

*This translation was delivered by the Ministry of Finance of the Republic of Srpska. The translation of this legal act has no legal force and should be used solely for informational purposes. Only legislation published in the Official Gazettes in BiH are legally binding.*

*The verification and linguistic, expert and legal editing of the translation of the act was carried out by the Ministry of Economic Relations and Regional Cooperation of the Republic of Srpska – Translation Unit for the Purposes of the European Integration Process.*

(Official Gazette of the Republic of Srpska, 96/03, 123/06 and 92/09)

## **THE LAW ON FOREIGN CURRENCY OPERATIONS**

- Unofficial consolidated text -

### **I - GENERAL PROVISIONS**

#### **Article 1**

This Law regulates payment and collection between the residents and non-residents and transfer of means of payment, payment and collection between residents in foreign currency means of payment, purchase and sales of means of payment, physical transfer of means of payment, accounts of residents and non-residents and other foreign currency operations in the Republic of Srpska (hereinafter 'the Republic').

Payment, collection, transfer, purchase and sales referred to in paragraph 1 of this Article shall be conducted in accordance with this Law, good business practices and business morals.

Payment, collection, transfer, purchase and sales referred to in paragraph 1 of this Article shall be subject to foreign currency control, whose bodies shall hold the right to request all documentation on those payments, collections, transfer, purchase and sales, for the purpose of checking as well as other documentation required for foreign currency control.

#### **Article 2**

Definitions and terms used in this Law have the following meanings:

##### **1. Residents are:**

1) legal entities registered in Bosnia and Herzegovina (hereinafter 'legal entities'), except representative offices of these entities located outside Bosnia and Herzegovina;

2) branches – field offices of foreign legal entities entered into registry at authorised body in Bosnia and Herzegovina;

3) entrepreneurs – individuals, performing activity independently for the purpose of gaining profits and registered at authorised body (hereinafter 'entrepreneurs');

4) physical persons with residence in Bosnia and Herzegovina, except physical persons whose temporary sojourn abroad shall last longer than one year;

5) physical person – foreign citizens who shall, based on sojourn permit, i.e. work visa, stay in Bosnia and Herzegovina 183 or more days, except foreign citizens employed in diplomatic and consular representative offices, as well as members of their families.

6) state bodies and organisations, diplomatic representative offices abroad and persons employed in those representative offices, as well as their family members.

## **2. Non-residents**

Non-residents are all persons not listed under the term resident.

## **3. Authorised bank and bank**

Authorised bank and bank is a legal entity established and operating in accordance with the regulations defining operations of the banks and which holds a work permit from the Banking Agency of the Republic of Srpska (hereinafter 'the Agency').

## **4. Central Bank of Bosnia and Herzegovina**

The Central Bank of Bosnia and Herzegovina (hereinafter 'the Central Bank') is the legal entity operating in accordance with the Law on the Central Bank of Bosnia and Herzegovina and performing business activities in accordance with its competencies.

## **5. Means of payment**

Means of payment are convertible marks, domestic securities and foreign means of payment.

Domestic securities are securities issued by a resident.

Foreign means of payment are foreign currency, effective foreign money and foreign securities where:

- 1) foreign currency is receivables abroad listed in foreign currency;
- 2) effective foreign money is receivables in cash, i.e. paper money or coins listed in foreign currency;
- 3) foreign securities are securities issued by a non-resident and listed in foreign currency.

## **6. Domestic currency**

The convertible mark (BAM) is the domestic currency and legal means of payment of all public and private liabilities and debts in Bosnia and Herzegovina.

## **7. Payment instruments**

The instruments of payment are the letters of credit, transfers, payment cards, bills of exchange (B/E), cheques and other banking and financial documents collectible in foreign currency.

## **8. Foreign currency market**

Foreign currency market includes all operations of purchase and sales of foreign currency and effective foreign money.

## **9. Exchange operations**

Exchange operations are the activities of purchase from physical persons and sales to those persons of effective foreign money and cheques listed in foreign currency that can be cashed in foreign currency.

## **10. Current operations**

Current operations are the activities entered into between the residents and non-residents whose intention is not the transfer of capital.

Payments and transfers per current operations include, without limitation the following:

- 1) payments based on foreign-trade operations, as well as other current international operations, including services;
- 2) payments of interests and loans and net profits from other investments;

3) payments of a portion of loan principal, withdrawal of direct investment and transfer of profits based on direct investment;

4) transfers to physical persons based on: transfers of employees, pensions, disability allowances, other social income, transfers based on taxes and fees, international cooperation, liquidated damages based on insurance agreement, transfers based on final and executive decisions, transfers based on gains in the games of fortune, compensations for concessions, membership fees and fines (penalties), as well as transfers of moderate amount of costs required for family support.

### **11. Capital operations**

Capital operations are the operations between residents and non-residents other than current international operations.

Capital operations referred to in paragraph 1 of this Article include also the following:

- direct investments,
- real-estate investments,
- operations with securities in capital market,
- operations with securities in money market,
- operations with investment funds,
- credit operations,
- depositing operations,
- sureties and guarantees,
- operations based on agreement on insurance, in accordance with the regulations regulating the field of insurance,
- unilateral transfers of means of payment (personal and physical).

### **12. Direct investments**

Direct investments are all investments by residents abroad and by non-residents in the Republic, made by the investor with the purpose of establishing permanent economic relations and significant influence on legal entity management in accordance with the regulations on foreign investment and regulations on foreign trade operations.

The establishment of permanent economic relations and realisation of significant influence over management of a legal entity include:

a) establishment of a legal entity or increase of principal capital of a legal entity which is fully owned by the investors, establishment of a section of a legal entity (branch office) or buy-out of an already existing legal entity which is fully owned by the investor or investment for the purpose of performance of entrepreneur's activity;

b) investment in a new or already existing legal entity if the investor gains 10% or a higher share in principal capital i.e. exceeding 10% of voting rights upon fulfilment of the conditions referred to in paragraph 1 of this point;

c) credits for the purpose of establishment of permanent economic relations with the five year maturity period or longer, when having character of subordinate receivables (subordinated loans).

### **13. Operations with securities**

Operations with securities are the operations in the capital and money market, as well as operations with investment funds which are not operations in the sense of direct investment.

For the purpose of this Law, securities being traded in the capital market are shares, bonds and other debt securities issued in a series, with the maturity period exceeding one year.

For the purpose of this Law, securities being traded in the money market are the securities issued in a series with the maturity period of up to one year, such as treasury bills, commercial bills, deposit certificates and bank acceptances.

#### **14. Loan operations**

- 1) Loan operations (credits and loans) are legal operations between residents and non-residents entered into in foreign currency, in accordance with legal regulations;
- 2) For the purpose of this Law, loan operations include commercial and financial loans, as well as guarantees and sureties;
- 3) For the purpose of this Law, commercial loans are deferred payments, i.e. advance payments of goods and services, as well as bank financing of deferred payment or advance payment and operations of redemption (factoring and forfeiting), when the principal operation that produced the receivable has the character of a commercial loan;
- 4) Bank financing of deferred payment and advance payment referred to in subpoint 3 of this point means approval of a loan to the debtor for the purpose of financing international turnover of goods and services, i.e. settling of a liability upon order of that debtor directly to the supplier of goods, i.e. provider of service in foreign trade turnover;
- 5) For the purpose of this Law, financial credits are all loans except loans referred to in point 12, subpoint c) of this Article and subpoint 3 of this point;
- 6) Financial credits referred to in subpoint 5 of this Article mean also all forms of financing with commercial affairs as their basis (trade in goods or provision of services) where a resident is not a contracting party in the affair, and finance lease operations in accordance with the regulations regulating lease;
- 7) Loans are the operations entered into by residents and non-residents where the resident takes the loan from the non-resident or provides the loan to the non-resident, in accordance with the provisions of this Law and regulations regulating contracts and torts;
- 8) For the purpose of this Law, guarantees mean bank guarantees, provided by banks to non-residents within international credit operations and credit operations between two non-residents abroad);
- 9) For the purpose of this Law, sureties mean sureties and other means of securing, provided in accordance with this Law by the residents - legal entities to the non-residents - loan issuers within international credit operations and credit operations between two non-residents abroad.

