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## **Department for Legal Affairs**



# **LAW ON PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORIST ACTIVITIES**

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Pursuant to Article IV. 4. a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly, at the 55<sup>th</sup> session of the House of Representatives, held on June 10, 2009 and the 30<sup>th</sup> session of House of Peoples, held on June 15, 2009, adopted the

## **LAW ON PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORIST ACTIVITIES**

### **I – GENERAL PROVISIONS**

#### **Article 1 (Subject matter)**

This Law shall prescribe measures and responsibilities for detecting, preventing and investigating money laundering and financing of terrorist activities by the Financial Intelligence Department of the State Investigation and Protection Agency (hereinafter: FID), persons under obligations, other governmental bodies and legal persons with public powers and shall prescribe measures and responsibilities of FID in the area of international cooperation for prevention of money laundering and financing of terrorist activities.

#### **Article 2 (Definition of Money Laundering and Financing of Terrorist Activities)**

For the purpose of this Law, the terms shall have the following meaning:

- a) “Money laundering” shall understand to mean:
  - 1) The conversion or transfer of property, when such property is acquired through criminal activity for the purpose of concealing or disguising the illicit origin of the property or of assisting a person involved in such activity to evade legal consequences of actions committed;
  - 2) The concealment or disguise of a true nature, origin, disposition, movement, rights to or ownership of a property, when such property is acquired through criminal activity or participation in such activity;
  - 3) The acquisition, possession or use of property acquired through criminal activity or participation in such activity;
  - 4) Participation, association to commit, attempt to commit, assisting, instigating, facilitating and advising the commission of any of the said actions.
- b) Money laundering shall also encompass activities taken on the territory of another country which created a property being laundered.

- c) "Financing of terrorist activities" shall understand to mean:
  - 1) Providing or collecting funds, in any way, directly or indirectly, with the aim to use it or knowing that it shall be used, in full or in part, for perpetration of terrorist acts by individual terrorists and/or terrorist organizations.
  - 2) Financing of terrorist activities shall also mean the incitement and assistance in providing and collecting of property, regardless of the fact whether a terrorist act was committed or the property used for perpetration of the terrorist act.
- d) "Terrorist act" shall understand to mean one of the following intentional actions which, given its nature or its context, may cause large-scale damage to the country or international organization with the aim to seriously intimidate population or force government of Bosnia and Herzegovina, of another country or international organization to perform or fail to perform an action with the aim of serious destabilizing or destroying of the fundamental political, constitutional, economic or social structures of Bosnia and Herzegovina, another country or international organization:
  - 1) Attack against a person's life with possible fatal consequences;
  - 2) Attack against a physical integrity of a person;
  - 3) Unlawful confinement, keeping confined or in some other manner depriving a person of his freedom of movement, or restricting it in some way, with the aim to force him or some other person to act or fail to act, to suffer something (kidnapping) or taking of hostages;
  - 4) Causing a large-scale damage to facilities of Bosnia and Herzegovina, facilities of government of another country or public facilities, to a transport system, infrastructure facility, including an information system, a fixed platform located on the continental belt, a public place or private property, which would likely endanger a human life or result in major economic loss;
  - 5) Kidnapping of an aircraft, ship or other means of public or merchandise transport;
  - 6) Manufacture, possession, acquisition, transport, supply, use or training to use weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research and development of biological and chemical weapons or radioactive material;
  - 7) Releasing dangerous substances or causing fire, explosion or floods, the effect of which is to endanger human life;
  - 8) Interfering with or disrupting the supply of water, electrical power or any other fundamental natural resource, the effect of which is to endanger human life;
  - 9) Threatening to perpetrate any of the acts referred to in item a) throughout h) of this paragraph.
- e) "Terrorist" is 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 assists in perpetration of a terrorist act;
  - 3) intentionally, or with knowledge about the intention of a group to commit a terrorist act, contributes or keeps contributing to perpetration of such act.
- f) "Terrorist organization" is an organized group of persons which:
  - 1) Intentionally, directly or indirectly, commits or attempts to commit a terrorist act;
  - 2) Incites or assists in perpetration of a terrorist act or in the attempt of perpetration of a terrorist act;

- 3) Intentionally, or with knowledge about the intention of a group to commit a terrorist act, contributes or keeps contributing to perpetration of such act.

### **Article 3 (Definition of other Terms)**

Other terms used in this Law shall have following meanings:

- a) "Transaction" shall understand to mean any type of receiving, keeping, exchanging, transferring, disposal or other way of handling money or property by persons under obligations.
- b) "Suspicious transaction" shall understand to mean any transaction assessed by a person under obligation or a competent body to be related to a transaction or a person performing transaction for which there are grounds for suspicion that criminal offence of money laundering or financing or terrorist activities has been committed, i.e. that the transaction involves funds derived from illegal activities. Suspicious transactions are also transactions which depart from normal activities of the client as well as any complex and unusually large transaction that has no apparent economic, business or legal purpose.
- c) "Cash transaction" shall understand to mean any transaction where a person under obligation physically receives or gives cash money from/to a client.
- d) "Related transactions" shall understand to mean two or more transactions originating from or destined to an account of a legal or physical person whereas the amounts of individual transactions are lower than the amount needed to conduct the identification or reporting pursuant to this Law, but which together exceed the amount referred to in Article 6 and can be considered related due to the time span in which the transactions have been made, the recipient or the order giver 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 can be considered related.
- e) "Property" shall understand to mean any type of assets, material or immaterial, movable or immovable and any legal documents or instruments including electronic or digital proving ownership or property rights.
- f) Reference to value in "KM (BAM)" shall also understand to mean the equivalent value in any foreign currency according to the official exchange rate valid at the time of the transaction.
- g) "Cash" shall understand to mean banknotes and coins circulating as legal payment instrument in Bosnia and Herzegovina and any other payment instrument (travelers' checks, personal checks, bank checks, money orders, or other forms of payment in such form that title thereto passes upon delivery).
- h) "Predicated criminal offence" shall understand to mean a criminal offence which perpetration resulted in acquiring of a property being subject to criminal offence of money laundering.
- i) "Risk of money laundering and financing of terrorist activities" shall understand to mean a risk that a client might misuse financial system or activity of the person under obligation for perpetration of money laundering or financing of terrorist activities, i.e.

