency in accordance with this Law,
(3) The Management Board shall be responsible for its work to the National Assembly.
Article 21
(1) The Director of the Agency shall represent the Agency, manage its business operations and shall be responsible for the work of the Agency.
(2) The Director and Deputy Director of the Agency, based on previously conducted procedure of public competition in accordance with law, at the proposal of the Government, shall be appointed by the National Assembly for the period of five years.
(3) The Director and Deputy Director shall participate in the work of the Management Board of the Agency but shall have no right to vote.
(4) The Director and Deputy Director shall be responsible for their work to the Management Board and the National Assembly.
Article 22
(1) The Director, within his/her rights and obligations, shall perform the following:
a) pass decisions that provide or revoke licenses indispensable for operation of banks and other financial organizations of the banking system,
b) undertake prescribed measures towards banks and other financial organizations of the banking system,
c) decide on employment and engagement of persons with the Agency, in accordance with the Statute and the regulation on Internal organization and job classification of the Agency,
d) advocate the Agency in court proceedings,
e) represent the Agency at meetings with representatives of the Central Bank of Bosnia and Herzegovina for the purpose of coordination in performing activities of the Agency in accordance with law and the Agency's Statute,
f) adopt acts in compliance with this Law and the Statute of the Agency,
g) perform other activities stipulated by this Law, other laws and the Statute of the Agency.
(2) The Deputy Director shall operate in accordance with the regulation on Internal organization and job classification of the Agency, and shall replace the Director when he/she is unable to perform his/her function with rights and duties determined by the Director of the

Agency.

(3) The Director shall have the possibility to delegate certain authorities within his/her jurisdiction to the Chief Advisor or other employees of the Agency.

Article 23

If for the remainder of term of the appointed members of the Management Board, the Director or Deputy Director of the Agency the new appointment has not been conducted, the remaining members of the Management Board, the Director and Deputy Director shall continue to carry out their duties not longer than six months, i.e. until the final appointment has been completed by the National Assembly.

Article 24

(1) Compensations of members of the Management Board, salaries of the Director and Deputy Director of the Agency shall be determined by the Management Board, in compliance with acts of the Agency.

(2) Salaries of employees and other persons engaged by the Agency shall be determined by the Director, in compliance with acts of the Agency.

Article 25

(1) A position of a Management Board member, the Director or Deputy Director may be appointed to a person holding a citizenship of Republika Srpska and Bosnia and Herzegovina and holding a university degree in economy or law.

(2) A member of the Management Board may not be an employee of the Agency, nor a member of bank's bodies or employed in a bank or any other financial organization of the banking system.

(3) The Director, the Deputy Director and employees of the Agency may not be employed in any other company or legal entity, and may not be members of banks' bodies or any other financial organization of the banking system.

(4) Members of the Management Board of the Agency, the Director or Deputy Director may not own, directly or indirectly, shares, stocks or debt securities in a bank or any other financial organization whose business operation is examined and supervised by the Agency.

(5) A position of a Management Board member, the Director or Deputy Director shall not be appointed to a person convicted of either a crime against the economy and payment transactions or of a violation of public and professional duties.

Article 26

The Director, the Deputy Director or a member of the Management Board of the Agency may be dismissed from their duties before the expiration of their term of office if they:

a) do not comply with law or regulations of the Agency,

b) misuse their position,

c) cease to meet the requirements for appointment,

d) significantly impair the reputation of the Agency with their actions,

e) submit a written resignation offering reasons.

Article 27

(1) In case of a Management Board member's termination of his/her term of office, i.e. in case of a dismissal from his/her duties before the term expiration, a new member of the Management Board shall be appointed, based on the conducted procedure of public competition, for the remainder of term of the member of the Management Board whose term has been terminated i.e. who has been dismissed from duties.

(2) In case of the Director's or Deputy Director's termination of his/her term of office, i.e. of his/her dismissal in cases referred to in Article 26 of this Law, the National Assembly may appoint Acting official for the period not longer than six months.

(3) In case of resignation, the Director, the Deputy Director or a member of the Management Board shall remain on duty until dismissal, but not longer than three months from the date of submitted resignation.

Article 28

The Director or Deputy Director of the Agency shall not be appointed to the position of a bank's member of management board, director of a bank or any other financial organization of the banking system within the period of two years after the termination of their contract with the Agency without the prior written approval of the Management Board of the Agency.

V. BUSINESS SECRET

Article 29

(1) Business secret of the Agency shall be a piece of information, fact or knowledge which an authorized person of the Agency came to know in the course of performing his/her operations and duties within his/her responsibility or which the Agency received from a competent organization, institution, authority or other country, i.e. bodies of other country, including the supervisory bodies established based on the decisions of the European Parliament and the Council of the European Union, and whose disclosure to an unauthorized person would cause or might cause harmful effects in achieving objectives and performing the supervisory function of the Agency, harm the reputation and interest of the banking system organizations, as well as of the persons from whom the Agency received such pieces of information (hereinafter: confidential information).

(2) The Agency shall pass an act deciding on pieces of information to be considered as confidential information and shall stipulate the manner to access, use, exchange, keep

and protect such information, as well as the process of confidentiality termination.
(3) Confidential information received by members of the Management Board, the Director, the Deputy Director, employees, auditors and other persons who work or had worked for or on behalf of the Agency in the course of performing supervision, operations or duties within the scope of their work, or which they came to know or receive in another way, shall be protected in accordance with this Law, acts adopted on the basis thereof and other regulations governing the area of confidential information.
(4) The persons under paragraph (3) of this Article shall keep confidential information even after the termination of their employment i.e. engagement with the Agency.
(5) Confidential information must not be disclosed to any other person, authority, organization or body, except in a combined form based on which it is not possible to conclude which bank or other financial organization of the banking system such pieces of information refer to.
(6) Apart from paragraph (5) of this Article, a person referred to in paragraph (3) of this Article may disclose confidential information in compliance with the procedure prescribed by the Agency, provided that such a disclosure of confidential information meets one of the following:
a) pieces of confidential information are needed for implementation of proceedings based on court or prosecutor's office orders, when, in writing, requested or ordered by the competent court,
b) indispensable for the work of persons or bodies responsible for the examination and supervision of financial institutions,
c) legal interest of the Agency in court proceedings requires a disclosure of such information,
d) in the case of bankruptcy or liquidation, if pieces of confidential information are indispensable for the resolution of creditors' receivables, and other requests related to the bankruptcy or liquidation proceedings of a bank or other financial organization of the banking system, except for such pieces of information which refer to other entities involved and with legal interest in the financial reconstruction or reorganization of a bank or other financial organization of the banking system.
(7) The obligation of keeping confidential information shall be also applied to the pieces of information delivered to the Agency or persons referred to in paragraph (3) of this Article by other supervisory bodies, including the European Banking Authority and the European Systemic Risk Board, provided that such pieces of information are

considered confidential by those authorities.

Article 30

The Agency may use confidential information only for the following purposes:

a) to check the fulfillment of requirements for issuing consents, licenses and approvals, whose possession is obligatory for banks and other financial organizations of the banking system in accordance with law, and to perform supervision over their operations on individual or consolidated basis, especially in terms of liquidity, capital adequacy, high exposure to one or a group of related persons, administrative and accounting procedures and internal control,

b) to declare supervisory measures, and

c) in administrative proceedings and other court proceedings against the Agency.