#### **15. Depositing operations**

- 1) Depositing operations are the operations arising from an agreement on deposit between a non-resident and a bank, between a resident and a bank, i.e. between a resident and other financial organisation abroad;
- 2) For the purpose of this Law, a depositing operation is also an operation arising from a contract on a current or another account, in accordance with the provisions of the regulations regulating contracts and torts and payment operations.

#### **16. Operations based on insurance agreement**

Operations based on insurance agreement include payments of premiums and insured amounts based on agreements between an insurance company - non-resident and a resident as beneficiary, as well as between an insurance company - resident and a non-resident as beneficiary in accordance with the regulations regulating the field of insurance.

#### **17. Unilateral transfers of means of payment**

Unilateral transfers of means of payment are transfers abroad from the Republic or from abroad to the Republic, which are not based on completion of work, between a resident - physical person and a non-resident - physical person and they may be personal and physical.

A personal transfer of means of payment from the Republic and to the Republic includes gifts and assistance, inheritance, rent (fixed income), settling of debt of an immigrant in the home country and transfer of emigrant's funds abroad.

A physical transfer of means of payment is each carrying of cash in convertible marks, as well as carrying of effective foreign currency and securities from and to the Republic.

## II - BASIC PROVISIONS

### **Payment, collection and transfer in means of payment (means of payment)**

#### **Article 3**

The residents and non-residents shall use foreign currency for payments abroad unless otherwise specified by this Law.

By way of exception from paragraph 1 of this Article, the Government may prescribe the conditions under which the residents and non-residents may use effective foreign money for payments abroad.

#### **Article 4**

The payment, collection, transfer and disbursement in the Republic between residents, between residents and non-residents and between non-residents shall be conducted in domestic currency.

By way of exception from paragraph 1 of this Article, payment, collection and transfer can be made in foreign currency and effective foreign money based on the following:

- 1) foreign currency crediting in the Republic in accordance with the provisions of this Law,
- 2) servicing foreign currency credit in the Republic,
- 3) collection of insurance premium and payment of damages in insurance operations with non-residents as well as the residents performing investment activities and performing business activity abroad,
- 4) sales and purchase of goods from consignment warehouse, in free zones and duty free shops,
- 5) purchase and sales of securities denominated in foreign currency,
- 6) disbursement of effective foreign money from foreign savings accounts and foreign currency accounts, as well as transfer of foreign currency from one foreign savings account to the other foreign savings account, i.e. one foreign currency account to the other foreign currency account belonging to the same person.
- 7) purchase and sales, i.e. payment and collection of receivables and payables arising from foreign trade operations of the residents - legal entities and entrepreneurs referred to in Article 7, paragraph 3 and Article 19d of this Law and
- 8) payment of deposit as means of securing.

A resident - legal entity and entrepreneur shall deposit any effective foreign money generated in accordance with this Law in his/her foreign currency account at an authorised bank i.e. a bank, at the latest on the following working day.

The Government may prescribe also other grounds on which payment, collection and transfer in foreign currency and effective foreign money can be executed in the Republic.

#### **Article 5**

Contracting in a foreign currency is allowed in the Republic with payment and collection made in convertible marks.

### **Payment, collection and transfer in current and capital operations**

#### **Article 6**

Payment, collection and transfer in current and capital operations between the residents and non-residents shall be performed freely in accordance with this Law.

#### **Article 7**

Payment, collection and transfer in current and capital operations between residents and non-residents shall be executed through the authorised bank, in accordance with this Law.

The authorised bank cannot execute payment order i.e. transfer abroad when such payment or transfer is not allowed under this Law.

The Government shall prescribe the conditions under which the payment, collection and transfer in current and capital operations between the residents and non-residents may be executed through offset, cession of receivables and assumption of debt or in other forms.

Payment cards cannot be used for payments in capital operations.

A resident may not execute payment or issue payment order towards abroad based on simulated contract or other invalid documentation, i.e. enter into an agreement which does not state the actual value.

The Ministry of Finance of the Republic of Srpska (hereinafter 'the Ministry') shall prescribe the conditions and manner of payment, collection and transfer of means of payment in current and capital operations.

#### **Article 7a**

In accordance with the regulations regulating payment transactions, the recipient bank must execute payment order of the payer only when there is appropriate cover for it at payer's account.

The recipient bank must execute payment orders which:

- 1) Are properly filled out and authorised or authentic;
- 2) Properly identify destination bank;
- 3) Identify the recipient with certain level of security.

The recipient bank must execute instructions contained in the order on the banking day when the order is received or on the other value date, if it exists, depending on which of the two days comes later.

The recipient bank must provide the payer with the information on:

- 1) Conditions under which the payment order is being executed;
- 2) Time required for execution, from issuing the order to payment to the recipient;
- 3) Manner of calculation of the commission fee and other costs when applicable;
- 4) Foreign currency exchange rate applied.

Upon execution of payment order, the recipient bank must provide the payer with the information on:

- 1) Payment executed;
- 2) Original amount in which the payment was executed;
- 3) Amount of all costs and commission fees that the payer must pay and
- 4) Value date.

Disbursement to the recipient shall be made by authorising the account, at the latest on the following banking day after completion of the transfer.

## **Payment, collection and transfer in current operations**

### **Article 8**

A resident who has realised foreign currency abroad, as well as a resident who carried foreign currency abroad and has not used it abroad, shall bring that foreign currency in the Republic in accordance with this Law.

### **Article 9**

A resident - legal entity and entrepreneur shall collect and bring into the Republic the means of payment arising from export of goods or services abroad, within six months from the day of export customs clearance of goods, i.e. day of service execution.

The operations of export of goods or service with contracted collection period exceeding six months from the day of export clearance of goods i.e. day of performance of the service, as well as the operation of export of goods or service not collected within the period referred to in paragraph 1 of this Article, shall be considered international credit operation.

A resident shall bring into the Republic the means of payment generated from sales of paid goods located abroad and directly delivered abroad, within six months from the day of payment execution.

The minister of finance shall prescribe the conditions and manner of recording of the operations referred to in paragraph 2 of this Article.

Collection arising from exported goods and provided services within the business activity in free customs zones shall be performed in accordance with the regulations regulating this activity.

### **Article 10**

The profits gained in performance of investment works abroad, as well as foreign currency retained by the contracting authority of investment works as performance bond in accordance with performance bond schedule, shall be brought into the Republic by a resident - legal entity within eight working days from the day of completion of investment works i.e. expiration of bond duration.

## **Article 11**

The profits gained in performance of a business activity abroad and not used for the purposes determined by the regulations on foreign trade operations shall be brought into the Republic by a resident - legal entity and entrepreneur within eight working days from the day of profits declaring.

## **Article 12**

The collection date shall be considered to be the following:

1. day of payment of foreign currency to the account of the authorised bank,
2. day of customs clearance of goods, i.e. providing of service which represents collection for exports.

When a resident - legal entity or entrepreneur is authorised to keep foreign currency abroad, the collection date shall be considered to be the day when the foreign currency is authorised on the account of that person abroad.

## **Article 13**

A resident - legal entity and entrepreneur shall import pre-paid goods or service in the Republic within six months from the day of payment execution for the good or service.