- that a business relation, transaction, service or product shall be directly or indirectly used for the said criminal offences.
- j) “Business relationship” shall understand to mean any business or other contractual relationship established by a person under obligation and his client and is linked to the business operations of the person under obligation.
  - k) “Correspondent relationship” shall understand to mean a relationship between a home credit institution and a foreign credit institution, or another institution established once foreign credit institution opens an account at the home credit institution.
  - l) “Shell bank” shall understand to mean a foreign credit institution or another institution that performs the same business operation, registered in the country where it does not perform its operations and is not linked to any financial group subject to supervision in order to detect and prevent money laundering or financing of terrorist activity.
  - m) Person providing entrepreneurial services (trust) shall understand to mean any legal or physical person who provides following services for third parties:
    - 1) Establishment of a legal person;
    - 2) Performing duties of a president or a member of management board, or enable other person to perform duties of a president or a member of management board, manager or a partner, but without performing the managerial function for real, i.e. the person is not taking over the business risk pertaining to the capital investment in the legal person while being its formal member or a partner;
    - 3) Providing a legal person with the registered seat, or rental of business mailing address or administrative address and other related services;
    - 4) Performing duties or enable another person to perform duties of manager of an institution, fund or another similar foreign legal person which receives, manages or distributes property assets for certain purposes, excluding the companies for managing investment or pension funds;
    - 5) Using or enabling another person to use other person’s shares in order to exercise voting right, except if it is a company whose financial instruments are subject to trade at stock markets or other public market subject to the request for publishing of data pursuant to EU regulations or international standards,.
  - n) “Real owner of a client” shall understand to mean:
    - 1) Real owner of a client and/or a physical person on whose behalf the transaction or activity is conducted for.
  - o) Real owner of an enterprise, i.e. of another legal person, shall understand to mean:
    - A physical person who, directly or indirectly, holds 20% or more of business shares, voting right or other rights based on which he participates in management, i.e. participates in the capital of the legal person with 20% or more shares, or has a dominant status in management of the property of the legal person;
    - A physical person who indirectly provides funds for the enterprise and on that basis is entitled to participate in decision making by managerial bodies of the enterprise on financial issues and business dealings.
  - p) Real owner of a foreign legal person, which receives, manages or distributes the property for certain purposes shall understand to mean:

- A physical person who directly or indirectly utilizes more than 20% of property being managed, provided that the future users have been defined;
  - A physical person or group of persons for which interest the legal person is established or operates, provided that the person or group of person is definable;
  - A physical person who directly or indirectly manages more than 20% of property of foreign legal person with no limitations.
- q) Non-profit organizations shall understand to mean associations, institutions, bureaus and religious communities founded in accordance with the law and whose main activity is non-profitable.
- r) “Factoring” shall understand to mean a purchase of accounts receivable with or without recourse.
- s) “Forfeiting” shall understand to mean export financing based on purchase at a discount without recourse for non-matured long-term accounts receivable, secured with financial instruments.
- t) “Foreign legal person” shall understand to mean a legal person with a nationality of a country in which the seat of the legal person is.

**Article 4**  
**(Persons under obligations to implement measures)**

Measures for detecting and preventing money laundering and financing of terrorist activities shall be carried out in accordance with this Law if conducted by persons under obligation hereunder:

- a. Banks
- b. Post offices
- c. Investment and pension companies and funds, regardless of the legal form;
- d. Authorized agents trading in financial instruments, foreign exchange, exchange, interest rate and index instruments, transferable securities and commodity futures;
- e. Insurance companies, insurance brokers, insurance representation companies and insurance agents licensed to deal with life insurance affairs;
- f. Casinos, gambling houses and other organizers of games of chance and special lottery games, particularly betting, slot machines, internet games and games on other telecommunication means;
- g. Currency exchange offices;
- h. Pawn shops;
- i. Public notaries, lawyers, accountants, auditors and legal or physical persons performing accounting services and tax counseling services
- j. Privatization agencies;
- k. Real estate agencies;
- l. Legal and physical persons performing following activities:
  - 1. Receiving and/or distributing money or property for humanitarian, charitable, religious, educational or social purposes,

2. Transfer of money or value,
  3. Factoring,
  4. Forfaiting,
  5. Safeguarding, investing, administering, managing or advising in the management of property of third persons;
- m. Issuing, managing and transactions with debit and credit cards and other means of payment,
  - n. Financial leasing;
  - o. Issuing financial guarantees and other warranties and commitments;
  - p. Lending, crediting, offering and brokering in the negotiation of loans;
  - r. Underwriting, placement and brokering in insurance policies;
  - s. Organizing and executing auctions;
  - t. Trade in precious metals and stones and their products;
  - u. Trading with works of art, vessels, vehicles and aircrafts;
  - v. Persons referred to in Article 3, item 13.

## **II – TASKS AND OBLIGATIONS OF PERSONS UNDER OBLIGATIONS**

### **Article 5 (Risk assessment)**

- (1) Person under obligations shall be obligated to make a risk assessment that determines the risk level of groups of clients or a single client, business relationship, transaction or product regarding possible misuse for the purposes of money laundering or terrorism financing.
- (2) The assessment referred to in paragraph 1 of this Article shall be prepared according to the risk assessment guidelines established by FID and competent supervisory bodies, pursuant to the bylaws prescribing more detailed criteria for creation of guidelines (type of person under obligation, volume and type of works, type of clients, products, etc.) as well as the types of transactions which, due to being risk free from money laundering and terrorism financing, require simplified client identification procedure pursuant to this Law.

### **Article 6 (Identification and Monitoring of a Client)**

- (1) A person under obligation shall be obligated to carry out measures of identification and monitoring of a client when:
  - a. Establishing a business relationship with a client;

- b. A transaction of 30,000 KM or over is conducted, regardless whether there was one transaction or several clearly related transactions;
  - c. There is a suspicion of authenticity or adequacy of previously received information about the client or the real owner;
  - d. There is a suspicion of money laundering or financing of terrorist activities regarding transaction or a client, regardless of the amount of transaction.
- (2) As for the transaction referred to in paragraph 1, item b. of this Article conducted on basis of previously established business relationship with person under obligation and pursuant to the measures of identification and monitoring, a person under obligation shall only check the client's identity, i.e. persons performing the transaction and collect data referred to in Article 7 of this Law.

### **Article 7** **(Elements of Identification and Monitoring)**

- (1) If not otherwise prescribed by this Law, measures of identification and monitoring shall understand to mean:
- a. Establishing identity of a client and verification of his identity based on documents, data or information obtained from authentic and unbiased sources;
  - b. Identifying the real owner;
  - c. Obtaining data on the purpose and intention of nature of the business relationship or transaction, as well as other data prescribed by this Law;
  - d. Regular monitoring of business activities undertaken by the client through the person under obligation.
- (2) A person under obligation shall define procedures for implementation of measures referred to in paragraph 1 of this Article as their internal provision.
- (3) A person under obligation shall not establish a business relationship nor conduct transaction if not able to carry out the measures referred to in paragraph 1 of this Article.

### **Article 8** **(Subsidiaries, Branch Offices and Other Organizational Units of Person under Obligation)**

- (1) Persons under obligations shall be obligated to fully implement the provisions of this Law in their head offices, all subsidiaries and other organizational units inside the country as well as in all subsidiaries or other organizational units abroad.
- (2) Persons under obligations shall be obligated to carry out intensified measures of identification and monitoring of the activities of subsidiaries and other organizational units abroad, and particularly in countries which do not apply internationally accepted standards in the area of prevention of money laundering and terrorism financing or do it insufficiently as much as allowed by the respective country legislation.