Article 31

(1) The Agency may disclose the confidential information under Article 29, paragraph (1) of this Law in cases and in accordance with the procedure stipulated by this Law, acts passed on the basis thereof and other regulation, to persons, bodies or organizations and authorities in Republika Srpska and Bosnia and Herzegovina, and to member states of the European Union and third countries, as follows:

a) a court of competent jurisdiction, the prosecutor's office or persons operating under their orders, provided that such pieces of information are needed for proceedings which are being implemented under their authorities,

b) authorities responsible for examination and supervision of financial institutions (banks, microcredit organizations, leasing companies, insurance companies, investment funds and other financial institutions) and representatives of international financial institutions of the banking system,

c) auditors in charge of the audit of financial reports of banks and other financial organizations of the banking system,

d) authorized persons or institutions responsible for deposit insurance in banks, including the Deposit Insurance Agency of Bosnia and Herzegovina,

e) bodies responsible for supervision of bodies included in the liquidation or bankruptcy proceeding of a bank or other financial organizations of the banking system,

f) bodies responsible for supervision of auditors in charge of the audit of financial reports of banks and other financial organizations of the banking system,

g) Central Bank of Bosnia and Herzegovina, central banks of the European System of Central Banks and other bodies with tasks and responsibilities similar to those of central monetary governments, provided that the pieces of information are important for the

implementation of their legally prescribed duties, including the implementation of monetary policy and provisions related to liquidity, payment systems supervision, clearing and settlement systems and safeguarding the stability of financial system or, when appropriate, to other bodies responsible for the payment systems supervision, which is pertinent to extraordinary situations as well,

h) the ministry in charge of finance or a state body of a particular country responsible for the enforcement of law governing supervision of banks and other financial organizations of insurance companies, provided only for supervision implementation within the scope of their authority, which is pertinent to extraordinary situations as well,

i) central clearing institutions for securities or other clearing houses or settlement systems in compliance with the law regulating market of financial instruments in reference to the clearing and settlement operations performed at one of the markets in Republika Srpska or Bosnia and Herzegovina, provided that the Agency evaluates that such pieces of information are indispensable for those institutions in undertaking certain activities due to a failure to fulfill obligations or a potential failure to fulfill obligations by participants at those markets,

j) members of the supervisory college where the Agency is a member, within the implementation of tasks of such a college,

k) other persons provided that a disclosure of confidential information meets one of the requirements under Article 29, paragraph (6) of this Law.

(2) The persons/bodies under paragraph (1) of this Article to whom the Agency discloses confidential information may use such information only in the sense of implementing operations within the scope of their work and shall keep confidential information in the manner defined in Article 29 of this Law.

Article 32

(1) The Agency may, within its authority, conclude agreements which determine the exchange of confidential information with the competent bodies or persons under Article 31 of this Law, provided the following requirements:

a) signed agreement on mutual cooperation between the Agency and a competent body or person,

b) if the body or person, with whom the agreement on cooperation was signed, is subject to the obligation of keeping confidential information, which is at a minimum equal to the requirements stipulated by this Law, and

c) if the exchange of information is exclusively intended for the purpose of examination, i.e. supervision, or implementation of tasks of the competent body or person.

(2) Confidential information, received from a supervisory body of any other country by the Agency or which the Agency came to know during a direct examination of a foreign bank's branch office, which the Agency is obliged to keep in accordance with Article 29, paragraph (5) of this Law, may be disclosed to other person or body only with prior approval of the supervisory body that provided the information and exclusively for the purpose the approval was obtained for.

VI. FINANCING OF THE AGENCY

Article 33

(1) Funds for the Agency's operations shall be provided from:

a) fees for issuance of operating licenses to banks or other financial organizations of the banking system,

b) monthly fees of banks and other financial organizations of the banking system for supervision of their activities,

c) fees for other services the Agency provides within the scope of its work.

(2) Surplus of income over expenditure of the current year shall be transferred to the following year.

Article 34

An operating license may be revoked by the Agency if a bank or other financial organization of the banking system fails to pay the accrued fees.

Article 35

(1) The Management Board of the Agency shall pass an act deciding on the amount of fees referred to in Article 33, paragraph (1) of this Law, with the approval of the Government.

(2) The Agency's act under paragraph (1) of this Article may prescribe higher amount of fees for banks and other financial organizations of the banking system whose supervision and examination request undertaking additional activities, apart from the regular ones.

VII. ACTS OF THE AGENCY

Article 36

(1) The Agency shall have a Statute.

(2) The Agency's Statute shall regulate:

a) organization and method of operation of the Agency,

b) method of operation of the Management Board,

c) authority to represent the Agency and sign documentation,

d) operations, rights, duties and responsibilities of persons holding special authorities and responsibilities,

e) other issues related to the Agency's operation.

(3) Statute of the Agency shall be passed by the Management Board, approved by the Government and published in the "Official Gazette of Republika Srpska".

Article 37

(1) The Agency shall pass by-laws within its authority, in accordance with this and other laws.

(2) The general acts under paragraph (1) of this Article shall be published in the "Official Gazette of Republika Srpska", in compliance with the Statute of the Agency.

(3) The Agency shall keep a record of the general acts passed.

VIII. REPORTING

Article 38

(1) Banks and other financial organizations of the banking system shall deliver to the Agency their reports and other data observing type, scope and deadline as defined by legal provisions of the Agency.

(2) Apart from the reports under paragraph (1) of this Article, the organizations under paragraph (1) of this Article shall deliver to the Agency a report and opinion of the external auditor for the previous year, not later than March 31 of the current year.

(3) The Management Board of the Agency shall pass an act prescribing the minimum of scope, form and content of the economic and financial audits intended for banks and other financial organizations of the banking system.

(4) The Agency may reject the report from paragraph (2) of this Article and demand a new report and opinion given by an external auditor appointed by the Agency, at the expense of a bank or other financial organization of the banking system.

Article 39

(1) The Agency shall deliver annual report on condition of the banking system of Republika Srpska to the National Assembly, including a report on operations and results together with the financial statement of the Agency, not later than June 30 of the current year for the previous year.

(2) The Management Board shall review the reports under paragraph (1) of this Article before their being submitted to the National Assembly.

(3) The Agency shall deliver semi-annual reports referred to in paragraph (1) of this Article to the Government, not later than three months after expiration of the reporting period.

(4) Content of the reports under paragraph (1) of this Article shall be defined by the Agency's Statute.

IX. TRANSITIONAL AND FINAL PROVISIONS

Article 40

The Agency is a legal successor of the National Bank of Republika Srpska.

Article 41

Members of the Management Board, the Director and Deputy Director of the Agency appointed in accordance with the Law on Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", number 10/98, 16/00, 18/01, 71/02, 18/03, 39/03, 123/06 and 40/11), shall hold office until the expiration of their term.

Article 42

(1) The Agency shall harmonize its by-laws with provisions of this Law within 90 days after this Law comes into effect.

(2) Until the by-laws from paragraph (1) of this are passed, the by-laws that were valid up to the date of coming into force of this Law shall be applied, unless their being contrary to this Law.

Article 43

The entry into force of this Law shall make the Law on Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", number 10/98, 16/00, 18/01, 71/02, 18/03, 39/03, 123/06, 40/11) null and void.

Article 44

This Law shall come into force on the eighth day from the date of its being published in the "Official Gazette of Republika Srpska".

No. 01-1517/13

Date: June 27, 2013 CHAIRMAN

of the

NATIONAL ASSEMBLY

M. Sc. Igor Radojicic

ANNEX XXVI - THE LAW ON ASSOCIATIONS AND FOUNDATIONS

Part I

GENERAL PROVISIONS

Article 1

The Law on Associations and Foundations (hereinafter: the Law) regulates the foundation, registration, internal governance and dissolution of an association and foundation.

Article 2

An association, as defined by this Law, is any form of voluntary affiliation of natural and/or legal persons established in order to accomplish and improve common or public interests or goals, in accordance with the law and Constitution, whose basic statutory purpose is not to generate profit.

A foundation is a legal person without its own membership, intended to manage specific property for the accomplishment of public or common interests.

Associations and Foundations shall enjoy customs, tax and other privileges, in accordance with the law.

Article 3

Associations and foundations shall freely determine their goals and activities, in compliance with the Constitution and the law.

The statute and activities of an association or foundation may not be contrary to the constitutional order, or directed at the violent overthrow of the constitutional order, nor may they be aimed at disseminating of ethnic, racial or religious hatred or discrimination prohibited by the Constitution and the law.

The goals and activities of an association or foundation shall not include engagement in political campaigns and fundraising for political parties and political candidates, or financing of political parties and political candidates.

Article 4

An association or foundation may engage in economic activities only if generating profit is not its principal statutory goal.

A surplus of income generated from the association or foundation’s economic activities may only be used for advancing the principle statutory goals of the association or foundation. The surplus of income generated from economic activities may not be distributed, directly or indirectly, among founders, the members of an organization, the members of managing bodies, persons authorized to represent the organization, employees or any other persons.

The limitation set out in the previous paragraph does not apply to payment of appropriate reimbursement for the work or for the coverage of expenses incurred in connection with the realization of the organization’s statutory goals and activities.