A resident who fails to import the goods and service within the period referred to in paragraph 1 of this Article shall reimburse the pre-paid amount within eight days from the day of expiration of the period referred to in paragraph 1 of this Article.

The operation of import of pre-paid goods or service with agreed import period exceeding six months from the day of payment execution shall be considered international credit operation.

The minister of finance shall prescribe the conditions and manner of recording the operations referred to in paragraph 3 of this Article.

Payment of import of goods and services within business activity in free customs zones shall be executed in accordance with the regulations regulating this activity.

## **Payment, collection and transfer in capital operations**

### **Article 14**

Residents may freely make payment and transfer of capital arising from acquisition, sales and liquidation of direct investments abroad, only when such activity is registered and performed in accordance with the regulations regulating foreign trade operations.

Non-residents may freely make payment and transfer of capital arising from acquisition, sales and liquidation of direct investments in the Republic when such activity is registered and performed in accordance with the Law on Foreign Investment effective in the Republic.

### **Article 15**

A resident may not make payment and transfer of funds for the purpose of acquisition of ownership of real-estate abroad unless the law or international agreement prescribe otherwise.

The provision referred to in paragraph 1 of this Article shall not apply to the residents - state bodies and organisations, diplomatic representative offices abroad and persons employed in those offices, as well as their family members.

A non-resident may not make payment for the purpose of acquisition of ownership of real-estate in the Republic unless the law or international agreement prescribes otherwise.

The prohibition referred to in paragraph 1 of this Article shall not apply to a non-resident physical person temporarily staying abroad longer than one year.

#### **Article 16**

Residents - legal entities may make payments for the purpose of purchasing foreign securities at foreign and domestic capital markets only when such purchase is executed through authorised participants in the securities market in the Republic or through a foreign participant in a foreign capital market and in accordance with the regulations on securities, international agreements and other special regulations.

Residents - physical persons may make payments for the purpose of purchasing foreign securities at foreign and domestic capital markets only when such purchase is executed through authorised participants in the securities market in the Republic and in accordance with the regulations, international agreements and other special regulations.

Non-residents may make payments for the purpose of purchasing domestic securities only when such purchase is made through authorised participants in the securities market in the Republic and in accordance with the regulations on securities, foreign investments and other regulations in force.

#### **Article 17**

Residents may make payments for the purpose of purchasing short-term foreign securities in foreign and domestic money markets only when such purchase is executed through authorised participants in the securities market in the Republic and in accordance with the regulations in force.

Non-residents may make payments for the purpose of purchasing short-term domestic securities in accordance with the regulations defining operations with short-term securities and other regulations in force.

#### **Article 18**

Investments in foreign investment funds may be made in accordance with the regulations regulating operations with securities in capital market.

#### **Article 19**

Payment and collection in credit operations is free only when entered into in accordance with the law.

The authorised bank may not authorise a credit to a resident in foreign currency, except to a resident - legal entity and entrepreneur for payment of the import of goods and services from abroad.

An authorised foreign currency credit may be serviced in the foreign currency in the Republic.

It is prohibited for residents - legal entities and entrepreneurs to mutually authorise foreign currency credits.

A resident shall use financial credits from abroad through a bank or foreign currency account located abroad opened in accordance with Article 24 of this Law.

By way of exception from paragraph 5 of this Article, financial credits from abroad may be used through a bank located abroad when the contract on credit provides for payment of goods and services directly to supplier or when the credit services another credit entered into earlier abroad (re-financing).

When authorising a credit and issuing guaranties and sureties for the benefit of a non-resident, residents shall contract and obtain from the non-resident the instruments of securing the collection which achieve security of a credit operation, as well as the guaranties issued and sureties provided.

It is prohibited to authorise financial credits with maturity date shorter than one year to non-residents, except authorisation of the credits by the banks and credits authorised by residents for the purpose of establishing permanent economic relationships.

The Government may prescribe the manner and conditions for authorising financial loans to non-residents and providing guaranties and sureties in international credit operations.

Crediting in local currency between a resident and a non-resident is not allowed.

#### **Article 19a**

Credit operations and credits for the purpose of establishment of permanent economic relationships referred to in Article 2, point 12, subpoint c) shall be entered into in writing.

Banks may enter into international credit operations in their name and for their account, in their name and another's account and in another's name and for another's account.

Residents other than banks may enter into international credit operations only in their own name and for their account.

#### **Article 19b**

The Republic shall borrow from abroad, provide guaranties and issue securities in accordance with the provisions of the regulations that regulate budget execution and borrowing by the Republic.

#### **Article 19c**

Responsibility for fulfilment of obligation arising from the agreement on credit operation entered into abroad shall lie with the resident who enters into the agreement and with the resident per whose authorisation and for whose account the agreement is entered into, i.e. the bank and the resident - legal entity which buys the receivable from that resident or takes over debt towards a non-resident based on the international credit operation.

The Republic shall not guarantee fulfilment of obligations arising from an international credit operation except in the cases provided for by the law.

The agreement on international credit operation shall be invalid when entered into contrary to paragraph 2 of this Article.

### **Article 19d**

A bank, as well as a resident - legal entity may purchase from a resident a receivable arising from a credit authorised to a non-resident, and take over resident's debt towards a non-resident arising from an international credit operation.

The operations referred to in paragraph 1 of this Article may be executed only based on the agreement entered into in writing between all participants in the operation.

Non-residents may purchase from residents receivables and payables arising from international credit operations only under the conditions and in the manner prescribed by the Government.

### **Article 19e**

For the purpose of this Law, residents shall report to the Ministry about credit operations.

For the purpose of reporting, the Ministry may determine that credit operations include also other types of operations between residents and non-residents which in their economic purpose equal the purpose of credit operation.

The minister of finance shall prescribe more detailed conditions, manner, due dates and formats of reporting on international credit operations.

### **Article 20**

A resident - physical person may not pay life insurance premium abroad to a non-resident insurance company unless otherwise prescribed by another law.

### **Article 21**

A resident - property and personal insurance company shall collect insurance premiums from the residents in convertible marks and from non-residents in foreign currency, effective foreign money and convertible marks.

The company referred to in paragraph 1 of this Article shall pay out the damage to the residents in convertible marks and to the non-residents in convertible marks i.e. foreign currency and effective foreign money.

By way of exception from the provisions of paragraphs 1 and 2 of this Article, a resident - property and personal insurance company may collect insurance premium and pay out the damage in foreign currency to the residents based on performance of investment operations and other activities abroad.

When making a purchase on credit abroad, it may be contracted to collect the premium in foreign currency and pay damages to a non-resident in foreign currency.

### **Article 22**

Personal and physical transfer of foreign means of payment and domestic currency shall be performed in accordance with this Law.

The Government shall prescribe the conditions and manner of personal and physical transfers of foreign means of payment and domestic currency.

## **Foreign Currency Accounts and Accounts in Convertible Marks of Residents and Non-Residents in the Republic and Abroad**

### **Article 23**

The authorised bank may not hold foreign currency at non-residents' accounts except at foreign banks.

The authorised bank i.e. a bank may not hold foreign currency in the Republic with another resident, except with another authorised bank and the Central Bank.

### **Article 24**

A resident - legal entity and entrepreneur shall keep foreign currency at its foreign currency account at the authorised bank i.e. a bank and sell it to that bank.

A resident may have foreign currency accounts at a bank abroad for the execution of current and capital transactions in accordance with this Law.

A resident - state body and organisation may have foreign currency accounts at the authorised bank and the Central Bank.

A resident - physical person may keep foreign currency at its foreign currency account at the authorised bank i.e. a bank and dispose of the funds in the account freely and withdraw effective foreign money.

The Government shall prescribe conditions and manner of opening foreign currency accounts abroad.