### **Article 9**



### **(Establishing and Verifying the Identity of a Physical Person)**

- (1) Persons under obligations shall establish and verify the identity of a client who is a physical person and of his legal representative, as well as a client who is an entrepreneur or a person doing other private business by obtaining data referred to in Article 7 of this Law from a valid identification document of the client in the presence of the client.
- (2) If the available identification document does not contain all required data, missing data shall be obtained from other valid public documents provided by the client directly or indirectly or in any other way.
- (3) Persons under obligations may establish and verify the identity of a client who is a physical person or his legal representative, entrepreneur or a person doing another private business also in another way if so envisaged by a Book of Rules by the Minister of Security (hereinafter: the Minister).

### **Article 10**

#### **(Establishing and Verifying the Identity of a Legal Person)**

- (1) Persons under obligations shall establish and verify the identity of a client who is a legal person by obtaining data referred to in Article 7 of this Law from an original or certified copy of documentation from court registry or other public registry provided by a legal representative or attorney-in-fact on behalf of the legal person.
- (2) When submitting it to a person under obligation, documentation referred to in Paragraph 1 of this Article shall be updated and accurate and shall reflect the true client's situation.
- (3) A person under obligation may establish and verify the identity of legal person by collecting data referred to in Article 7 of this Law directly from court registry or another public registry. On the respective registry excerpt, the person under obligation shall note down the date and time and the name of the person reviewing the registry. A person under obligation shall keep the registry excerpt pursuant to the provisions of this Law referring to protection and keeping of data.
- (4) A person under obligation shall obtain other data referred to in Article 7 of this Law, except the data on real owner, from originals or certified copies of identification documentation and other business documentation. If it is not possible to collect all information referred to in Article 7 of this Law from those identification documents and documentation from Article 7 of this Law, except the data about real owner, a person under obligation shall collect the missing information directly from legal representative or attorney-in-fact.
- (5) If during the establishment and verification of legal person's identity, a person under obligation suspects the truthfulness of collected information or authenticity of identification documents from which the information was collected, he shall request a written statement from legal representative or attorney-in-fact before establishing of a business relationship or execution of a transaction.
- (6) If a client is a foreign legal person who performs business activities in Bosnia and Herzegovina through his branch office, a person under obligation shall establish and verify the identity of a foreign legal person and his branch office.

- (7) If a foreign legal person, except international governmental organizations, carries out transactions, a person under obligation shall be obligated to perform, at least once a year, repeated identification procedure through collecting of data referred to in Article 7 of this Law and new authorization from Articles 11 and 12 of this Law.

### **Article 11**

#### **(Establishing and Verifying the Identity of a Legal Person's Representative)**

- (1) A person under obligation shall establish and verify identity of a legal person's representative by obtaining data referred to in Article 7 of this Law by inspecting a valid identification document of a legal representative in his presence. If it is not possible to obtain required data from the said document, missing data shall be obtained from other valid public identification document as suggested by a client and submitted by a legal representative.
- (2) If, during establishing and verifying of the identity of a legal person's representative, a person under obligation suspects the truthfulness of obtained data, a person under obligation shall also request his written statement.

### **Article 12**

#### **(Establishing and Verifying the Identity of Authorized Person for Legal Person)**

- (1) If a business relationship, on behalf of a legal person, is established by an authorized person instead of the legal representative referred to in Article 11 of this Law, a person under obligation shall establish and verify the identity of an authorized person by obtaining data referred to in Article 7 of this Law by inspecting valid identification document of authorized person in his presence,
- (2) If it is not possible to obtain required data from the document referred to in paragraph 1 of this Article, missing data shall be obtained from other valid public identification document submitted by authorized person or directly from authorized person. Data from Article 11 of this Law about legal representative who issued authorization on behalf of a legal person shall be collected by a person under obligation based on data from certified authorization.
- (3) If the transaction referred to in Article 6 of this Law on behalf of a client who is a legal person, physical person, entrepreneur or a person who performs other private business, is carried out by an authorized person, a person under obligation shall establish and verify the identity of authorized person by obtaining data referred to in Article 7 of this Law.
- (4) Data referred to in Article 10 of this Law about a client who is a legal person and on whose behalf an authorized person acts, shall be obtained by a person under obligation based on information from certified authorization.

- (5) If during the establishing and verifying of identity of authorized person, a person under obligation suspects the truthfulness of obtained data, a person under obligation shall also request his written statement.

### **Article 13**

#### **(Establishing and Verifying the Identity of Other Legal Persons)**

- (1) For associations, foundations and other legal persons who do not perform economic activities and for religious communities and associations which do not enjoy status of a legal person but act independently in legal transactions, a person under obligation shall be obligated to:
1. Establish and verify the identity of a person authorized to represent, i.e. a representative
  2. Obtain a power of attorney
  3. Collect data referred to in Article 10 of this Law
- (2) A person under obligation shall establish and verify the identity of a representative referred to in paragraph 1 of this Article by collecting data referred to in Article 10 of this Law by inspecting valid representative's identification document in his presence. If it is not possible to obtain the required data from the said document, 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 10 of this Law about each physical person who is a member of an association or other subject referred to in paragraph 1 of this Article shall be collected by a person under obligation from a power of attorney which shall be submitted to him by a representative. If it is not possible to obtain the required data from the said document, missing data shall be collected directly from a representative.
- (4) If, while establishing and verifying the identity of a person from paragraph 1 from this Article, a person under obligation suspects the truthfulness of collected data or authenticity of identification documents from which the data was obtained, before establishing of business relationship or carrying out a transaction, u person under obligation shall also request a written statement from a representative.

### **Article 14**

#### **(Specific Cases Related to Establishing and Verifying a Client's Identity)**

- (1) A person under obligation who operates with items in safe shall establish and verify the identity of a client when entering into business relationship with a client which is based on a safe renting. Client's identity shall be also established and verified each time a client access the safe.

- (2) When establishing and verifying client's identity pursuant to paragraph 1 of this Article a person under obligation shall collect data referred to in Article 7 of this Law.
- (3) Provisions of this Article pertaining to obligation to verify a client's identity before his access to the safe refer to each physical person who really approaches the safe, regardless if he is the user of the safe or the user's legal representative or authorized person.
- (4) Insurance company and other legal and physical person who acts as agent in selling of life insurance policies shall undertake measures of identification and monitoring of a client in life insurance tasks in the cases when total amount of one or several installments of a premium which should be paid in one year amounts to or exceeds 2,000 KM, or if payment of one premium amounts to or exceeds 5, 000 KM. Identification and monitoring measures shall also be undertaken when single installment or several installment of a premium which should be paid within one year grow up to or over 2, 000 KM.
- (5) Insurance company and other legal and physical person who acts as agent in selling of life insurance policies shall also undertake measures of client identification and monitoring for tasks of pension insurance if it is possible to transfer insurance policy or use it as collateral for a loan or a credit.
- (6) Legal or physical persons who perform tasks related to organizing or conducting of public sales or trade in art objects, vessels, vehicles or aircrafts shall establish and verify a client's identity during a cash transaction or several related transactions that amount to or exceeds 30, 000 KM.
- (7) Casinos, gambling houses and other organizers of games of chance and special lotteries shall be obligated to establish and verify identity of each participant in the game who carries out transactions that amount to or exceeds 5, 000 KM.
- (8) A person under obligation shall identify a bankbook holder during each transaction performed based on the bankbook.