An association or foundation may directly engage in economic activities related to the fulfillment of its basic statutory goals and activities (related economic activities).

An association or foundation may engage in economic activities not related to the fulfillment of its basic statutory goals and activities (unrelated economic activities) only through a separately established legal person.

No provision of this Article shall limit the property of the association or foundation as referred to in the Article 35 of this Law.

Article 5

An association and foundation shall submit an annual report on its activities and a financial report in accordance with law, other regulations and statutory provisions.

Article 6

An association and foundation shall have its own name and seat.

In performing its activities, an association and foundation shall use their names.

The name of an association and foundation having a seat in the Republic of Srpska shall be in the official language of the Republic of Srpska.

An association and foundation may have its own logo.

The name and logo of an association and foundation must be clearly distinguishable from the name and logo of other associations or foundations.

The name of the association or foundation, if so envisaged by its statute, may be entered into the registry book in one or more foreign languages, provided that the name in the official language is entered first.

Notwithstanding paragraphs 3 and 6 of this Article, the name of the association or foundation may contain certain words in foreign language if those words represent a name of the international organization of which the association or foundation is a member, if those words are commonly used in the official language, if there are no equivalent words for them in the official language or if they are part of the ancient language which is no longer in use.

Along with its full name, an association or foundation may also use its abbreviated name.

If two or more associations or foundations submit applications for entry into the registry under the same name, the request that has been submitted earlier shall be approved. Provisions of Art.29, paragraphs 1 and 2 of this Law shall apply to the request that has been submitted later.

When such entry into the registry has already been conducted, the registration body shall issue a decision ordering the subsequently registered association or foundation to change its name within 30 days. If an association or foundation fails to comply with such decision, the procedure for removal from the registry will be initiated against such an association or foundation, in accordance with this Law.

Article 7

If the activity of an association or foundation is not contrary to the provisions of this Law, an association or foundation that has a seat in the territory of the Federation of Bosnia and Herzegovina shall be free to conduct its activities in the territory of the Republic of Srpska, without additional administrative requirements.

Article 8

An association or foundation may be entrusted to perform public competencies.

PART II

ASSOCIATIONS

Article 9

The Establishment of an Association

An association may be established by at least 3 natural or legal persons.

An association shall be established by a founding act.

An established association may acquire the status of a legal person by entering into the registry (principle of voluntary registration).

Article 10

The founding assembly of an association shall enact a founding act and the statute, and shall appoint the managing bodies.

Article 11

The founding act of an association shall contain:

- The names, surnames and the addresses of the founders;

- The name, seat and the address of an association;

- The basic goals for which the association is established;

- The name and surname of a person who is authorized to apply for registration of an association;

- The signatures and citizens identification numbers, if the founders are citizens of the Republic of Srpska and Bosnia and Herzegovina.

Article 12

The statute of an association shall contain provisions regulating:

- The name and seat of an association;

- The goals and activities of an association;

- The procedure for admission and expulsion of members;

- The rights and responsibilities of the members of an association;

- The bodies of an association, their power, manner of their election and dismissal, duration of terms, quorum and voting rules, including specific issues to be decided by a qualified majority, the procedure of convening the assembly;

- The manner in which financial report and report on activities are submitted;

- The rules for acquisition and disposal of the association's property, and organ competent to supervise the utilization of these resources;

- The procedure for enacting and amending of the statute; the body authorized to enact other general acts and the procedure for their enactment;

- Form and content of association's seal;

- Rules on agency;

- The conditions and procedures for merger, separation, transformation and dissolution of an association;

- The procedure for distribution of the remaining property in case of dissolution of an association.

The statute may contain other provisions that are not contrary to the provisions of this Law.

Article 13

An association may merge, separate or transform into another association or foundation.

An association may establish offices, branches, clubs and other organizational forms which do not have a status of legal entity, in compliance with its statute.

Article 14

A member of an association may be any natural or legal person who voluntarily joins an association in compliance with the conditions set out in the statute.

Minors may participate as members in the association's activities in a manner prescribed by the statute.

Article 15

An association shall have an assembly.

Unless otherwise regulated by the statute, all members of an association are the members of the assembly with equal voting rights.

The statute of an association may envisage other organs of an association.

If the statute does not envisage the management board or other managerial body, the assembly shall appoint one or more persons to represent an association in legal transactions.

Article 16

The assembly shall:

- Enact the statute, its amendments, and other acts as determined by the statute;

- Ratify legal acts committed on behalf of an association in the process of establishment, prior to registration;

- Decide on merging, separation, transformation and dissolving of the association, as well as on other changes in the status of the association;

- Appoint and dismiss members of the management board, or a person authorized to represent an association;

- Check and approve the financial report and the report on activities prepared by the management board or by the representative of an association;

- Decides on all other issues that are not within the competence of other organs of an association.

Article 17

The management board, or a person authorized to represent the association, shall:

- Prepare meetings of the assembly;

- Prepare and propose the amendments in the statute and other acts enacted by the assembly;

- Implement the policies, conclusions and other decisions enacted by the assembly;

- Manage the property of the association;

- Submit financial report and the report on the activities of the association;

- Perform other duties set out in the statute.

PART III

FOUNDATIONS

1. The Establishment of a Foundation

Article 18

A foundation can be established by one or more physical or legal persons (hereinafter: the founder).

A foundation can be established by contract, will or other valid legal act.

Unless otherwise provided by the statute, it shall be deemed that the foundation is established for an unlimited period of time.

A founder or a person authorized by the founder shall enact the memorandum of incorporation and the statute of the foundation.

Article 19

The memorandum of incorporation of a foundation shall include:

- The name, surname and the address of the founder, or its name and seat;

- The name, seat and the address of the foundation;

- The basic goals for which foundation is established;

- Monetary assets or other forms of capital assets endowed by the founder;

- The name of the person authorized to handle foundation's registration;

- Signature of the founders and citizen's ID number if the founders are citizens of Bosnia and Herzegovina.

Article 20

The statute of a foundation shall include:

- The name and seat of the foundation;

- The goals and activities of the foundation;

- The organs of the foundation, manner of their appointment and dismissal, their competencies, quorum and voting rights, including the scope of issues to be decided by a qualified majority,

- The manner in which financial and activity reports are submitted;

- The rules of utilizing the assets of the foundation;

- Possible beneficiaries of the foundation's assets;

- The procedure for enacting and amending the statute and other general acts of the foundation

- The form and content of the logo if the foundation decides to have a logo;

- The manner of enactment of other general acts;

- The conditions and procedures for merger, separation or dissolution of the foundation;

- The procedure for distribution of property remaining in case of dissolution of the foundation.

- The representation of the foundation;

- The form and content of foundation's seal.

The statute may contain other provisions that are not contravening the law.

Article 21

A foundation may merge, separate, or transform into another foundation.

A foundation may establish offices, branches, and other organizational forms which do not have a status of legal entity, in compliance with its statute.

2. The Organs of a Foundation

Article 22

The managing organ of a foundation is the management board.

A founder or other person authorized by the founder shall appoint the management board.

The statute may envisage other organs for the foundation.

Article 23

The management board shall:

- Bear responsibility for the implementation of foundation's statutory goals;
- Approve legal acts committed in the name of the foundation before it was entered into the registry;
- Manage the property of the foundation;
- Amend the statute and other acts, unless provided otherwise by the statute;
- Appoint a person authorized to represent foundation;
- Decide on merger, separation, transformation or dissolution of the foundation;
- Prepare financial and other reports and perform other duties in compliance with the law and the statute;
- Perform other duties in compliance with law and the statute.

Article 24

The managing board shall consist of at least three members.

A member of the managing board may be a physical or legal person through its representative.

The following may not be the members of the management board:

- Employees of the foundation;
- Members of other organs of the foundation;
- Persons supervising foundation's activities.

PART IV

REGISTRATION OF ASSOCIATIONS AND FOUNDATIONS

Article 25

An association or a foundation may be entered into the registry book of associations and foundations kept by the district court on whose territory the association or foundation has its seat.

Registration and dissolution of an association or foundation is conducted in accordance with the provisions of the non-litigious procedure.

The registry shall be open to the public during the working hours. Anyone may request a copy of any entry from the registry or any document from the application file of the registered association or foundation. The request may be made personally or through the postal services.