### **Article 25**

A non-resident may hold foreign currency generated in accordance with this Law in a foreign currency account at the authorised bank i.e. a bank and sell it to that bank.

A non-resident may not hold at the account at the authorised bank i.e. a bank convertible marks which were not generated through collections in current or capital transactions allowed under this Law.

A non-resident may not purchase from the authorised bank i.e. a bank foreign currency in the amount exceeding the equivalent amount of domestic currency generated in accordance with this Law.

### **Article 26**

Transfer of funds from foreign currency account and account in convertible marks at the authorised bank i.e. a bank shall not be allowed to a resident who has failed to settle all tax, customs and other liabilities towards the Republic arising from that activity.

### **Article 27**

When opening foreign currency accounts, domestic currency accounts and foreign savings accounts, as well as executing payment transactions in accordance with this Law, the authorised bank i.e. a bank shall determine the identity of the residents and non-residents and act in accordance with the Law on Prevention of Money Laundering.

The authorised bank i.e. a bank shall provide confidentiality of data on foreign currency account and keep them in accordance with legal regulations.

#### **Article 28**

The Ministry may prescribe the conditions and manner under which the authorised bank i.e. a bank shall open accounts of the residents and non-residents.

### **III – FOREIGN CURRENCY MARKET AND CONVERTIBLE MARK EXCHANGE RATE**

#### **Article 29**

For the purpose of this Law, foreign currency market comprises all transactions of purchase and sales of foreign currency and effective foreign money in the Republic, performed directly:

- between the Central Bank as one party and authorised banks i.e. banks and other persons as the other party;
- between authorised banks i.e. banks and residents, as well as authorised banks i.e. banks and non-residents;
- between authorised banks i.e. banks;
- between authorised banks and banks;
- between authorised banks i.e. banks and residents authorised to perform exchange operations.

#### **Article 30**

Purchase and sales of foreign currency and effective foreign money in the Republic is prohibited outside foreign currency market.

#### **Article 31**

The authorised banks i.e. banks in the foreign currency market purchase and sell foreign currency and effective foreign money in their name and for their account, in their name and for the account of residents and non-residents, and in the name and for the account of residents and non-residents.

The authorised banks may purchase and sell foreign currency and effective foreign money in foreign currency markets.

#### **Article 32**

At foreign currency market, foreign currency and effective foreign money can be purchased and sold promptly and in futures.

The prompt purchase i.e. sales of the foreign currency and foreign effective money is a purchase i.e. sales of the foreign currency and effective foreign money with the immediate execution date i.e. not later than within two working days.

The futures purchase i.e. sales of foreign currency and effective foreign money is a purchase i.e. sales of the foreign currency and effective foreign money which is executed within a period longer than two working days from the day of entering into the agreement.

### **Article 33**

Exchange operations may be performed by the authorised banks, banks, as well as residents - other legal entities and entrepreneurs who have an agreement entered into with a bank, an authorisation of the Ministry and which are registered for performance of exchange operations (hereinafter 'currency exchangers').

A bank shall perform exchange operations in its name and for its own account, and residents - other legal entities and entrepreneurs shall perform them in their name and for the account of a bank.

Residents - other legal entities and entrepreneurs shall perform exchange operations based on the agreement on performance of exchange operations entered into with a bank for a fixed period of up to one year.

Request for obtaining the authorisation for performance of exchange operations referred to in paragraph 3 of this Article shall be filed with the Ministry through a bank.

The Government shall prescribe the conditions and manner of performance of exchange operations and conditions for authorisation issuing.

### **Article 33a**

With the request for obtaining the authorisation referred to in Article 33, paragraph 4 of this Law, the bank shall file with the Ministry the following:

1) Agreement on performance of exchange operations, entered into between the bank and the resident - other legal entity or entrepreneur;

2) For a legal entity: decision from the court registry, i.e. for an entrepreneur: decision of the competent body demonstrating that the legal entity, i.e. the entrepreneur is registered for the performance of currency exchange operations;

3) Decision of the competent body on fulfilment of minimum technical requirements for operation in accordance with the regulations in force.

Besides the documentation referred to in paragraph 1 of this Article, the Government may prescribe other documents to be filed with the request for obtaining the authorisation for performance of currency exchange operations.

### **Article 33b**

The Ministry shall reject the request for issuing of the authorisation for performance of currency exchange operations upon establishing that the resident - other legal entity or entrepreneur has failed to fulfil the conditions for performance of foreign currency exchange operations.

The Ministry shall withdraw the authorisation for performance of currency exchange operations when:

1) resident - other legal entity or entrepreneur fails to start performing currency exchange operations within 90 days from the day of authorisation issuing;

2) the authorisation was obtained based on false documentation, i.e. inaccurately presented data;

3) after issuing of the authorisation, circumstances and/or reasons occur due to which the resident - other legal entity or entrepreneur no longer meets the requirements based on which they obtained the authorisation.

### **Article 34**

The domestic currency is convertible mark (BAM).

The official exchange rate of convertible mark is determined by the Central Bank in accordance with the Law on the Central Bank of Bosnia and Herzegovina.

### **Article 35**

Purchase and sales of convertible mark in exchange for the euro shall be conducted in accordance with the exchange rate and under the conditions defined by the Law on the Central Bank of Bosnia and Herzegovina, and the exchange rate of the convertible mark for other foreign currencies shall be formed in accordance with the supply and demand in foreign currency market unless otherwise prescribed by the Central Bank.

The authorised banks i.e. banks shall publically present and publish the exchange rates used in their purchase and sales of foreign currency and effective foreign money.

### **Article 36**

The official middle exchange rate of the convertible mark shall be used for the needs of accounting and statistics.

The official middle exchange rate of convertible mark shall be used for the calculation of customs duties and other import duties and fees, in accordance with the law regulating customs.

## **IV - PHYSICAL TRANSFER OF MEANS OF PAYMENT**

### **Article 37**

Carrying the effective foreign money, payment cards and cheques in foreign currency into the Republic shall be free.

Carrying of payment cards abroad shall be free.

### **Carrying out and in convertible marks**

### **Article 38**

The Government shall prescribe the amount of convertible marks that residents and non-residents - physical persons can carry out of the Republic and bring into the Republic, as well as conditions under which the authorised bank can take the convertible marks out of the Republic.

### **Carrying in and out effective foreign currency, cheques and securities**

### **Article 39**

The Government shall prescribe the amount of effective foreign money and cheques a resident - physical person can carry out of the Republic, conditions and manner of carrying out

of the securities as well as conditions under which the authorised bank can carry effective foreign money and securities out of the Republic.

The Government shall prescribe the conditions under which a non-resident may take abroad effective foreign money and securities obtained in accordance with the Law.

#### **Article 40**

The effective foreign money, cheques, securities and convertible marks temporarily seized by the control bodies with issuance of a certificate to that effect and initiation of procedure due to a reasonable suspicion that a minor offence or a criminal act has been committed, shall be deposited until completion of the procedure in a special temporary account of the Ministry, Foreign Currency Inspectorate of the Republic (hereinafter 'the Inspectorate') which was opened with the approval of the Treasury of the Republic, or be placed in a depository of the authorised bank within two working days from the day of their seizure.

### **Prevention of Money Laundering**

#### **Article 41**

When crossing the state border, residents and non-residents shall declare to the customs body every bringing in i.e. carrying out of the effective foreign currency, convertible marks and securities that exceed the amounts prescribed by the Government.

The obligation referred to in paragraph 1 of this Article shall apply also to a representative, responsible person or authorised person which carries effective foreign money, convertible marks and securities across the state border on behalf of a legal entity or entrepreneur.