**Article 15**  
**(Establishing and Verifying the Identity of a Real Owner)**

- (1) In order to establish identity of a real owner of a legal person, a person under obligation shall collect data by inspecting originals and verified documents from a court registry or other public records which must be updated and accurate and reflect real state of affairs of a client. a person under obligation may obtain the data through direct access to court or other public registry, acting in accordance with provisions of Article 10 paragraph 3 of this Law.
- (2) If complete data about real owner cannot be obtained from a court or other public registry, a person under obligation shall collect missing data by inspecting the original or verified documents and business records attached by a legal representative or his authorized person. When out of justified reasons, a person under obligation cannot obtain data in a manner prescribed by this Article; he shall obtain it from a written statement of a legal representative or his authorized person.

**Article 16**  
**(A Third Person)**

- (1) Pursuant to this Law, a third person shall be understood to mean following:
  - a) Organization referred to in Article 4, Paragraph 1, items a), c), d) and e), of this Law
  - b) Other persons who meet requirements set by Minister of Security in Books of Rules.  
Minister shall, inter alia, take a report on technical requirements adopted by the European Commission in accordance with Article 40 of Directive 2005/60/EC, data from competent international organizations and FID.
- (2) Beside paragraph 1 of this Article, auditing companies referred to in Article 38 of this Law shall also be considered as third person.
- (3) Third persons referred to in paragraph 1 of this Article shall not include outsourcing and agents.
- (4) Minister of Security will make a list of countries introducing and consenting to standards against money laundering and financing of terrorist activities, as defined in the Directive 2005/60/EC and at the same time review reports adopted as an instrument by the European Commission in accordance with Article 40 of the Directive 2005/60/EC, data from competent international organizations and from FID.
- (5) Notwithstanding paragraph 1 of this Article, a person under obligation cannot rely on third persons in carrying out procedure of identification and monitoring of a client if a client is:
  - a. Foreign legal person who does not practice or cannot practice trade, manufacturing or other activities in the country of registration,
  - b. Fiduciary or other similar foreign legal person with unknown or hidden owners or managers.

**Article 17**  
**(Identification and Monitoring of a Client through Third Persons)**

- (1) When establishing a business relationship with a client and under conditions set forth in this Law and other regulations adopted in accordance with this Law, a person under obligation may entrust a third person to establish and verify a client's identity, establish the identity of real owner of a client and collect of data about purpose and planned nature of a business relationship or transaction.
- (2) A person under obligation shall be obligated to verify beforehand if the entrusted third person meets requirements prescribed by this Law.
- (3) A person under obligation shall still hold final responsibility for carrying out measures of identification and monitoring entrusted to a third party.

**Article 18**  
**(Regular Monitoring of a Client's Business Activities)**

- (1) A person under obligation shall track business activities undertaken by a client by carrying out identification and monitoring measures and application of the principle “know your client” including also the origin of funds used in business operations.
- (2) Monitoring of business activities undertaken by a client through a person under obligation includes:
  - a. Establishing of client’s business activities in accordance with purpose and aim of business relationship established between a client and a person under obligation
  - b. Monitoring and establishing of client’s business activities in accordance with the volume of his work.
- (3) A person under obligation shall identify volume and frequency of measures referred to in paragraph 2 of this Article corresponding to a risk of money laundering or financing of terrorist activities he is exposed to during individual transactions or business activities of an individual client. A person under obligation shall evaluate such risk in accordance with Article 5 of this Law.

**Article 19**  
**(Forms of Identification and Monitoring)**

During identification and monitoring of a client’s activities and depending on the risk for each client, a person under obligation may apply:

- a) Intensified identification and monitoring
- b) Simplified identification and monitoring

**Article 20**  
**(Intensified Identification and Monitoring of a Client)**

- (1) Intensified measures of identification and monitoring, apart from measures referred to in Article 7 of this Law, shall include additional measures prescribed by this Law during:
  - a) Establishing of correspondent relationship with a bank or other similar loan institution with its seat located abroad
  - b) Establishing of business relationship or performing transactions referred to in Article 6 of this Law with a client who is politically active person as defined by Article 22 of this Law

- c) when a client was not present during establishing and verifying the identity through carrying out identification and monitoring measures
- (2) A person under obligation may apply intensified identification and monitoring measures in other cases when, due to a nature of business relationship and manner of transaction, client's business profile or other circumstances related to the client, there is or there could be a high risk of money laundering or financing of terrorist activities.

## **Article 21**

### **(The Correspondence Relations with the Loan Institutions with Seat Abroad)**

- (1) When establishing the correspondence business relations with a bank or a similar loan institution with seat abroad, a person under obligation shall apply the measures referred to in Article 7 of this Law pertaining to the procedure of identification and client monitoring. Person under obligation shall also collect following data, information and documents:
  - a) Data on issuing and the validity of authorization for banking services, name and seat of a competent body issuing the authorization;
  - b) The description of implementation of internal procedures related to detection and prevention of money laundering and financing of terrorist activities, especially the procedures for identification and monitoring of a client, procedures for identifying the real owner, for data related to reports on suspicious transactions sent to competent bodies, for keeping of reports, internal control and other procedures adopted by a bank or similar loan institution for detection and prevention of money laundering or financing of terrorist activities;
  - c) The description of relevant legislation on detection and prevention of money laundering and financing of terrorist activities applied in a country where a bank or other loan institution was founded or registered;
  - d) Written statement that a bank or other similar loan institution has no business with shell banks;
  - e) Written statement that a bank or similar loan institution has no established or is no process of establishing any business with the shell banks;
  - f) Written statement that a bank or similar loan institution shall be subject to administrative supervision in a country of origin or registration and that it shall be obligated, pursuant to the legislation of the said country, to act in accordance with the laws and provisions related to detection and prevention of money laundering and financing of terrorist activities.
- (2) An employee of a person under obligation who establishes a relationship with the correspondence bank referred to in Paragraph 1 of this Article and executes the

- intensified identification and monitoring procedure shall collect all written approvals from his superior and responsible person before entering into such relationship.
- (3) A person under obligation shall collect all data referred to in Paragraph 1 of this Article by inspecting public or other available records or reviewing documents and business reports enclosed by a bank or other similar loan institution with seat abroad.
- (4) A person under obligation shall not enter into or continue correspondent relationship with a bank or other similar loan institution with seat abroad if:
- a. Data referred to in items a, b, c, d, e, and f of the Paragraph 1 of this Article have not been previously collected;
  - b. An employee of a person under obligation did not receive previously a written approval from its superior and responsible person to enter into a correspondence relationship;
  - c. A bank or other similar loan institution with seat abroad does not apply the system for detection and prevention of money laundering and financing of terrorist activities, or if it is not obligated to apply the laws and other relevant provisions related to detection and prevention of money laundering and financing of terrorist activities pursuant to the legislation of the country where it is founded and registered.
  - d. A bank or other similar loan institution with seat abroad does business as a shell bank or enters into correspondent or other business relations and executes transactions with the shell banks.