Notwithstanding the provisions of the previous paragraph, an authorized representative of an association or a foundation may request the registration court (hereinafter 'court') to prohibit disclosure of certain data entered into the registry if the disclosure of such data could undermine the personal integrity of the founders or members of the association or foundation. The court shall decide upon such a request in a separate decision. The decision shall be submitted to the Ministry of Administration and Local Self-Governance within eight days after the decision becomes final.

Article 26

The following documents shall be submitted with the application for entry into the register of an association or foundation:

- The memorandum of incorporation;

- The statute of the association or foundation;

- A list of the members of managing bodies and a list with the names of persons authorized to represent the association or foundation;

Article 27

The court shall render a decision on registration within 15 days of the date of application for registration.

If the court fails to render a decision until the deadline set fourth in paragraph 1 of this Article, it shall be deemed that the association is entered into the registry on the first day following the expiration of the deadline.

The court shall have further 8 days to issue a certificate, stating the facts set out in the previous paragraph.

Article 28

A decision to allow registration of an association or foundation shall include:

- Date of the entry;

- Registry number of the entry;

- Name and seat of the association or foundation;

- Goals and activities of the association or foundation;

- Names of authorized representatives.

Article 29

If the court establishes that the statute does not fulfill the requirements set forth in Article 12 and Article 30 of this Law, or that the application for registration does not contain all documents enumerated in Article 26 of the Law, it shall notify the applicant to that effect and shall set a period for rectification which may not be shorter than 30 days.

If the applicant fails to rectify the application within the period set by the court, the court shall issue a decision rejecting the application for entry into the registry.

If the court establishes that the statutory goals or activities of the association or foundation are contrary to the provisions of Article 3, paragraphs 2 and 3 and Article 4 paragraph 1 of this Law, the court shall issue a decision denying the application for entry into the registry.

Article 30

The founders may lodge an appeal against the decision rejecting or denying registration. The appeal shall be lodged with the competent appellate court within 15 days.

Article 31

An association and foundation shall notify the court about any changes of data entered into the registry within 30 days after those changes occur.

Article 32

The decision on registration and on the dissolution of an association or foundation shall be published in the “Official Gazette of the Republic of Srpska”.

The costs of publishing shall be borne by the association or foundation.

Article 33

The Ministry of Administration and Local Self-Governance of the Republic of Srpska shall maintain the central registry of associations and foundations. It shall also maintain the central registry of foreign and international non-governmental organizations that have registered their branches on the territory of the Republic of Srpska.

The registry shall be open to the public during the working hours. Anyone may request a copy of any entry from the registry or any document from the application file of the registered association or foundation, except in the situation prescribed by Article 25(4) of this Law. The request may be made personally or through the postal services.

PART V

REGISTRATION OF FOREIGN AND INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS

Article 34

Rules on registration of associations and foundations prescribed by this Law shall also apply to registration of a branch office of foreign and international association or foundation, or other foreign non-governmental organization, unless otherwise prescribed by the Law (hereinafter: foreign non-governmental organizations).

Along with the application for entry into registry, the following documents shall be submitted to the competent court:

- decision on registration of the foreign non-governmental organization in the country of domicile;

- decision on establishment of an office, branch or other form of organization in the Republic of Srpska;

- name and address of the person authorized to represent foreign non-governmental organization in the Republic of Srpska; copy of the identification document of the authorized person;

- the seat and address of the office in the Republic of Srpska.

If the law of the country of domicile of the foreign non-governmental organization does not require entering into the registry, the organization shall, *in lieu* of submitting the decision on registration in the country of domicile, submit any other written document attested by the public notary or the clerk of the court as a proof that it has acquired a status of the legal person in the country of its domicile.

If the decision on registration in the country of domicile does not indicate goals and activities of the organization, the foreign non-governmental organization shall submit the statute or any other internal act indicating the goals of the organization.

PART VI

THE PROPERTY OF ASSOCIATIONS AND FOUNDATIONS

Article 35

The property of an association or foundation may consist of voluntary gifts and contributions of some monetary value, financial assets allocated from the state budget or customs, subventions and contracts concluded with natural and legal persons, revenue from interests, dividends, profits on capital, rents, fees and similar sources of passive revenue, revenue acquired in the course of fulfilling the goals and activities of the association or foundation, membership fees and other revenues acquired through lawful utilization of the organization's assets and property.

An association and foundation shall dispose of their property in accordance with law and the statute.

Article 36

The use and disposal of the property of an association or foundation shall be supervised by an organ of the association or foundation designated in the statute.

Article 37

An association or foundation shall keep business records and shall prepare financial reports in accordance with the law.

Article 38

The bodies of an association or foundation shall manage the property of the association or foundation with a diligence of a prudent common person. If an association or foundation engages in economic activities in accordance with the provisions of this Law, the members of the management board shall manage the property used for such activity with a diligence of a prudent businessperson.

A member of the organ of an association or foundation may not vote on issues in which his/her financial interests, or the financial interests of his/her spouse or relative, either by blood or by marriage up to the third degree, may conflict with the financial interests of the association or foundation.

Legal transactions referred to in the previous paragraph must be concluded at market price, or under conditions that are more favorable for the association or foundation.

PART VII

ABOLISHMENT FROM THE REGISTRY

Article 39

An association or foundation shall be abolished from the registry once the decision on dissolving the association or foundation becomes final or if the judgement prohibiting its operation becomes final.

Article 40

An association or foundation shall dissolve:

- following a decision of the competent body of the association or foundation dissolve, merge, separate or transform the association or foundation;

- if the conditions set forth in the last paragraph of Article 6 of this Law are met, or if it is established that an association or foundation has ceased to operate.

It shall be considered that an association or foundation has ceased to operate:

- If the assembly of the association or the management board of the foundation has not convened regular meetings for a period twice as long as the period provided for in the statute for holding such meetings;

- If the number of the association's members falls beyond the threshold prescribed by this Law for establishing an association, and the assembly has not decided on admitting new members within three months of the occurrence of this circumstance.

Notwithstanding the second subparagraph of the previous paragraph, the association shall not be dissolved if the admission of the new members is not possible because of objective circumstances caused by the nature of statutory goals of the association.

Upon determining the conditions set out in paragraph 1 of this Article, the court shall order dissolution of the association or foundation.

Article 41

Association or foundation shall be prohibited from operating if:

- it operates in contravention to the provisions of the second paragraph of the Article 3 of this Law;

- continues to perform activity for which it has been fined pursuant to Article 47 Paragraph 1, points 1 and 4.

The court of registration shall, in accordance with the Law of Criminal Procedure, initiate the proceedings to prohibit the work of an association or foundation.

Article 42

The remaining property of an association or foundation abolished from the registry shall be distributed in accordance with the decision of the competent organ of the association or foundation, in compliance with the statute.

Notwithstanding the previous paragraph, if an association or foundation has received tax deductible contributions, customs exemption and other benefits, or has received support from the state-budget, citizens or legal persons in the amount exceeding 10,000 KM in previous or current calendar years, the remaining property of such an association or foundation shall be distributed to another association or foundation registered in Republic of Srpska whose statutory activities are identical or similar to those of the dissolving association.

If the competent organ of an association or foundation fails to render a decision on distributing the property before the abolishment from the registry, the court shall decide on the distribution of the remaining property to another foundation or association, in accordance with the provisions of this Article.

PART VIII

SUPERVISING LEGALITY OF THE WORK OF AN ASSOCIATION OR FOUNDATION

Article 43

The supervision of the legality of work of the work of an association or foundation shall be carried out by the administrative body of the Republic of Srpska whose competence encompasses monitoring the area of activities in which the association or foundation is engaged.

Article 44

As part of their administrative supervision over the exercise of entrusted public competencies, the supervisory bodies referred to in Article 43 of this Law shall, in particular, have the right and duty to:

- decide on appeals lodged against the administrative acts rendered in the course of performing entrusted public competencies,

- exercise other rights that the law confers on appellate bodies in administrative proceedings;

- provide expert guidelines and clarifications on applying laws, other regulations and general legal acts pertinent to the exercise of entrusted public competencies.

Article 45

An association or a foundation entrusted with performing public competencies shall, at least once a year, submit a report on performance of entrusted public competencies to the administrative body supervising the activities of the association or foundation.