### **V - REPORTING**

#### **Article 42**

The Agency i.e. competent state body shall prescribe, within its competency, the obligation of authorised banks, banks, residents and non-residents of reporting on the performance of foreign currency operations referred to in this Law, as well as the manner of such reporting.

The parties subject to the reporting obligation referred to in paragraph 1 of this Article shall enable the Agency i.e. other authorised body without delay to inspect the business books and make available other required documentation.

#### **Article 43**

For the purpose of issuing economic policy, the Government shall determine the projection of balance of payments of the Republic and monitor its realisation through competent bodies.

### **VI - FOREIGN CURRENCY CONTROL**

#### **Article 44**

Control of the foreign currency operations regulated by this Law and regulations issued based on this Law shall be performed by the Inspectorate, the Agency and customs bodies.

#### **Article 45**

The Agency shall control performance of international business activities of the authorised banks, banks, currency exchange offices, and control foreign currency operations of residents and non-residents who are connected with the authorised bank, bank i.e. foreign currency exchange office through property, management and business relationships.

#### **Article 46**

Control of the foreign currency operations of residents and non-residents shall be performed by the Inspectorate.

The Inspectorate shall control foreign currency operations of the persons referred to in Article 45 of this Law when they are connected by property, management and business relationships with the persons referred to in paragraph 1 of this Article.

The authorised state body shall prescribe the manner of conducting the control of foreign currency operations referred to in paragraph 1 of this Article.

#### **Article 47**

The customs body shall control carrying out of the Republic and carrying into the Republic of effective foreign money, convertible marks, cheques, securities in passenger, goods and postal transport.

#### **Article 48**

At a border crossing, the customs body may temporarily seize, after issuing a certificate to that effect, from a resident and non-resident the amount of convertible marks and effective foreign money, cheques and securities denominated in foreign currency which exceed the amount prescribed by the Government.

#### **Article 49**

The bodies of control shall cooperate in the execution of foreign currency control and make available the data, findings and information which they possess and which are required for the execution of foreign currency control, as well as engage other competent bodies on as needed basis.

#### **Article 50**

The residents and non-residents subject to foreign currency control shall enable the bodies authorised to perform foreign currency control to do so without interruption, to inspect their operations, and, at the request of the bodies, make available or submit the required documentation and provide requested data.

The obligations referred to in paragraph 1 of this Article shall apply also to the representative offices and organisational parts of a resident performing the business activity abroad.

Should the persons referred to in paragraphs 1 and 2 of this Article fail to provide the conditions for the execution of control in the manner referred to in paragraph 1 of this Article, the inspector shall immediately request the competent body to undertake measures in order to create the conditions for performance of the control.

### **Article 51**

If an inspector, while performing foreign currency control, establishes an illegitimacy or irregularity in the execution of foreign currency or foreign trade operations, he/she shall issue a decision ordering removal of the illegitimacy or irregularity, i.e. undertaking of the ordered measures, set the period within which it must be executed and undertake other measures provided by the law.

Appeal against the decision referred to in paragraph 1 of this Article may be filed with the Director of the Inspectorate.

At the request of a resident and non-resident, the body referred to in paragraph 2 of this Article may postpone the execution of the decision referred to in paragraph 1 of this Article. The appeal may not be filed against the decision declining the postponement of the execution of the decision referred to in paragraph 1 of this Article.

In the procedure and undertaking of actions in performing foreign currency control, the provisions of the laws regulating general administrative procedure shall apply unless otherwise provided by law.

### **Article 52**

When regulations provide for a protective measure i.e. security measure of seizure of objects connected with a committed criminal act or minor offence, the authorised person may temporarily seize the objects while performing foreign currency control, if there is reasonable suspicion that they were used to commit the criminal act or minor offence or that they were intended for the committing, or that they are a product of a committed criminal act or minor offence.

The inspector i.e. authorised person shall issue a certificate on objects seized.

### **Article 53**

Minor offence proceedings shall be initiated and conducted in accordance with the regulations regulating minor offence proceedings.

### **Article 53a**

Minor offence proceedings for the minor offences prescribed by this Law may not be initiated or conducted after the expiration of three years from the day when the minor offence was committed.

The statute of limitation shall be interrupted by any action of the body competent for the proceedings, undertaken for the purpose of persecution of the perpetrator of the minor offence.

The statute of limitation shall start again with each interruption, but regardless of the interruptions, the statute of limitation shall occur after the expiration of double the period provided for in paragraph 1 of this Article.

#### **Article 54**

The Inspectorate shall monitor the execution of monetary fines and other measures imposed by a minor offence warrant or through an agreement on sanction.

If it is established that the penalised person has been avoiding to pay monetary fine, a minor offence warrant shall be delivered for execution to the responsible body or organisation.

The responsible body or organisation shall inform the Inspectorate about the execution of the minor offence warrant referred to in paragraph 2 of this Article as well as the execution of the decision issued at the request of the Inspectorate for the initiation of the minor offence proceedings.

### **VIII - PENAL PROVISIONS**

#### **1. Criminal Acts**

#### **Article 55**

The person who performs unauthorised purchase or sales of the effective foreign money or organises a network of re-sellers or agents where the value of the effective foreign money exceeds the amount of 50,000 BAM shall be imposed a monetary fine or imprisonment lasting up to three years.

#### **Article 56**

A responsible person who realises purchase, sales or acts as agent in purchase or sales of effective foreign money for a legal entity, by entering into agreement, organising the work or in another manner contrary to this Law or organises exchange operations in a legal entity without the permit from the Ministry, where the amount of transferred effective foreign currency exceeds the amount of 50,000 BAM shall be imposed a monetary fine or imprisonment lasting from six months to five years.

#### **2. Minor Offences**

#### **Article 57**

The authorised bank, bank, state body and organisation, resident - legal entity and non-resident - legal entity shall be imposed a monetary fine of 25,000 BAM to 100,000 BAM for a minor offence when making payment or issuing payment order towards abroad based on a

simulated agreement or another invalid documentation i.e. enters into agreement where no actual value is listed (Article 7, paragraph 5).

For the activities referred to in paragraph 1 of this Article, responsible person in the authorised bank, bank, state body and organisation, resident - legal entity and non-resident - legal entity shall be penalised for a minor offence by a monetary fine from 5,000 BAM to 20,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - entrepreneur and non-resident entrepreneur shall be penalised for minor offence with a monetary fine from 5,000 BAM to 20,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - physical person and non-resident - physical person shall be penalised for a minor offence with a monetary fine from 2,500 BAM to 10,000 BAM.

### **Article 58**

A resident who, while authorising the credit and issuing guaranties and sureties for the benefit of a non-resident, fails to contract and obtain from the non-resident security instruments for collection which achieve the security of credit operation as well as the guaranty issued and surety provided, shall be penalised for the minor offence by a monetary fine from 20,000 BAM to 80,000 BAM (Article 19, paragraph 7).

For the activities referred to in paragraph 1 of this Article, responsible person in the resident shall be penalised for the minor offence by a monetary fine from 5,000 BAM to 20,000 BAM.

### **Article 59**

A resident - legal entity shall be penalised by a monetary fine from 15,000 BAM to 60,000 BAM when:

1. performing exchange operations contrary to the provisions of Article 33 of this Law;
2. failing to enable uninterrupted performance of control, inspection of business activities, and failing to make available the required documentation and requested data (Article 50).

For the activities referred to in paragraph 1, point 2 of this Article, a non-resident - legal entity shall be penalised by a monetary fine from 15,000 BAM to 60,000 BAM.

For the activities referred to in paragraph 1, points 1 and 2 of this Article, responsible person in the resident - legal entity and non-resident - legal entity shall be penalised for the minor offence by a monetary fine in the amount from 5,000 BAM to 20,000 BAM.