**Article 22**  
**(Foreign Politically Active Persons)**

- (1) A person under obligation shall set up appropriate procedure to determine if a person from abroad is politically active. He shall define such procedure in form of his internal enactment while simultaneously following the guidelines of competent supervisory bodies referred to in Article 68 of this Law.
- (2) A foreign politically active person referred to in Paragraph 1 of this Article shall understand to mean any physical person who is or was entrusted with prominent public function in the previous year including the closest family members and close associates.
- (3) A physical person who is or was entrusted with prominent public function shall include:
- a. Head of state, Prime Minister, Ministers and their Deputies or Assistants;
  - b. Elected representatives in legislative bodies;
  - c. The judges of the Supreme and Constitutional Court and other high judiciary institutions;
  - d. Members of audit team and Governors' Board of the Central Bank;
  - e. Ambassadors and highly positioned officers in military forces;
  - f. Members of Steering or Supervisory Boards of a company whose biggest shareholder is a state.



- (4) Closest family members of a person referred to in Paragraph 2 of this Article shall be following: spouses, parents, brothers and sisters, children and their spouses.
- (5) Close associates referred to in Paragraph 2 of this Article shall include any physical person who participate in the profits or is in a business relationship or have any other relation with the business in question.
- (6) When a foreign politically active person is a client who enters into a business relationship or performs transaction or is a represents client who enters into a business relationship or performs transaction, a person under obligation shall, along with the measures defined in Article 20 of this Law as a part of procedure for intensified identification and monitoring of a client, undertake following measures:
  - a) A person under obligation shall collect information on source of funds and property that is or will be a subject of business relationship or transaction from the documents and other documentation submitted by a client. When such information cannot be obtained in the described manner, a person under obligation shall obtain it directly through a written statement of the client.
  - b) An employee of a person under obligation conducting the procedure of establishment of business relationship with a client who is a foreign politically active person shall secure a written approval from his superior or responsible person prior to entering into such relationship.
  - c) After entering into business relationship, a person under obligation shall monitor transactions and other business activities undertaken through the person under obligation by a foreign politically active person through identification and monitoring procedure.

**Article 23**  
**(Establishing and Verifying Identity without Client's Presence)**

- (1) When a client is not present in a person under obligation during establishing and verifying of identity, a person under obligation shall, along with measures defined in Article 7 of this Law as part of identification and monitoring procedure, undertake one or more measures referred to in Paragraph 2 of this Article.
- (2) A person under obligation shall undertake following measures when establishing and verifying identity:
  - a. Obtain additional documents, data or information that will be used to verify a client's identity.
  - b. Again verify submitted documents, or again ask for its confirmation from a loan or financial institution.
  - c. Apply a measure that the first payment in business activity is made through account opened on behalf of a client at other loan institution.

- (3) Establishment of a business relationship without client's presence is forbidden unless a person under obligation applies the measure referred to in Paragraph 2 item c of this Article.

**Article 24**  
**(Simplified Identification and Monitoring of a Client)**

Procedure for simplified identification and monitoring of a client is possible if a client is:

- a. A governmental body of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina (hereinafter: the FBiH), Republika Srpska (hereinafter: RS) or Brcko District of Bosnia and Herzegovina (hereinafter: the District) or organization with public power;
- b. Bank, insurance company and other legal and physical person that acts as agents in sale of insurance policies, investment and pension companies and funds irrespective of their legal form, with its seat in Bosnia and Herzegovina or a seat or central office in EU countries or in countries that, according to information obtained from FID, international organizations and other competent international bodies, meet the internationally accepted standards for prevention and detection of money laundering and financing of terrorist activities, and as such selected by a minister.
- c. A client that was put into a low risk group clients by a person under obligation.

**Article 25**  
**(Collecting and Verifying Information about a Client within Simplified Procedure for Identification and Monitoring)**

- (1) Information about a client that are collected and verified within simplified identification and monitoring procedure prior to establishing a business relationship:
  - a. Name, address and seat of a legal person that establishes business relationship i.e. legal person for which the business relationship is being established;
  - b. Name and surname of legal representative or authorized person that establishes a business relationship for a legal person;
  - c. Purpose and assumed nature of business relationship and date of establishment of business relationship;
- (2) A person under obligation shall be obligated to collect information referred to in paragraph (1) of this Article by inspecting original or certified copy of documentation from an official public registry submitted by a client i.e. by directly reviewing the official public registry.
- (3) If it is not possible to collect information as defined in paragraph 2 of this Article, missing information will be collected from original or certified copies of identification documents and other business documentation submitted by a client. If information still cannot be collected, a person under obligation shall take a direct written statement from a representative or authorized person.
- (4) Documentation referred to in paragraph 2 and 3 of this Article shall be updated and accurate and reflect actual state of affairs of a client.

**Article 26**  
**(Electronic Transfer of Money)**

- (1) Loan and financial institutions, including companies that provide certain payment operations services or money transfer (hereinafter: payment services provider) shall be obligated to obtain accurate and complete information on a payee and include them into a form or a message that follows electronic transfer of funds, sent or received in any currency. That information has to follow a transfer throughout the payment process.
- (2) Content and type of information collected on a payee and other obligations of payment services provider and exceptions thereof during money transfer that presents an insignificant risk of money laundering or financing of terrorist activities, shall be prescribed by a minister in the Book of Rules.
- (3) Payment services providers, who are intermediates or recipient of funds, shall deny transfer of funds if it does not contain complete information on the payee referred to in paragraph 2 of this Article or shall request additional information on the payee to be submitted within set deadline.
- (4) Payment services providers may restrict or terminate a business relationship with a payee who frequently fails to meet the criteria prescribed by paragraphs 1 and 2 of this Article, provided that the payment services providers must so notify the payee. Payment services provider shall inform FID on permanent restriction or termination of a business relationship.
- (5) Payment services providers, who are intermediates or recipient of funds, shall review missing information on a payee compared to the assessed risk level as a possible reason for undertaking measures of intensified identification and monitoring.
- (6) Provisions of paragraphs 1, 2, 3, 4 and 5 of this Article shall refer to electronic transfer of funds carried out by national and international payment services providers.
- (7) When obtaining information mentioned referred to in paragraph 1 of this Article, payment services providers shall identify a payee using a valid identification document and authentic and reliable sources of documentation.