Article 46

If an association or foundation that performs public competencies does not exercise entrusted activities in accordance with its duties, the competent supervisory administrative body shall notify in writing the managing organ of the association or foundation to that effect, propose measures to remedy perceived deficiencies and propose other measures falling within the scope of its competencies and duties.

PART IX

PUNITIVE PROVISIONS

Article 47

A fine for misdemeanor ranging from 300 to 3 000 KM shall be imposed on an association or foundation which:

1. conducts activities not in accordance with the statutory goals of the association or a foundation (Article 3 paragraph 3, Article 4 paragraph 1, Article 21, Article 11);

2. fails to use its registered names in legal transactions (Article 6, paragraph 2);

3. fails to notify the registration court about the change of data to be entered into registry in the course of 30 days after the change of data has occurred (Article 31);

4. fails to use surplus generated from economic activities in a way prescribed by the laws and the statute (Article 4, paragraph 2).

For misdemeanors stated in the previous paragraph a fine ranging from 100 KM to 1 000 KM shall be imposed against the responsible person in the association or foundation.

PART X

TRANSITORY AND CLOSING PROVISIONS

Article 48

Already registered associations and foundations shall adjust their internal documents in accordance to the provisions of this Law within six months from the date on which this Law comes into force.

The process of adjusting the documents referred to in the previous Article shall not be subject to any court fees.

Article 49

Registration proceedings not completed until the date on which this Law comes into force shall be completed in accordance with the provisions of this Law.

Article 50

The Minister of Administration and Local Self-Governance shall enact regulation on maintenance of the registry books within two months of the date on which this Law comes into force.

Article 51

The provisions of this Law shall be applicable to associations and foundations subject to their entrance into the registry of associations and the registry of foundations.

The provisions of this Law shall apply accordingly to umbrella organizations and other forms of cooperation of associations and foundations having acquired the status of legal person.

The provisions of this Law shall also apply to associations and foundations whose activities are regulated by a special law (*lex specialis*), unless this would be contrary to the provisions of the special law.

Article 52

As of the day on which this Law comes into force, the Law on Citizens' Associations (Socialist Republic of Bosnia and Herzegovina Official Gazette, No. 5/90, 21/90) and the Law on Associations, Foundations and Funds (The Republic of Srpska Official Gazette No. 14/94) shall be repealed.

Article 53

This Law shall come into effect on the eighth day following its publication in “The Republic of Srpska Official Gazette”.

ANNEX XXVII- INTERNATIONAL AGREEMENTS SIGNED BY BOSNIA AND HERZEGOVINA

On mutual legal assistance and legal relations

- Agreement between Bosnia and Herzegovina and the Republic of Croatia on legal assistance in civil and criminal matters, signed on 26/02/1996 (Agreement was published in the "Official Gazette of the Republic of Bosnia and Herzegovina" - International Treaties No. 1/96);
- Agreement between Bosnia and Herzegovina and the Republic of Croatia on mutual execution of court decisions in criminal matters signed on 26/02/1996 (Agreement was published in the "Official Gazette of the Republic of Bosnia and Herzegovina" - International Treaties No. 1/96);
- Agreement between Bosnia and Herzegovina and the Republic of Croatia on amendments to the Agreement between the Government of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina and the Croatian Government on legal assistance in civil and criminal matters signed on 17/06/2002 (Agreement was published in the "Official Gazette of BiH" - International Treaties No. 11/2005, effective as of the date of signature);
- Agreement between Bosnia and Herzegovina and the Republic of Croatia on amendments to the Agreement between the Government of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina and the Croatian Government on mutual execution of court decisions in criminal matters signed on 07/06/2004 (Agreement was published in the "Official Gazette of BiH" - International Treaties No. 08/2007, effective as of the date of signature);
- Agreement between Bosnia and Herzegovina and the Republic of Slovenia on mutual execution of court decisions in criminal matters signed on 05/04/2002 (contract was published in the "Official Gazette of BiH" - International Treaties No. 12/2005);
- Agreement between Bosnia and Herzegovina and the Republic of Slovenia on extradition from 05/04/2002 (The contract was published in the "Official Gazette of BiH" - International Treaties No. 12/2005 and it came into force on 18/02/2006);
- Agreement between Bosnia and Herzegovina and Serbia and Montenegro on Legal Assistance in Civil and Criminal Matters signed on 24/02/2005 (The contract was published in the "Official Gazette of BiH" - International Treaties No. 11/2005 and it came into force on 09/02/2006);
- Agreement between Bosnia and Herzegovina and Serbia and Montenegro on mutual execution of court decisions in criminal matters signed on 14/02/2005. (The contract was published in the "Official Gazette of BiH" - International Treaties No. 11/2005 and it came into force on 13/02/2006.);
- Agreement between Bosnia and Herzegovina and the Republic of Macedonia on mutual execution of court decisions in criminal matters signed on 27/01/2006. (The contract was published in the "Official Gazette of BiH" - International Treaties No. 09/2006 and it came into force on 14/10/2006.);
- Agreement between Bosnia and Herzegovina and the Republic of Macedonia on the settlement of property and legal issues signed on 13/09/2005 (The contract was published in the "Official Gazette of BiH" - International Treaties No. 09/2006 and it came into force on 11.09.2006.);
- Agreement between Bosnia and Herzegovina and the Republic of Macedonia on Legal Assistance in Civil and Criminal Matters signed on 13/09/2005. (The contract was published in the "Official Gazette of BiH" - International Treaties No. 16/2006 and it came into force on 02/03/2007);

- Agreement between Bosnia and Herzegovina and the Republic of Macedonia on Extradition (The treaty was published in the "Official Gazette of BiH" - International Treaties No. 14/06; it entered into force on 10/01/2007.);
- Consular Convention between Bosnia and Herzegovina and the Republic of Turkey dated from 29/01/2002. (The Convention was published in the "Official Gazette of BiH - International Treaties" No. 06/2005);
- Agreement between Bosnia and Herzegovina and the Republic of Turkey on legal assistance in civil and commercial matters signed on 16/02/2005. (The contract was published in the "Official Gazette of BiH" - International Treaties No. 12/2005);
- General Agreement between Bosnia and Herzegovina and the Holy See with the Additional Protocol (The treaty was published in the "Official Gazette of BiH" - International Treaties No. 10/2007);
- Agreement on Legal Assistance in Civil and Criminal Matters between Bosnia and Herzegovina and the Republic of Slovenia (The contract was signed on 21/10/2009. It entered into force on 19/09/2010; Published in the "Official Gazette of BiH" - International Treaties No. 7/10);
- Agreement between Bosnia and Herzegovina and the Republic of India on Mutual Legal Assistance in Criminal Matters (The Agreement was signed on 29/10/2009; Published in the "Official Gazette of BiH" - International Treaties No. 7/10);
- Agreement between Bosnia and Herzegovina and Serbia on amendments to the Agreement between Bosnia and Herzegovina and Serbia and Montenegro on Legal Assistance in Civil and Criminal Matters (The treaty was signed on 26/02/2010. It entered into force on 10/02/2011; published in the "Official Gazette of BiH" - International Treaties No. 8/10);
- Agreement between Bosnia and Herzegovina and Serbia on amendments to the Agreement between Bosnia and Herzegovina and Serbia and Montenegro on mutual execution of court decisions in criminal matters (The agreement was signed on 26/02/2010. It entered into force on 16/02/2011; published in the "Official Gazette of BiH" - International Treaties No. 12/10);
- Agreement between Bosnia and Herzegovina and the Republic of Croatia amending the Treaty between Bosnia and Herzegovina and the Republic of Croatia of mutual execution of court decisions in criminal matters (The agreement was signed on 11/02/2010. It entered into force on 10/02/2011; Published in "Official Gazette of BiH "- International Treaties No. 8/10);
- Agreement between Bosnia and Herzegovina and Montenegro on Legal Assistance in Civil and Criminal Matters (The agreement was signed on 09/07/2010; Published in the "Official Gazette of BiH" - International Treaties No. 7/11);
- Agreement between Bosnia and Herzegovina and Montenegro on mutual execution of court decisions in criminal matters (The Agreement was signed on 09/07/2010, published in the "Official Gazette of BiH" - International Treaties No. 7/11);
- Agreement on Legal Assistance in Civil and Criminal Matters between Bosnia and Herzegovina and the Islamic Republic of Iran (The Agreement was signed on 14/06/2011; Published in the "Official Gazette - International Treaties", No. 2/12);
- Agreement on Mutual Legal Assistance in Criminal Matters between Bosnia and Herzegovina and the Democratic People's Republic of Algeria (The agreement was signed on 20/09/2011, the process of ratification is underway);
- Extradition Agreement between Bosnia and Herzegovina and the Democratic People's Republic of Algeria (The agreement was signed on 20/09/2011, the process of ratification is underway);