A resident - entrepreneur shall be penalised for minor offence for the activities referred to in paragraph 1, points 1 and 2 of this Article, and non-resident - entrepreneur shall be penalised for the activities referred to in point 2 of the same Article by a monetary fine from 5,000 BAM to 20,000 BAM.

For the activities referred to in paragraph 1, point 2 of this Article, a resident - physical person and non-resident physical person shall be penalised for the minor offence by a monetary fine from 2,500 to 10,000 BAM.

For the activities referred to in paragraph 1 of this Article, besides the monetary fine, a protective measure may be imposed of prohibition of performance of exchange operations or other activity that was subject of the control, over a period not shorter than three months and not

exceeding six months, except for the payments and transfers referred to in Article 2, point 10 of this Law.

### **Article 60**

The authorised bank, bank, state body and organisation, resident - legal entity and non-resident - legal entity shall be penalised by a monetary fine ranging from 10,000 BAM to 40,000 BAM for the minor offence for:

1. executing payment order i.e. transfer abroad where such payment i.e. transfer is not permitted by this Law (Article 7, paragraph 2);
2. failing to bring into the Republic profits gained in performance of investment works abroad, as well as foreign currency retained by the contracting authority of investment works as performance bond in accordance with performance bond schedule, within eight working days from the day of completion of investment works i.e. expiration of bond duration (Article 10);
3. failing to import the profits gained in performance of a business activity abroad in accordance with this Law (Article 11);
4. failing to reimburse the amount paid for the goods or services not imported within six months from the date of payment execution within eight days from the date of expiration of six months (Article 13, paragraph 2);
5. residents, i.e. non-residents executing payment and transfer of capital arising from acquisition, sales and liquidation of direct investment abroad contrary to the provisions of Article 14 of this Law;
6. resident, i.e. non-resident executing payment and transfer of funds for the purpose of acquiring ownership of real-estate abroad contrary to the provisions of Article 15 of this Law;
7. payment for the purpose of purchasing foreign securities in foreign and domestic capital markets executes contrary to the provisions of Article 16, paragraph 1;
8. payment for the purpose of buying domestic securities performed contrary to the provisions of Article 16, paragraph 3 of this Law;
9. payment for the purpose of purchasing foreign short-term securities in foreign and domestic money markets executed contrary to the provisions of Article 17, paragraph 1 of this Law;
10. payment executed for the purpose of purchasing short-term domestic securities contrary to this Law (Article 17, paragraph 2);
11. making investment in foreign investment funds contrary to Article 18;
12. authorised bank authorising credit contrary to the provisions of Article 19, paragraph 2 of this Law;
13. mutually authorising foreign currency loans (Article 19, paragraph 4);
14. failing to use financial loans from abroad through a bank or foreign currency account abroad opened in accordance with the provisions of this Law (Article 19, paragraph 5);
15. using financial loans through a bank abroad contrary to Article 19, paragraph 6 of this Law;
16. authorising to a non-resident financial loans with maturity period shorter than one year when that is not allowed under this Law (Article 19, paragraph 8);
17. residents and non-residents providing credits in domestic currency (Article 19, paragraph 10);
18. credit operations and credits for the establishment of permanent economic relationships referred to in Article 2, paragraph 12, subpoint c) entered into contrary to Article 19a, paragraph 1 of this Law;

19. entering into international credit operation contrary to Article 19a., paragraph 2 of this Law;
20. entering into international credit operation contrary to Article 19a, paragraph 3 of this Law;
21. entering into the operations of purchase of receivables based on a credit authorised to a non-resident as well as taking over a debt of a resident towards a non-resident arising from an international credit operation contrary to Article 19d, paragraph 1 of this Law;
22. entering into the operations of purchase of receivables based on a credit authorised to a non-resident, as well as taking over of the resident's debt towards a non-resident arising from an international credit operations contrary to Article 19d, paragraph 2 of this Law;
23. non-resident executing purchase of receivables and payables based on international credit operations contrary to the regulation of the Government (Article 19d, paragraph 3);
24. collecting insurance premium i.e. premium of re-insurance or payment of damages contrary to the provisions of this Law (Article 21);
25. performing transfer of funds from foreign currency account and account in convertible marks prior to settling all liabilities towards the Republic arising from that activity (Article 26);
26. authorised bank i.e. bank failing to provide secrecy of data (Article 27, paragraph 2);
27. bank failing to file the request for obtaining authorisation for performance of currency exchange operations in accordance with the provision of Article 33a of this Law (Article 33a);
28. failing to act in accordance with the prescribed reporting obligation (Article 42, paragraph 1);
29. failing to enable the Agency or other authorised body to inspect business books and failing to make available other required documentation (Article 42, paragraph 2);
30. failing to act according to the inspector's decision within the defined timeframe (Article 51, paragraph 1);
31. failing to execute the decision of the competent body of the Republic (Article 54).

For the activities referred to in paragraph 1 of this Article, responsible person in the authorised bank, bank, state body and organisation, resident - legal entity and non-resident - legal entity shall be penalised for the minor offence by a monetary fine ranging from 3,000 BAM to 12,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - entrepreneur and non-resident entrepreneur shall be penalised for the minor offence by a monetary fine ranging from 3,000 BAM to 12,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - physical person and non-resident - physical person shall be penalised for the minor offence by a monetary fine ranging from 2,500 to 10,000 BAM.

For the activities referred to in paragraph 1 of this Article, besides the monetary fine, a protective measure may be ordered of prohibition of performance of the activity of the resident - legal entity and entrepreneur lasting no less than three and no more than six months.

#### **Article 60a**

The authorised bank, bank, state body and organisation, resident - legal entity and non-resident - legal entity shall be penalised for the minor offence by a monetary fine ranging from 5,000 BAM to 20,000 BAM for:

1. using foreign currency contrary to the provisions of this Law (Article 3 paragraph 1);
2. using effective foreign money contrary to the regulations of the Government (Article 3, paragraph 2);

3. performing payment, collection, transfer and disbursement in the Republic contrary to the provisions of this Law (Article 4, paragraph 1);
4. failing to deposit effective foreign money to its foreign currency account at authorised bank i.e. bank (Article 4, paragraph 3);
5. failing to conduct payments and collections in current and capital operations through the authorised bank (Article 7, paragraph 1);
6. executing payment, collection and transfer in current and capital operations through offsetting, handover of receivables, assuming the debt and other forms contrary to the regulations of the Government (Article 7, paragraph 3);
7. executing payments in capital operations with payment cards (Article 7, paragraph 4);
8. failing to execute payments, collections and transfer in current and capital operations in the manner prescribed by the Ministry (Article 7, paragraph 6);
9. failing to carry into the Republic the foreign currency realised abroad, as well as carrying foreign currency abroad and not using it abroad in accordance with this Law (Article 8);
10. authorised bank failing to keep foreign currency in the accounts in accordance with the Law (Article 23);
11. failing to keep foreign currency in foreign currency account at authorised bank i.e. bank (Article 24, paragraph 1);
12. holding foreign currency accounts at the bank contrary to the provisions of Article 24, paragraph 3 (Article 24, paragraph 3);
13. holding foreign currency accounts at the bank abroad contrary to the regulation of the Government (Article 24, paragraph 5);
14. failing to hold foreign currency realised in accordance with this Law at authorised bank i.e. bank (Article 25, paragraph 1);
15. holding in the account at authorised bank i.e. bank convertible marks not realised through collection in current and capital operations permitted under this Law (Article 25 paragraph 2);
16. purchasing from the authorised bank or bank foreign currency in the amount exceeding the equivalent amount of convertible marks realised in accordance with this Law (Article 25, paragraph 3);
17. purchasing or selling foreign currency or effective foreign money outside foreign market (Article 30);
18. executing purchase and sales of convertible mark for the euro per exchange rate and under the conditions contrary to the provisions of Article 35, paragraph 1 of this Law;
19. failing to publicly place and publish exchange rates used for purchase and sales of the foreign currency and effective foreign money (Article 35, paragraph 2);
20. failing to apply the exchange rate referred to in Article 36 of this Law for the needs of accounting, statistics, customs duty calculation and other import duties;
21. carrying convertible marks out of the Republic contrary to the regulation of the Government (Article 38);
22. carrying out of the Republic effective foreign money, foreign cheques and securities contrary to the regulations of the Government (Article 39);
23. failing to deposit temporarily seized effective money, cheques and securities and convertible marks on the temporary account of the Inspectorate or to place them at a depository of the authorised bank (Article 40);

24. failing to declare to the customs officer any bringing in i.e. taking out of the country of effective foreign money, convertible marks and securities in the value exceeding the amounts prescribed by the law regulating prevention of money laundering (Article 41, paragraph 1).