**III. RESTRICTIONS IN BUSINESS OPERATIONS WITH CLIENTS**

**Article 27**  
**(Ban of Secret Accounts Use)**

A person under obligation shall not open, issue or have secret accounts, saving books or saving books of the carriers or other items that enable, directly or indirectly, hiding of client's identity.

**Article 28**

### **(Ban of Business Operation with Shell Banks)**

A person under obligation shall not enter into or continue relations of correspondent banking with a bank that operates or may operate as a shell bank or other similar loan institution known for allowing the use shell banks accounts.

### **Article 29 (Cash Payments Restrictions)**

- (1) Persons who are not under obligation as defined by Article 4 of this Law and perform activities of sales of goods and services in Bosnia and Herzegovina shall not accept cash payment exceeding 30.000 KM from their customers or third parties when selling individual goods and services. Persons selling goods shall also understand to mean legal and physical persons who organize or perform auctions related to art pieces, precious metal or precious stones or similar goods and other legal and physical persons who receive cash for goods and services.
- (2) Cash payments restriction, referred to in paragraph 1 of this Article, shall also apply when payment is made through few related cash transactions and their total value exceeds 30.000 KM.
- (3) Persons who are not under obligation as defined by Article 4 of this Law and perform activities of sales of goods and services shall receive a payment referred to in paragraphs 1 and 2 of this Article from a client or third party at his transaction account, unless otherwise prescribed.

## **IV INFORMING THE FINANCIAL INTELLIGENCE DEPARTMENT ABOUT TRANSACTIONS**

### **Article 30 (Informing)**

- (1) A person under obligation shall be obligated to send to FID the data referred to in Article 44, paragraph 1 of this Law related to following:
  - a. Any attempted and completed transaction , a person or a client if there exists a suspicion of money laundering and financing of terrorist activities;
  - b. A cash transaction the value of which amounts to or exceeds 30,000 KM;
  - c. Related cash transactions the overall value of which amounts to or exceeds 30,000 KM.
- (2) When a person under obligation is reporting about a suspicious transaction to FID, he shall also provide following data:
  - a. That a transaction evidently departs from the usual transactions of the client by its characteristics relating to the status of the client or other characteristics of the client

or funds or other characteristics, and that the transaction corresponds to the necessary number and indicators pointing to reasons to suspect the money laundering or financing of terrorist activities.

- b. That the transaction is directed at evasion of laws regulating the measures of money laundering prevention and terrorist activity financing.
- (3) The FID shall inform the person under obligation referred to in Article 4 of this Law who reported the transaction about the results of data analysis referring to the transaction or the person suspected of money laundering or financing of terrorist activities, unless FID find that it might be detrimental to the further course and outcome of the procedure.
- (4) Minister shall prescribe which information, data and documentation should be delivered to FID in accordance with the provisions of Article 44, paragraph 1 of this Law.
- (5) Upon consultations with FID, the Minister may prescribe in a bylaw the conditions under which a person under obligation is not required to deliver to FID the information about the cash transactions of a certain client in the amounts either equal or higher than those prescribed in paragraph 1, items b. and c. of this Article.

### **Article 31**

#### **(Deadlines for Providing Information on Transactions)**

- (1) In cases referred to in Article 30, paragraph 1, item a. of this Law, a person under obligation shall be obligated to deliver to 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) An exception to the general rule of submission of information to FID about suspicious transactions prior to them being carried out shall be the situations when a person under obligation, due to the nature of transactions or other justified reasons or if failure to carry out transaction would likely preclude the efforts in identifying the reasons to suspect a money laundering operations or financing of terrorist activities. A person under obligation shall be obligated to deliver information no later than the following working day, along with an explanation why it was impossible to deliver information about the suspicious transactions prior to them being carried out.
- (3) In cases referred to in Article 30, paragraph 1, items b. and c. s Law, a person under obligation shall be obligated to deliver to FID the information, data and documentation immediately upon completion of a transaction, or no later than 3 days after the transaction had been carried out.
- (4) Persons under obligation may deliver the information to FID through the application software for electronic transaction reporting (hereinafter: the AMLS), by a person authorized to handle the affairs of postal traffic, by a person authorized for documentation delivery – a courier.

- (5) Information referred to in the paragraph 1 of this Article may also be delivered by fax; however a copy needs to be delivered in a manner prescribed in paragraph 4 of this Article.
- (6) Information referred to in the paragraph 1 of this Article may also be given by telephone; however, FID must be subsequently informed in writing no later than the following working day.
- (7) In cases referred to in Article 30, paragraph 1, item a. of this Law, due to the nature of a transaction or because a transaction has not been completed or other justified reasons, if a person under obligation cannot act in accordance with paragraph 1 of this Article, he shall be obligated to submit to FID the information, data and documentation as soon as possible, i.e. immediately after suspicion of money laundering or financing of terrorist activities arose. A person under obligation shall explain in the information the reasons as to why he failed to act in accordance with the provisions of paragraph 1 of this Article.

## **V AUTHORIZED PERSON, IN-SERVICE TRAINING, LIST OF INDICATORS AND INTERNAL CONTROL**

### **Article 32**

#### **(Authorized Person and his Deputy)**

- (1) For the purpose of delivering the information to FID, as well as executing other duties in accordance with the provisions of this Law, a person under obligation shall appoint an authorized person. He shall also appoint one or several deputies to the authorized person and shall so to inform FID within 7 days from the day of the appointments or change of details about an authorized person or a deputy to the authorized person.
- (2) Notwithstanding paragraph 1 of this Article, those persons under obligation who have four or less employees shall not be obligated to appoint an authorized person and conduct internal control pursuant to this Law.

### **Article 33**

#### **(Conditions Pertaining to an Authorized Person and Deputy)**

- (1) A person under obligation shall ensure that tasks of an authorized person are entrusted to an individual who has meets following conditions:
  - a. Holds a high enough position as to enable a prompt, quality and timely fulfillment of the tasks prescribed by this Law;
  - b. Was not convicted by a final verdict and no current criminal proceedings are being conducted against him;
  - c. Has adequate professional qualifications for the job of detection and prevention of money laundering and financing of terrorist activities and has

- d. Good knowledge of the nature of business activities of the person under obligation in the fields exposed to the risk of money laundering and financing of terrorist activities.
- (2) A deputy to an authorized person should also meet the requirements stipulated under items b. c. and d., paragraph 1 of this Article.

