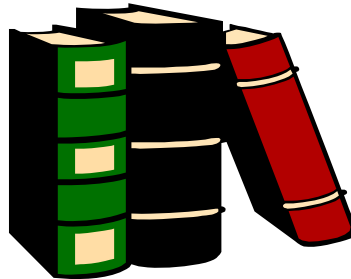




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## **Department for Legal Affairs**



# **LAW ON SETTLEMENT OF LIABILITIES FOR FROZEN FOREIGN CURRENCY ACCOUNTS IN THE FEDERATION OF BOSNIA AND HERZEGOVINA**

**“Official Gazette of the Federation of Bosnia and  
Herzegovina”, 62/09**

# **LAW ON SETTLEMENT OF LIABILITIES FOR FROZEN FOREIGN CURRENCY ACCOUNTS IN THE FEDERATION OF BOSNIA AND HERZEGOVINA**

## **I – GENERAL PROVISIONS**

### **Article 1**

This Law shall regulate the procedure, manner and deadlines of settlement of liabilities of the Federation of Bosnia and Herzegovina (hereinafter: Federation) for the Frozen Foreign Currency Accounts deposited in the domestic banks in the territory of the Federation for which, for the purpose the *Law on Settlement of Liabilities for Frozen Foreign Currency Accounts* (“Official Gazette of Bosnia and Herzegovina”, 28/06, 76/06, 72/07 – hereinafter: *Law on Settlement of Liabilities*), the funds shall be provided for by the Federation.

### **Article 2**

For the purpose of this Law, Frozen Foreign Currency Accounts shall mean foreign currency deposited in the banks or their branches or lowest operational units that operated in the territory of the Federation, with a balance as of December 31, 1991, which includes all interest accrued before this date, decreased by the amounts directly paid out by the bank after this date, by funds transferred and used to the Single Account in the Federation and to the Single Privatization Account in Republika Srpska and the Brčko District of Bosnia and Herzegovina and decreased by any amount paid out after December 31, 1991 on any other basis.

Settlement of liabilities under this Law shall be based on the location of each deposit in the banks or their branches or lowest operational units that operated in the territory of the Federation.

Frozen Foreign Currency Accounts as defined in Paragraph (1) of this Article shall not include Frozen Foreign Currency Accounts deposited in branch offices of Ljubljanska Banka and Invest Banka and other foreign banks in the territory of the Federation, i.e. of Bosnia and Herzegovina.

### **Article 3**

The accrued and unpaid interest for Frozen Foreign Currency Accounts in accordance with the agreements referred to in Article 1 as of January 1, 1992 is hereby written off in full, and after the above date all until the entry into force of the *Law on Settlement of Liabilities* the new interest rate shall be calculated at 0,5%.

## **II – VERIFICATION**

### **Article 4**

Verification of claims and cash payment shall be carried out in accordance with the *Law on Settlement of Liabilities* and *Decree on the Procedure of Verification of Claims and Cash Payments Arising from Frozen Foreign Currency Accounts in the Federation of Bosnia and Herzegovina* (“Official Gazette of the Federation of Bosnia and Herzegovina”, 33/06, 66/06, 5/07, 65/07 and 7/09 – hereinafter: Decree).

### **Article 5**

Claims verification procedure shall be completed by 31.12.2010 at the latest.

The liabilities for the Frozen Foreign Currency Accounts that are not verified may be proved and realized only in a court procedure in accordance with the *Law on Settlement of Liabilities*.

## **III – ISSUANCE OF BONDS**

### **Article 6**

The liabilities for the Frozen Foreign Currency Accounts that have not been paid in cash, in accordance with provisions of the *Law on Settlement of Liabilities*, shall be settled through issuance of Bonds for Frozen Foreign Currency Accounts (hereinafter: bonds).

Notwithstanding the provisions of paragraph 1 of this Article, the bonds shall not be issued for the amounts that do not exceed KM 100.00.

For the Frozen Foreign Currency Accounts that have been verified by 31.12.2008, bonds shall be issued by 30.09.2009.

The liabilities for the Frozen Foreign Currency Accounts that have been verified after 01.01.2009, and have not been paid in cash, shall be settled through issuance of bonds under terms stipulated by this Law, which bonds shall be issued not later than March 31 of the year following the year in which the verification has been carried out.

### **Article 7**

The bonds shall be the unlimited negotiable securities, issued in a dematerialized form – electronic record, issued in series on the basis of which the bond owners shall be entitled to collect principal and interest in accordance with this Law and Decision of the Federation Government on issuance.

### **Article 8**

The Federation shall issue the bonds under the following terms:

1) Type of bond: long-term bond with interest yield (coupon), registered in the name;

- 2) Nominal value of one bond: one Convertible Mark;
- 3) Nominal value of the issuance: to be determined by the Federation Government's Decision;
- 4) Maturity: up to seven years from the day of issuance;
- 5) Interest rate: fixed at 2.5% annually.

### **Article 9**

The Federation Government shall make the decision on bond issuance.

The decision on bond issuance must contain the following:

General data on issuer;

Date of making the decision on bond issuance;

Type of issuance;

Ordinal number of issuance and designation of type;

Number, nominal value of bonds and total value of the issuance;

Maturity, interest level, manner and deadlines for payment of the principal and interests;

Total number and value of bonds of same category issued so far;

Rights and restrictions incorporated in the bonds;

Data on placing the bonds at the official stock exchange market of Sarajevo Stock Exchange d.d. Sarajevo (hereinafter: SASE);

Method of calculation and determining the interest by maturity deadlines;

Other elements important for implementation of this Law.

Integral part of the decision on issuance shall be the payment plan determining the deadlines for payment of principal and interests.

The decision on issuance shall be published in the "Official Gazette of the Federation of BiH" and in at least one daily available in the territory of Bosnia and Herzegovina.

### **Article 10**

The Federation Ministry of Finance (hereinafter: Ministry) shall carry out the operations related to the bond issuance.

The Federation Government may appoint, at the proposal of the Ministry, an agent to provide services related to the bond issuance (hereinafter: agent).

The rights and obligations of the agent shall be regulated by a contract made with the Ministry.

The Federation Minister of Finance shall within 30 days from the day this Law enters into force enact the regulations regulating in further detail the manner of conducting operations related to the bond issuance.

### **Article 11**

The bonds shall not be subject to the regulations and approval of the Commission for Securities of the Federation of Bosnia and Herzegovina.

## **Article 12**

The bonds shall be placed at the official stock exchange market of SASE. Regulations regulating the market of securities shall apply to trade in bonds at the secondary market.

## **IV – TRANSITIONAL AND FINAL PROVISIONS**

### **Article 13**

The courts shall be required to submit the enforceable court judgments for frozen foreign currency accounts the Ministry for the enforcement.

Creditors may also submit judgments referred to in Paragraph 1 of this Article.

Enforcement of the judgments referred to in Paragraph 1 of this Article shall be carried out in accordance with Article 1, Paragraph 2 of this Law and in level specified at the certain position of the Budget and in accordance with the *Law on Execution of the Budget of the Federation of Bosnia and Herzegovina*.

### **Article 14**

This Law shall enter into force on the on the day following its publication in the “Official Gazette of the Federation of Bosnia and Herzegovina”.