For the activities referred to in paragraph 1 of this Article, responsible person in the authorised bank, bank, state body and organisation, resident - legal entity and non-resident legal entity shall be penalised for the minor offence by a monetary fine ranging from 2,500 BAM to 10,000 BAM.

For the activities referred to in paragraph 1 of this Article, resident - entrepreneur and non-resident - entrepreneur shall be penalised for the minor offence by a monetary fine in the amount ranging from 2,500 BAM to 10,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - physical person and non-resident - physical person shall be penalised for the minor offence by a monetary fine in the amount ranging from 2,500 BAM to 10,000 BAM.

For the activities referred to in paragraph 1 of this Article, besides the monetary fine, a resident - legal entity and entrepreneur may be imposed a protective measure of prohibition of performance of the activity lasting no less than three and no more than six months.

#### **Article 60b**

A resident shall be penalised for a minor offence by a monetary fine from 3,000 BAM to 12,000 BAM for:

1. failing to take the means of payment arising from the exports of goods or service abroad into the Republic within six months from the day of the export customs clearance of goods i.e. day of performance of the service (Article 9, paragraph 1);
2. failing to take into the Republic the means of payment generated by sales of paid goods located abroad and directly delivered abroad within six months from the day of payment execution (Article 9, paragraph 3);
3. failing to import pre-paid goods or service into the Republic within six months from the day of executed payment for goods or service (Article 13, paragraph 1);
4. failing to report to the Ministry on credit operations in the sense of this Law (Article 19d, paragraph 1).

For the activities referred to in paragraph 1 of this Article, responsible person in the resident - legal entity shall be sentenced by a monetary fine ranging from 1,500 BAM to 6,000 BAM.

For the activities referred to in paragraph 1 of this Article, a resident - entrepreneur shall be penalised for the minor offence by a monetary fine from 1,500 BAM to 6,000 BAM.

For the activities referred to in paragraph 1 of this Article, besides the aforementioned monetary fine, a protective measure of prohibition of performance of the activity may be imposed on a resident - legal entity and entrepreneur, lasting not less than three months and not more than six months.

#### **Article 60c**

A resident - physical person shall be penalised for a minor offence by a monetary fine ranging from 2,500 BAM to 10,000 BAM for:

1. performing payment for the purchase of foreign securities in foreign and domestic capital markets contrary to the provisions of Article 16, paragraph 2;

2. paying the insurance premium of life insurance abroad to a non-resident insurance company (Article 20);
3. performing personal and physical transfer of funds contrary to the regulation of the Government (Article 22).

### **Article 61**

For the minor offences referred to in Articles 57 through 60c of this Law, besides the monetary fine, a protective measure may be imposed of seizure of the objects used or intended to be used for the perpetration of a minor offence or which are a product of the perpetration of a minor offence.

The objects referred to in paragraph 1 of this Article may be seized even when they are not the property of the perpetrator and are not disposed of by the perpetrator of the minor offence.

By way of exception from the provisions of paragraph 1 of this Article, objects used or intended to be used for the perpetration of a minor offence or which are a product of the perpetration of minor offence may partially seized if motives or other circumstances under which the minor offence was committed indicate that complete seizure of the object would not be justified.

### **Article 62**

The monetary fines, property gains and means of payment, as well as funds realised through the sales of the objects that were used or were intended for use in perpetration of a criminal offence or minor offence or which are a product of the perpetration of the criminal act or minor offence shall be paid onto the account of public revenues of the budget of the Republic.

The effective foreign money, foreign currency and other means of payment that were seized as the object of execution of a criminal act or minor offence shall be paid onto the account of the public revenues of the Budget of the Republic.

## **IX - INTERIM AND FINAL PROVISIONS**

### **Article 63**

The Agency may prescribe the conditions that the bank must fulfil in order to obtain the authorisation for performance of international operations.

### **Article 64**

The manner of disbursement of liabilities towards the citizens based on old foreign currency savings which the citizens deposited onto the foreign currency accounts and foreign currency savings accounts in the banks and which are transferred onto the Republic in accordance with the Law on Initial Balance Sheet in the Privatisation Procedure of State Capital in the Banks shall be regulated by a special Law.

### **Article 65**

The proceedings initiated prior to this Law coming into the effect shall be terminated in accordance with the provisions of the Law effective in the period of perpetration.

#### **Article 66**

Regulations for the implementation of this Law shall be issued by the competent bodies within 90 days from the day of this Law coming into the effect.

#### **Article 66a**

The regulation on records of international credit operations shall be issued by the Minister of Finance within six months from the day of this Law coming into effect.

#### **Article 66b**

Upon entry into force of this Law, the Decision on conditions under which the extension of the collection period can be granted for exported goods and executed services and extension of import due period for the pre-paid goods and services shall cease to have effect (Official Gazette of the Republic of Srpska 15/04 and 16/07).

#### **Article 67**

On the day of entry into force of this Law, the Law on Foreign Currency Operations (Official Gazette of the Republic of Srpska 15/96) and Law on Changes and Amendments to the Law on Foreign Currency Operations (Official Gazette of the Republic of Srpska 10/97) shall cease to have effect.

#### **Article 68**

This Law shall enter into force on the eight day from its publishing in the Official Gazette of the Republic of Srpska.

---

#### **Article 19**

##### **Of the Law on Amendments to the Law on Foreign Currency Operations (Official Gazette of the Republic of Srpska 92/09)**

This Law shall enter into force on the eight day from the day of its publishing in the Official Gazette of the Republic of Srpska, except provisions of Article 19d, which shall come into effect upon expiration of six months from the day of publication of this Law.

**Number: 01-1013/03 as of 6 November 2003,  
Number: 01-1510/06 as of 28 November 2006,**

**Number: 01-1363/09 as of 24 September 2009**

PROVISIONAL TRANSLATION

## **LAW ON AMENDMENTS TO THE LAW ON FOREIGN CURRENCY OPERATIONS**

### **Article 1**

In the Law on Foreign Currency Operations (Official Gazette of the Republic of Srpska 96/03, 123/06 and 92/09) in Article 2, point 11, subpoint 2, the words: ‘paragraph 1 of this Article’ are replaced by the words: ‘subpoint 1 of this point’.

In point 15, subpoint 2), after the word ‘transactions’, the full stop is deleted, and a comma and a new subpoint 3 are added, which reads as follows:

‘3) for the purpose of this Law, deposit operations are not considered the assets of residents kept with a foreign institution of electronic money for the purpose of payment, i.e. collection arising from electronic buying and selling of goods and services.’

### **Article 2**

In Article 4, paragraph 2, point 7), the words ‘paragraph 3’ are replaced by the words ‘paragraphs 3 and 9’.