- Agreement on legal assistance in civil and commercial matters between Bosnia and Herzegovina and the Democratic People's Republic of Algeria (The agreement was signed on 20/09/2011, the process of ratification is underway);
- Agreement on Mutual Legal Assistance in Civil and Criminal Matters between Bosnia and Herzegovina and the Republic of Moldova (The agreement was signed on 19/06/2012, the process of ratification is underway);
- Agreement on Legal Assistance in Criminal Matters between Bosnia and Herzegovina and the People's Republic of China (The agreement was signed on,- the process of ratification is underway);
- Extradition Agreement between Bosnia and Herzegovina and the People's Republic of China (The agreement was signed on, the process of ratification is underway);
- Agreement on legal assistance in civil and commercial matters between Bosnia and Herzegovina and the People's Republic of China (The agreement was signed on,- the process of ratification is underway);
- Agreement on the Transfer of Convicts between Bosnia and Herzegovina and the Republic of India (The Agreement was signed on 13/12/2012, the process of ratification is underway);
- Extradition Agreement between Bosnia and Herzegovina and Montenegro (The agreement was signed on 15/11/2012, the process of ratification is underway; applicable from the date of signing);
- Extradition Agreement between Bosnia and Herzegovina and the Republic of Croatia (The agreement was signed on 28/11/2012; the process of ratification is underway; applicable from the date of signing).

ANNEX XXVIII – STATISTICS ON TRAINING

Financial Crimes Courses 2009 to present provided by ICITAP/OPDAT for LEA representatives and prosecutors:

June 14-19, 2009	Financial Crimes Inv	18 participants
July 20-24, 2009	Financial Crimes Inv	16 participants
Oct. 12-16, 2009	Financial Crimes Inv	22 participants
Oct. 20-26, 2009	Financial Crimes Inv	25 participants
Nov. 9-13, 2009	Financial Crimes Inv	17 participants
Nov. 30- Dec. 4, 2009	Financial Crimes Inv	17 participants
Dec. 14-18, 2009	Financial Crimes Inv	22 participants
Mar. 20-23, 2010	Narcotic Inv	24 participants
Apr. 17-21, 2010	Narcotic Inv	30 participants
Jul. 5-9, 2010	Financial Crimes Inv	26 participants
Jul. 12-16, 2010	Financial Crimes Inv	34 participants
Nov. 8-12, 2010	Narcotic Inv	13 participants
Nov. 22-26, 2010	Narcotic Inv	8 participants
Dec. 6-10, 2010	Narcotic Inv	31 participants
Apr. 6-8, 2011	Money Laundering	16 participants
Apr. 11-13, 2011	Money Laundering	17 participants
May 16-20, 2011	Narcotic Inv	14 participants
May 23-25, 2011	Financial Crimes Inv	19 participants
Jun. 6-8, 2011	Financial Crimes Inv	18 participants
Jun. 13-15, 2011	Financial Crimes Inv	13 participants
Jun. 20-22, 2011	Financial Crimes Inv	31 participants
Dec. 5-9, 2011	Narcotic Inv	41 participants
Jan. 23-27, 2012	Narcotic Inv	26 participants
Sep. 17-28, 2012	Narcotic Inv	14 participants
May 6-10, 2013	Narcotic Inv	22 participants
Sep 30-Oct. 10, 2013	Financial Crimes Inv	8 participants
Jan. 27-28, 2014	Public Corruption	21 participants
Jan 30-Feb.1, 2014	Public Corruption	21 participants
Mar 24-25, 2014	Public Corruption	28 participants
Mar 27-28, 2014	Public Corruption	21 participants
Apr 7-8, 2014	Organized Crime Narcotic Inv	22 participants

Apr 10-11, 2014 Organized Crime Narcotic Inv 8 participants

In all of the above courses that ICITAP sponsored or participated with OPDAT in conducting money laundering, following the money trail or some type of financial crimes investigations was taught.

Trainings for SIPA / FID

Name of the Training	**Date**	**Number of trainees from Financial Intelligence Department**	**Number of trainees- Other employees of SIPA**
Prevention and Investigation of Money Laundering and Funding of Terrorist Activities	04/11/2013 08/11/2013; 09/12/2013 13/12/2013	12 12	3 3
Financial Investigations	20/07/2009 - 18/12/2009; 12/06/2013 - 13/06/2013; 05/11/2013 - 07/11/2013	4 1 1	22 1
Financial Investigations and Money Laundering	15/07/2010 – 17/03/2011	18	23
Integrated Financial Investigation	27/06/2011 – 29/06/2011	5	5
Financing of terrorism and Money Laundering	25/01/2010 – 29/01/2010	2	7
Fight against terrorism, Money Laundering and Financing of terrorism	07/10/2009 – 08/10/2009		2

Financial Investigations aimed to confiscation illegally acquired property	22/02/2011 - 24/02/2011; 24/05/2011 – 25/05/2011	2	2
Financial Investigation and freezing illegally acquired property	09/10/2012 – 12/10/2012	1	1
Financial Investigations and confiscation proceeds of crime	03/07/2012 – 04/07/2012	2	
The best practice of EU in the field of the Financial Investigations	16/10/2012 - 17/10/2012	4	2
Financial Investigations of bank transactions and stock market businesses	28/11/2012 – 29/11/2012	2	
The best practice of EU in the field of the financial investigations with specially accent at the suspicious transactions in the cases which are connected with terrorism-study cases	29/01/2013 – 30/01/2013	3	4
Financial Investigations and confiscation illegally acquired property	30/09/2013 – 01/10/2013; 10/10/2013 – 11/10/2013		2 2
Financial investigations of the cases of cross-border organized crime	20/02/2014 – 21/02/2014		5
Money laundering and financial investigations	26/03/2014 – 27/03/2014	2	2
Financing of terrorism	23/06/2014 – 27/06/2014	5	7

Financial crime in the cyber world	04/02/2014 – 06/02/2014		4
Cybercrime, Money laundering and financing investigations	14/11/2012 – 14/11/2012		2
Investigation and prosecution financial crime and relevant criminal offences	14/06/2009 – 19/06/2009		2
Capacity building of financial investigations	20/01/2014 – 24/01/2014; 05/03/2014 – 06/03/2014	2 1	2 1
Collecting and prosecuting datas of criminal financial investigations	17/01/2011 – 18/01/2011; 19/01/2011 – 20/01/2011	7 3	6 8
Investigative techniques of financial crimes	23/05/2011 – 22/06/2011	1	73

Brcko District BiH

	Subject	**Date**	**Number of attendees**
a. FIU			
b. Police and other law enforcement agencies **POLICE OF BRCKO DISTRICT**	- *Detecting and proving money laundering* - *Investigation of money laundering* - *Fight against money laundering acquired through drug trade* - *Financing of Terrorism* - *Prevention of money laundering and*	11.-13.06.2012. 10.-13.09.2012. 16.-18.10.2012. 17.-18.10.2012.	1 PBD BiH 2 PBD BiH 2 PBD BiH 1 PBD BiH

	financing of terrorist activities *- Money laundering and financial investigations*	04.-08.11.2013. 09.-13.12.2013. 26.-27.03.2014.	2 PBD BiH 2 PBD BiH 2 PBD BiH
c. Customs and border control officers **TAX AUTHORITY OF BRCKO DISTRICT**	*Financial investigations* *Financial investigations* *Criminal offences from the field of financial crime* *Investigation and criminal prosecution of tax offences* *Financial investigations and confiscation of illegally acquired property*	12-16.10.2009 12-16.07.2010 28-30.03.2011 23-27.01.2012 07 i 08.10.2013	1 4 1 2 1
d. Judges and prosecutors			
e. Regulatory or supervisory bodies			

BiH Directorate for the coordination of police bodies

-The first meeting of the expert working group for identifying, locating and confiscating property 13 -16 May 2014.