**Article 34**  
**(The Tasks of an Authorized Person and Deputy)**

- (1) An authorized person referred to in Article 32 of this Law shall carry out following tasks:
- a. Ensure the establishment, functioning and development of the system for detection and prevention of money laundering and financing of terrorist activities with the person under obligation;
  - b. Ensure correct and timely reporting of FID in accordance with this Law;
  - c. Take part in defining and amending of the operational procedures as well as in preparation of internal provisions pertaining to prevention and detection of money laundering and financing of terrorist activities;
  - d. Take part in drafting of the guidelines for implementation of the control related to prevention of money laundering and financing of terrorist activities;
  - e. Follow and coordinate the activities of the person under obligation in the area of detection and prevention of money laundering and financing of terrorist activities;
  - f. Take part in the establishment and development of the information support related to the detection and prevention of money laundering and financing of terrorist activities;
  - g. Make proposals to the management or other administrative bodies of the person under obligation for the purpose to improve the system for detection and prevention of money laundering and financing of terrorist activities;
  - h. Take part in preparation of a professional education and training program for the employees in domain of prevention and detection of money laundering and financing of terrorist activities.
- (2) The deputies shall replace the authorized person in his absence to carry out all the tasks as stipulated by paragraph 1 of this Article and carry out all other tasks as prescribed by this Law.

**Article 35**  
**(Training)**

- (1) A person under obligation shall be obligated to ensure a regular professional education, training and in-service training of the employees carrying out tasks of prevention and detection of money laundering and financing of terrorist activities;
- (2) Professional education, training and in-service training refer to familiarization with the provisions of the Law, relevant bylaws and internal enactments, literature on prevention and detection of money laundering and financing of terrorist activities with a list of indicators for recognition of a client and transactions for which exist grounds of suspicion of money laundering and financing of terrorist activities.
- (3) A person under obligation shall be obligated to draft annual curriculum of professional education, training and in-service training of the employees working on tasks of prevention and detection of money laundering and financing of terrorist activities no later than March for the current year.

**Article 36**  
**(Internal Control and Auditing)**

- (1) A person under obligation shall be obligated to ensure a regular internal control and audit of the tasks conducted in prevention and detection of money laundering and financing of terrorist activities;
- (2) Compliance of the business operations of a person under obligation with the provisions of this Law ought to be the subject of the internal control and auditing activity, which includes an evaluation of adequacy of the policies and procedures of the person under obligation and training of the authorized and responsible persons with regards to standards defining the prevention of money laundering and financing of terrorist activities.

**Article 37**  
**(List of Indicators)**

- (1) In cooperation with the FID and other supervising bodies, persons under obligation defined by Article 4 of this Law shall be obligated to draft a list of indicators for identification of clients and transactions for which there exists grounds for suspicion of money laundering and financing of terrorist activities.
- (2) The list referred to in paragraph 1 of this Article shall be delivered to FID within six months counting from the day this Law enters into force.

**VI OBLIGATIONS AND TASKS OF ATTORNEYS, LAW FIRMS, NOTARY PUBLICS, AUDITING COMPANIES AND INDEPENDENT AUDITORS, LEGAL AND**



## **PHYSICAL PERSONS PROVIDING ACCOUNTING SERVICES AND TAX ADVISORY SERVICES**

### **Article 38 (General Provisions)**

An attorney, law firm, notary public, auditing company and independent auditor, legal and physical persons providing accounting services and tax advisory services (hereinafter: persons performing professional activities), when carrying out the tasks falling under their respective domains of activity defined by other laws, shall be obligated to carry out measures of prevention and detection of money laundering as well as of financing of terrorist activities and act according to provisions of this Law and bylaws adopted on the basis of this Law, which regulate tasks and obligations of other persons under obligation, unless otherwise prescribed by this chapter.

### **Article 39 (Tasks and Obligations of the Persons Performing Professional Activities)**

- (1) Notwithstanding provisions of Article 6 of this Law, an attorney, law firm or notary public shall act in accordance with the provisions of this Law only in the case when:
- a. They assist in planning or carrying out transactions for a client in relation to:
    - 1) A purchase or sale of a real-estate or a share, i.e. stocks of an enterprise;
    - 2) Management of funds, financial instruments or other assets owned by a client;
    - 3) Opening and managing bank accounts, savings deposits or the accounts for dealings with financial instruments;
    - 4) Gathering funds necessary for establishment, functioning or management of an enterprise;
    - 5) Establishment, functioning or management of an institution, fund, enterprise or other similar legal-organizational form;
  - b. They carry out a financial transaction or transactions related to a real-estate on behalf and for the account of a client.

### **Article 40 (Procedure of Identification and Monitoring of a Client)**

- (1) Persons performing 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. of this Law, shall collect data referred to in Article 7 of this Law.

- (2) The persons performing professional activities as part of the procedures of identification and monitoring a client shall collect data referred to in Article 7 of this Law in case when there is a suspicion as to authenticity and truthfulness of previously collected data on clients or true owner and whenever there are reasons for suspicion of money laundering or financing of terrorist activities in relation to certain transaction or client as referred to in Article 6 paragraph 1 item d. of this Law.
- (3) When identifying a client, persons performing professional activities shall establish identity of a client or his legal representative or authorized person and collect data referred to in Article 7 of this Law by inspecting valid identification document of a client, i.e. original document, certified copy of the document or certified documentation from a court or other public registry, which must be updated, accurate and reflect the real state of facts of a client.
- (4) Persons performing professional activities shall establish a true owner, a client who is a legal person or other similar legal person based on data referred to in Article 7 of this Law by inspecting the original or a certified copy of the documentation from a court or other public registry which must be updated, accurate and reflect the real state of facts of a client. If it is not possible to collect all data based on an extract from a court or other public registry, the missing data shall be collected by inspecting the original or certified copies of documents and other business documentation presented by a representative or authorized person of the legal person.
- (5) Persons performing professional activities shall collect other data referred to in Article 7 of this Law by inspecting the original or certified copies of documents and other business documentation.
- (6) If it is not possible to collect all data in the manner prescribed by this Article, the missing data shall be collected directly from 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 referred to in paragraphs 1 through 6 of this Article in a degree and to extent corresponding to their scope of work.

#### **Article 41**

##### **(Obligation to Inform Financial-Intelligence Department by Persons Performing Professional Activities)**

- (1) When an attorney, law firm or notary public perform tasks referred to in Article 39 of this Law, as well as auditing company, independent auditor, legal and physical persons providing accounting or tax advisory services find that there are reasons to suspect money laundering or financing of terrorist activities with regards to a transaction or

certain person, they shall be obligated to inform FID without delay, in accordance with provisions of Article 30 of this Law.

- (2) Each time a client requests an advice in reference to money laundering or financing of terrorist activities, persons performing professional activities shall be obligated to inform FID immediately and no later than three working days from the day a client requested such advice.
- (3) During reporting on a suspicious transaction, persons performing professional activities shall be obligated to forward to FID the data referred to in Article 7 of this Law pursuant to the Book of Rules issued by the Minister.