### **Article 3**

Article 7 is amended and reads as follows:

‘Payment, collection and transfer in current and capital operations between residents and non-residents shall be executed through the authorised bank, in accordance with this Law.

The authorised bank may not execute payment order i.e. transfer abroad when such payment i.e. transfer is not allowed under this Law.

Payment, collection and transfer in current operations between residents and non-residents by setting off debts and claims, cession of receivables, assumption of debt or in other forms of payment shall be executed freely, in accordance with this Law.

Operations referred to in paragraph 3 of this Article may be executed solely on the basis of a contract in a written form, concluded in accordance with the provisions of regulations governing contracts and torts.

The contract referred to in paragraph 4 of this Article must contain identification data on contracting parties, data on the basis of claims and debt which are subject of the contract, including data on debtor, i. e. creditor, as well as data on currency and debt and claims amount which are subject of the contract.

A resident whose accounts have been blocked on the basis of debt enforcement order shall not be able to conclude contracts referred to in paragraph 4 of this Article, nor may he/she settle financial obligations in the manner referred to in paragraph 3 of this Article, unless otherwise prescribed by other law.

Payment cards shall not be used for payment for capital operations.

A resident may not execute payment or enter a payment order abroad on the basis of a simulated contract or some other invalid documentation, i. e. conclude a contract without stating its actual value.

The Government may prescribe the conditions and manner under which payment, collection and transfer in capital operations between residents and non-residents may be executed by setting off, cession of receivables, assumption of debt or in other forms of payment.’

#### **Article 4**

Article 9 is amended and reads as follows:

‘The export and import of goods or services which have not been collected for, i.e. paid within the timeframe longer than one year following the executed export or import, as well as goods or services collected for in advance, i.e. paid, which have not been exported, i.e. imported within the timeframe longer than one year following executed collections, i.e. payment, shall be considered international credit operations.’

#### **Article 5**

Article 13 is deleted.

#### **Article 6**

Article 15 is amended and reads as follows:

‘Payment and transfer of funds for the purpose of acquiring ownership of real estate of residents abroad and non-residents in the Republic shall be executed freely, if the contract has been concluded in accordance with regulations governing property relations.

A resident may execute payment and transfer of funds abroad for the acquisition of ownership of real estate abroad only if he/she has settled all tax and other obligations prescribed by law.’

#### **Article 7**

Article 19 is amended and reads as follows:

‘Payment and collection in credit operations shall be free only when entered into in accordance with the Law.

The authorised bank may not authorise credit to a resident in foreign currency except to a resident - legal entity and entrepreneur for payment of import of goods and services from abroad.

The authorised foreign currency credit in the Republic can be serviced in foreign currency.

It shall be prohibited for residents - legal entities and entrepreneurs to mutually authorise foreign currency credits.

A resident shall be obliged to use financial credits from abroad through a bank or foreign currency account abroad opened in accordance with Article 24 of this Law.

Notwithstanding paragraph 5 of this Article, financial credits from abroad may be used through a bank abroad when the contract on credit provides for payment of goods and services directly to the supplier or when the credit is used to service an earlier credit entered into abroad (re-financing).

A resident shall use the loan of a non-resident and approve the loan to a non-resident through a bank account.

When authorising the loan and issuing guarantees and sureties for the benefit of a non-resident, the residents shall contract agree and obtain from the non-resident the instrument of securing the collection which achieve the security of a credit operation as well as the guarantee issued and surety provided.

It shall be prohibited to authorise financial credits to non-residents with a maturity period shorter than one year, except credits authorised by banks and credits authorised by the residents for the purpose of establishing permanent economic relationships.

The Government may prescribe the manner and conditions of authorising financial loans to non-residents and provision of guarantees and sureties in international credit operations.

Credits in local currency between a resident and a non-resident are not allowed.’

#### **Article 8**

Article 24 is amended and reads as follows:

‘A resident - legal entity and entrepreneur shall keep foreign currency at its foreign currency account at authorised bank i.e. bank or sell it to that bank.

A resident may have foreign currency accounts at the bank abroad for the execution of current and capital transactions in accordance with this Law.

A resident shall bring in the Republic the funds from the foreign currency account within 30 days following the date of termination of the basis for which the foreign currency account has been opened, in accordance with this Law and regulations adopted on the basis of it.

A resident - state body and organisation can hold foreign currency accounts at authorised bank and the Central Bank.

A resident - physical person may keep foreign currency at its foreign currency account at authorised bank i.e. bank and dispose of the funds in the account freely and withdraw effective foreign money.

The Government shall prescribe conditions and manner of opening foreign currency accounts abroad.’

#### **Article 9**

In Article 33a, paragraph 1, point 3 is amended and reads as follows:

‘3) declaration by a resident - other legal entity or entrepreneur, with whom it has concluded a contract on conducting exchange operations, that the owner, i.e. the founder and the person responsible for the representation of the legal entity, i.e. entrepreneur and the employee to directly execute the exchange operations, have not been convicted by the final judgment for criminal offences against the economy, property, life and body, against public order and peace and legal transactions.’

#### **Article 10**

In Article 57, paragraph 1, number ‘5’ is replaced by the number ‘8’.

#### **Article 11**

In Article 58, paragraph 1, after the word ‘credits’, the words ‘and loans’ are inserted, and the number ‘7’ is replaced by the number ‘8’.

#### **Article 12**

In Article 60, paragraph 1, point 4 is amended and reads as follows:

‘4. a resident executing payment and transfer of funds abroad for the purpose of acquiring ownership of real estate abroad contrary to Article 15, paragraph 2 of this Law;’.

Point 6 is amended and reads:

‘6. residents, i.e. non-residents executing payment and transfer of funds for the purpose of acquiring ownership of real estate of the residents abroad, i.e. of the non-residents in the Republic, contrary to the provisions of Article 15, paragraph 1 of this Law;’.

In point 16 after the word ‘credits’, the words ‘and loans’ are added, and the number ‘8’ is replaced by the number ‘9’.

In point 17, the number ‘10’ is replaced by the number ‘11’.

In point 31, after the words '(Article 54)', the full stop is deleted, and a semi-colon is added and two new point, point 32 and point 33 are added, which reads as follows:

'32. using the loan from a non-resident and approving the loan to a non-resident contrary to Article 19, paragraph 7 of this Law;

33. approving financial credits and loans to non-residents and issuing guarantees and sureties for international credit operations contrary to the Government regulation (Article 19, paragraph 10).'

### **Article 13**

In Article 60a, paragraph 1, point 6 is amended and reads as follows:

'6. executing payment, collection and transfer in current operations by setting off debts and claims, cession of receivables, assumption of debt or in other forms of payment contrary to the provisions of Article 7, paragraphs 4,5, and 6 of this Law;'

In point 7, the number '4' is replaced by the number '7'.

Point 8 is amended and reads as follows:

'8. not executing payment, collection and transfer in current operations by setting off debts and claims, cession of receivables, assumption of debt or in other forms of payment as prescribed by the Government (Article 7, paragraph 9);'

In point 12 the number '3' is replaced by the number '4'.

In point 13, the number '5' is replaced by the number '6'.

In point 24, after the words '(Article 41, paragraph 1)', the full stop is deleted, and a semi-colon and a new point 25 are added, which reads as follows:

'25. not bringing in the Republic the funds from the foreign currency account located abroad within 30 days following the date of termination of the basis for which the foreign currency account has been opened (Article 24, paragraph 3).'

### **Article 14**

In Article 60b, paragraph 1 is amended and reads:

'A resident shall be penalised by a monetary fine from 3,000 BAM to 12,000 BAM for not reporting to the Ministry on loan operations in the sense of this Law (Article 19d, paragraph 1).'

### **Article 15**

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.