- Financial investigations and confiscation of illegally gained property 15 May 2013

- Money laundering and financial investigations 26-27 March 2013

- Fight against organised crime, especially against illicit drug trade and prevention of terrorism, 08-10 October 2012

- Fight against organised crime, especially against illicit drug trade and prevention of terrorism, 11-13 September 2012

- Investigations, Money laundering (IPA2008) 2012

- Financing of terrorism (US Embassy) 2012

- Financing of terrorism (US Embassy) 2012

- Best EU practices on financial investigations with special emphasis on suspicious transactions concerning terrorism (Ministry of Internal Affairs-TAIEX) 2013

FBIH Banking Agency

1 AML/CFT for Supervisors IMF 25-29.05.2009 Joint Vienna Institute, Vienna, Austria 1

2 Off-site supervision USAID-PARE 23-27.08.2009 Sarajevo 1

3 Money laundry and terrorism financing risk assessment POTECON 07.-08.05.2009 Sarajevo 2

4 Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT) Current Issues and Integrity Supervision the Central Bank of Cyprus and the Central Bank of the Netherlands 28.-29.01.2010 Nicosia, Cyprus 2

5 Prevention of money laundering, financing of terrorism and abuse of payment system, international cooperation and national perspectives The Central Bank of Italy 07.-09.06.2010 Rome, Italy 1

6 International conference on prevention of money laundering Zagreb School of Economy and management 28.-29.06.2010 Zagreb, Croatia 2

7 Public-private partnership in fighting terrorism Ministry of Security BiH and OSCE 08.-10.12.2010 Sarajevo 1

8 Prevention of money laundering and financing of terrorist activities Revicon Ltd. Sarajevo 24.-25.02.2011 Fojnica 4

9 Prevention of money laundering and financing of terrorist activities - training SIPA-NICO PROJECT 14.-17.03.2011 Sarajevo 3

10 Prevention of money laundering and financing of terrorist activities - training SIPA-NICO PROJECT 04.-05.04.2011 Sarajevo 2

11 Seminar-Cyber Security Ministry of Security of BiH 09.-11.11.2011 Teslić 1

12 Prevention of money laundering and financing of terrorist activities Revicon Ltd. Sarajevo 22.-23. 03.2012 Fojnica 4

13 Workshop on the Revision to the International AML/CFT Standard IMF 09-13.04.2012 Joint Vienna Institute, Vienna, Austria 1

14 The best EU practices in area of financial investigations

European Commission Unit for technical assistance in exchange of information 16.-17.10.2012 Sarajevo 1

15 Prevention of money laundering and financing of terrorist activities Revicon Ltd. Sarajevo 26.-27.03.2013 Fojnica 6

16 Prevention of money laundering The Bank Association BiH, ATTF Luxemburg 07.-09.10.2013 Sarajevo 1

17 International Anti-Money Laundering Compliance Conference Institute of Banking Educations NBS and Banking Association for Central and Eastern Europe 09.-10.12.2013 Bratislava, Slovakia 2

18 Cooperation between the responsible bodies in anti-money laundering and financing of terrorist activities FOO, TAIX April 2014. Sarajevo 2

19 Prevention of money laundering The Bank Association BiH, ATTF Luxemburg 06.-08.05.2014 Sarajevo 1

20 Money laundering and financing of terrorist activities risk assessment POTECON 22.05.2014 Sarajevo 2

1 importance and role of an internal auditor in recession

Internal Auditors Association in BiH 24.09.2009 Sarajevo 1

2 VI annual assembly of internal auditors and V symposium of internal auditors in BiH 15.-17.04.2010 Dubrovnik, Croatia 3

3 Accounting, auditing, financial and other knowledge Business Academy of the School of Economy Sarajevo 11.05.2010 Sarajevo 1

4 Management accounting, Part I, financial accounting, taxes, and influence thereof on the financial result and management decisions Business Academy of the School of Economy Sarajevo 25.05.2010 Sarajevo 2

5 Fiscalization in Federation BiH 'Financial-economic Bureau FEB" Sarajevo 18.10.2010 Sarajevo 1

6 The effects of new and changed MSFI and MRS and the Law on obligatory relations 'Financial-economic Bureau FEB" Sarajevo 21.11.2010 Sarajevo 1

7 Decrease of MRS 39 value, Financial instruments: Recognition and measurement Cinotti Ltd. Business Consulting Zagreb 13.-14.01.2011 Sarajevo 2

8 Application of the new Plan of Accounts and Tax Return for 2010 (mandatory education for certified accountants and auditors) Revicon Ltd. Sarajevo 15.03.2011 Sarajevo 1

9 MRS 39 Deloitte Ltd. Sarajevo 28.-29.03.2011, Sarajevo 3

10 Compulsory administration and payment of insured deposits USAID 15.06.2011 Sarajevo 1

11 Symposium – Accelerated reforms function of sustainable development Revicon Ltd. Sarajevo 26.-28.05.2011 Neum 1

12 Semi-annual account I-VI 2011. (mandatory education for certified accountants and auditors) Revicon Ltd. Sarajevo 21.06.2011 Sarajevo 1

13 Changes and amendments to standards (mandatory education for certified accountants and auditors)Revicon Ltd. Sarajevo 20.09.2011 Sarajevo 1

14 Recent changes of tax regulations and preparatory activities for annual account (mandatory education for certified accountants and auditors) FEB Ltd. Sarajevo 15.12.2011 Sarajevo 1

15 Tax balance and income tax return for 2011(mandatory education for certified accountants and auditors) FEB Ltd. Sarajevo 13.03.2012 Sarajevo 1

16 Trade and production – accounting and legal frame, personal income of residents and non-residents in domestic taxation and labour legislation (mandatory education for certified accountants and auditors) FEB Ltd. Sarajevo 16.05.2012 Sarajevo 1

17 Study trip - The internal auditors Association in BiH 28.08.-01.09.2012 Vienna, Austria 2

18 MSFI application in small and medium enterprises (mandatory education for certified accountant and auditors) Revicon Ltd. Sarajevo 18.09.2012 Sarajevo 2

19 Topics from practice (mandatory education for certified accountants and auditors) Revicon Ltd. Sarajevo 30.10.2012 Sarajevo 2

20	Annual account and tax return for 2012 (continued education of certified accountants and certified auditors)	FEB Ltd. Sarajevo	22.01.2013	Sarajevo	2
21	Topics from practice (mandatory education for certified accountants and auditors)	Revicon Ltd. Sarajevo	06.03.2013	Sarajevo	2
22	Value added tax	Deloitte Ltd. Sarajevo	22.02.2013	Sarajevo	2
23	Property inventory, receivables and liabilities	Fin consult Ltd. Tuzla	03.10.2013	Sarajevo	2
24	Topics in area of finance and accounting	FEB Ltd. Sarajevo	08.10.2013	Sarajevo	2
25	Annual account for 2013	Revicon Ltd. Sarajevo	27.11.2013	Sarajevo	2
26	Tax return for 2013	Fircon Ltd. Mostar	08.01.2014	Sarajevo	2
27	Tax balance	Revicon Ltd. Sarajevo	25.02.2014	Sarajevo	2
28	Current topics	Revicon Ltd. Sarajevo	04.04.2014	Sarajevo	2
29	Semi-annual account for 2014	Fin profin Ltd. Sarajevo	02.06.2014	Sarajevo	2

FBiH

c) **Insurance Agency of FBiH**	Prevention of Money Laundering in Insurance	2011, 2012, 2013, 2014	14

FBiH

Ministry of interior – Federal Police Administration

	Subject	**Date**	**Number of participants**
d) **Police and other law enforcing agencies**	"Combating organized crime, with a special focus on money laundering" in the organization of the Agency for staff specialization of BiH and the EUPM	02.-04.11.2011. Sarajevo	3 police officers of law enforcement agencies
	"Financial investigations" organized by TAIEX	07.-10.11.2011. Brcko	6 police officers of law enforcement agencies
	"Money laundering" organized by EUPM	11.-13.11.2012. Sarajevo	4 police officers of law enforcement agencies
	"Preventing terrorist activities" organized by the US Embassy		1 police officer of a law enforcement agency

	"Financial investigations", organized by the European Commission	18.06.2012. Sarajevo	6 police officers of law enforcement agencies
	"Financial investigations with reference to the EU Directive on Money Laundering"	16.-17.10.2012. Sarajevo	1 police officer of a law enforcement agency (FUP)
	"The role of banks in money laundering"		
	"The fight against money laundering through illegal drug trafficking"	09.-11.11.2012. Brussels	1 police officer of a law enforcement agency (FUP)
	"confiscation of illegally acquired assets and its management" IPA 2010	28.-30.11.2012. Sarajevo	1 police officer (FUP)
	"Financing Terrorist Activities" organized by TAIEX	26.-27.10.2012.	1 police officer (FUP)
	Workshop: "Financial Investigations" organized by TAIEX	27.11-01.12.2012. Sarajevo	1 police officer (FUP)
	Conference: "Prevention of money laundering and confiscation of illegally acquired property"	29.-30.01.2013. Sarajevo	6 police officers of law enforcement agencies (1 police officer of FUP)
	"Financial investigations and confiscation of illegally acquired property" - IPA EU	12.-13.6.2013. Brcko	1 police officer of FUP
	"Prevention of money laundering and terrorist		

	financing" IPA "Preventing terrorist activities" organized by the US Embassy	04.-05.09.2013. Belgrade 10.10.2013. Sarajevo 04.-08.11.2013. and 09.-13.12.2013. Sarajevo 05.-16.05.2014. Sarajevo	5 police officers of law enforcement agencies 16 police officers (2 police officers of FUP) 24 police officers of law enforcement agencies

RS Police, Judges, Prosecutors and Banking agencie

	Subject	**Date**	**Number of participants**
e) **FOO**			
f) **Police and other law enforcement agencies**	1. Money laundering analysis 2. Financial investigations and money laundering 3. Money laundering 4. Investigations of money laundering 5. The fight against laundering the proceeds of drug trafficking 6. Prevention of money laundering and confiscation of property 7. Money laundering and financial investigations	11-13.04.2011 13-15.03.2012 11-13.06.2012 11-14.11.2012 16-18.10.2012 03-05.09.2013 26-27.03.2014	
g) **Officials of Customs and border controls**			

h) **Judges and prosecutors**	(4) Cybercrime, money laundering and financial investigations (5) Financing of terrorism (6) Criminal offenses in the field of financial crime (several times at different locations) (7) Criminal prosecution in cases of terrorism (8) Improving international cooperation related to terrorism (9) Criminal acts of terrorism - terrorism and the financing of terrorist organizations	10. 12. 2012. 17.10-18.10. 2012. 24.01. -26.01.2012. 28. 03.-30.03.2011. 23.03.-25.03.2011. 16. 11.-18.11.2011. 16.12.-17.12. 2009. 28.01-29.01.2009.	16 2 3 6 10 2 1 6
a) **Regulatory or supervisory bodies - the RS Banking Agency**	(6) Regional Seminar on Combatting Terrorism, Money Laundering and the Financing of Terrorism (7) Sub-regional Workshop on the Domestic Legal Implications of United Nations Security Council Resolutions and Financial Sanctions against Terrorism for Central and South-East Europe	2009.	1 1
	n) Protection and transfer of money in BiH, o) Prevention of Money Laundering and combating the financing of terrorism, p) The use of electronic signatures in closed systems in BiH with an emphasis on electronic banking	2010.	2 1 2

	(3) Financial Crime and Investigations (4) Collection and data processing (5) Report on the progress of BiH in the fight against money laundering and terrorist financing (6) Misuse of credit cards	2011.	1 3 1 1
	(5) Investigations, removal and management of illegally acquired property, q) Prevention of Money Laundering and combating the financing of terrorism, (6) EU best practice in the field of financial investigations with special emphasis on advanced analysis techniques of bank accounts, offshore movements, bank accounts, VAT fraud, case studies	2012.	1 1 1
	k) Workshop-The fight against counterfeiting of Euro currency, l) FOO, law enforcement agencies and financial institutions: Cooperation in the fight against money laundering, m) Multi Country Workshop on the Fight against the Counterfeiting of Euro Bills, n) International AML Conference C	2013.	1 1 1 2

Trainings organized by Auditing and Consultancy Company – REVICON DOO Sarajevo for Obliged entities – regarding issues of prevention of ML/FT:

Fojnica 26 - 27. 03.2014.

Organisation	Number
Banks	29
Insurance companies	10
MCO/MCF	34
Leasing companies	13
Agencies/institutions	10
ZIF/DUF	1
Posts	3
Others	19
Total	**119**

Fojnica 26.- 27. 03.2013.

Organisation	Number
Banks	32
Insurance companies	3
MCO/MCF	37
Leasing companies	20
Agencies/institutions	13
ZIF/DUF	3
Posts	7
Others	11
Total	**126**

Fojnica 22.- 23. 03.2012.

Organisation	Number

Banks	39
Insurance companies	4
MCO/MCF	26
Leasing companies	11
Agencies/institutions	8
ZIF/DUF	5
Posts	9
Others	12
Total	**114**

Fojnica 25.- 26. 02.2011.

Organisation	Number
Banks	56
Insurance companies	6
MCO/MCF	14
Leasing companies	12
Agencies/institutions	12
ZIF/DUF	7
Posts	6
Others	11
Total	**124**

EDUCATIONS ABOUT MONEY LAUNDERING WHICH WERE HELD BY BANK ASSOCIATION IN BiH (UBBiH)

IN THE PERIOD 2009-2004

2009.

March, Seminar: „Prevention Money Laundering“ (in cooperation with ATTF Luxembourg)

Duration: 3 days

Number of participants: 50

October, Regular discussion meeting Autorized persons

Duration: 1 day

Topic: New Law on prevention of Money Laundering and Financing Terrorist Activities

Number of participants: 30

December, Regular discussion meeting Autorized persons

Duration: 1 day

Topic: New Law on prevention of Money Laundering and Financing Terrorist Activities

and Rulebook

Number of paritcipants: 35

2010

Februar: Regular discussion meeting Autorized persons

Topic: Creating reports to Ministry security of BiH (Our No: I-25/10 od 22.02.2010.god.) named: “Remarks and Request to inerpretation of Law on prevention of Money Laundering and Financing Terrorist Activities (“Official Gazette of BiH” No.53/09) and Rulebook of risk assessment, datas, informations, documments, identification methods and the other minimal indices which are necessary for efficient provođenje provisions of the Law on prevention of Money Laundering and Financing Terrorist Activities (“Official Gazette of BiH” No.53/09)

Duration: 1 day

April, Seminar: “Prevention Money Laundering” (u saradnji sa ATTF Luxembourg)

Duration: 3 days

Number of paritcipants: 48

2011

Maj, Seminar: “Prevention Money Laundering (Prevention of Money Laundering and Compliance orig.)” (in cooperation with ATTF Luxembourg)

Duration: 3 days

Number of paritcipants: 35

Maj, Regular discussion meeting Autorized persons

Duration: 1 day

Topic: „Guidelines for risk assessment i provođenje Law on prevention of Money Laundering and Financing Terrorist Activities“.

Number of paritcipants: 27

2012

Maj, Seminar: “Preventionon of ML” (in cooperation with ATTF Luxembourg)

Duration: 3 days

Participants: 26

Maj, Regular discussion meeting Autorized persons

Duration: 1 dan

Tema: New Decision on Minimal standars on AML/CFT for Banks

Participants: 19

Novembar Regular discussion meeting Autorized persons

Duration: 1 dan

Tema: Comliance of internal documents with provisions of the Decision on minimal standards for banks.

("Sl. novine FBiH" br.48/12 i Sl.glasnik RS br. 68/12).

Participants: 28

2013

Septembar, Seminar: “Prevention of ML” (in cooperation with ATTF Luxembourg)

Trajanje: 3 dana

Participants: 34

Novembar, Regular discussion meeting Autorized persons

Trajanje: 1 dan

2014

Maj, Seminar: “Prevention of ML” (in cooperation with ATTF Luxembourg)

Trajanje: 3 dana

Participants: 24

July Regular discussion meeting Autorized persons

Duration: 1 dan

Theme:

- New AML/CFT Law

-FATCA

Participants: 32

Committee of Association of Banks of BiH for prevention of ML has held 13 meetings in period 2009-2014.