## **Article 42**

### **(Exceptions from Obligation to Inform)**

- (1) Unless if there are reasons to suspect a money laundering or financing terrorist activities in relation to a client, persons performing professional activities shall not be subject to provisions referred to in Article 41 of this Law pertaining to the data they receive from a client or collect about a client during the verification of the legal position of a client or during representation of a client in reference to a court proceedings, which includes proposing or avoiding a court proceedings, regardless whether the data was obtained or collected before, during or after completed court proceedings.
- (2) In case referred to in paragraph 1 of this Article, persons performing professional activities shall not be obligated to submit data, information and documentation at request of FID pursuant to Article 30 of this Law. In that case, without a delay and no later than fifteen days from the day the request was received, they shall be obligated to explain in writing the reasons why they did not act upon the request of FID.
- (3) Notwithstanding obligations stipulated by this Law, the persons performing professional activities shall not be obligated to:
  - a. Inform FID about cash transactions referred to in Article 30, paragraph 1, Items b. and c. of this Law, unless there are reasons to suspect money laundering or financing of terrorists activities in relation to a transaction or a client,
  - b. Appoint authorized persons and deputies of authorized persons,
  - c. Carry out internal audit on enforcement of tasks on prevention of money laundering and financing of terrorist activities.

## **Article 43**

### **(List of Indicators for Recognizing Persons and Transactions for which Exist Grounds for Suspicion on Money Laundering or Financing of Terrorists' Activities)**

- (1) Persons performing professional activities shall be obligated to draft a list of indicators for recognizing persons and transactions for which exist grounds for suspicion on money laundering or financing of terrorists' activities in cooperation with FID and other supervisions bodies.
- (2) When drafting a list referred to in paragraph 1 of this Article, persons performing professional activities shall be obligated to take into consideration the complexity and extent of transactions, unusual method of transaction execution, value or connection of transactions which do not have economic or legally based purpose, i.e. which are not harmonized or which are disproportional to the usual, expected business activity of a client, as well as other circumstances related to the status or other characteristics of a client.
- (3) Persons performing professional activities shall be obligated to apply the list of indicators referred to in paragraph 1 of this Article when establishing the grounds for suspicion of money laundering or financing of terrorists' activities and other circumstances thereof.

## **VII RECORD**

### **Article 44**

#### **(Content of the Record)**

- (1) The record on conducted procedure of identification and monitoring of a client and transactions referred to in Article 7, paragraph 1 of this Law shall minimally include following information:
  - a. The name, seat and identification number of a legal person having a business relationship or conducting the transaction, i.e. a legal person on behalf of which a permanent business relationship is being established or transaction performed;
  - b. Full name, address, date and place of birth, unique identification number of an employee or authorized person who establishes a business relationship or performs a transaction on behalf of a legal person, as well as the name of the authority that issued a valid identification document;
  - c. Full name, address, date and place of birth, unique identification number of a physical person who establishes a business relationship, enters in the premises of a casino, gambling house or in the premises of an organizer of games of chance, or who performs a transaction, i.e. a physical person for whom a business relationship is being established or a transaction performed, 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 performing of transaction and information about a client's occupation;
  - e. Date of establishment of a business relationship or execution of a transaction;
  - f. Time of execution of a transaction;
  - g. Amount of a transaction and the currency used in execution of the transaction;
  - h. The purpose of a transaction, as well as the full name and address, i.e. name and seat of a legal person who the transaction was directed to;
  - i. Method of the execution of a transaction;
  - j. Full name, or name and seat of a person sending money order from abroad;

- k. Data about the origin of the money or property subject of a transaction;
  - l. The reasons as to why a transaction, person or client is suspicious;
  - m. Full name, address, date and place of birth of each physical person who directly or indirectly possesses at least 20% of business share, stocks or other rights based on which he participates in the management of a legal person, i.e. the funds thereof.
- (2) For their own needs, persons under obligation shall retain copies of the documents based on which identification of a client was made, on which they are going to note that the inspection of an original document was carried out.
- (3) The Minister shall give directives as to what information referred to in paragraph 1 of this Article shall be included in the record on conducted identification of clients and transactions.
- (4) (4) Record as well as information referred to in Article 59 of this Law about the cash transfer and of property across the state border shall contain the following data:
- a. Full name, permanent address, date and place of birth of a physical person who transfers a cash or property across the state border;
  - b. Name and seat of a legal person or full name and address of a physical person for whom a transfer of a cash or a property is being carried out across the state border;
  - c. Amount, currency, type and purpose of transaction and place, date and time of the crossing of state border;
  - d. Data on whether transaction was reported to the custom authorities.
- (5) All data, information and documentation from the record on identification of a client shall be delivered to FID free of charge.

## **VIII. TASKS AND COMPETENCIES OF THE FINANCIAL-INTELLIGENCE DEPARTMENT**

### **Part A**

#### **Activities of the FID**

#### **Article 45**

#### **(General Provisions on the Financial-Intelligence Department)**

The Financial-Intelligence Department (FID) of the State Investigation and Protection Agency, under supervision of the Director of the State Investigation and Protection Agency (hereinafter: the Director) shall perform the tasks related to prevention, investigation, detection of money laundering and financing of terrorist activities pursuant to the provisions of the Law on the State Investigation and Protection Agency, this and other laws, promotion of cooperation between competent bodies of BiH, the Federation of Bosnia and Herzegovina (hereinafter: the Federation), Republika Srpska (hereinafter: RS) and Brčko District of Bosnia and Herzegovina (hereinafter: the District) in the area of prevention of money laundering and financing of terrorist activities, as well as promotion of cooperation and exchange of information with competent bodies of other countries and international organizations in charge of prevention of money laundering and financing of terrorist activities.

#### **Article 46**

**(Detection and Investigation of Money Laundering and Financing of Terrorist Activities)**

- (1) FID shall receive, collect, record, analyze and investigate and, when envisaged by this or other Law, forward data, information and documentation received pursuant to this law to a competent prosecutor's office.
- (2) If based on data, information and documentation collected pursuant to paragraph 1 of this Article, FID finds that there are grounds for suspicion of a criminal act related to a transaction or a person, the FID shall be obligated to forward written information with collected documentation to a competent prosecutor's office. The FID shall thereafter continue to collect the data, information and documentation upon the request of a prosecutor in order to verify the grounds for suspicion that a criminal offense of money laundering and financing of terrorist activities has been committed.
- (3) In the notification referred to in paragraph 1 of this Article, the FID shall not mention information about an employee of a person under obligation who conveyed the data to the FID pursuant to this Law, or who are in any way involved in execution of transaction on behalf of a person under obligation, unless there are reasons to suspect that the person under obligation or his employee committed a criminal offense, or if the information in question is necessary to establish facts during criminal proceedings
- (4) After thoroughly collected data, information and documentation referred to in paragraph 2 of this Article, the FID shall draft a report on a perpetrator and on grounds for suspicion that a criminal offense of money laundering and financing of terrorist activities has been committed with a proposal of measures and actions to be undertaken by a competent prosecutor's office based on its assessment in the course of investigation.

**Article 47**

**(Request Sent to Persons under Obligation to Forward Data on Suspicious Transactions or Persons)**

- (1) If the FID suspects money laundering or financing of terrorist activities in reference to certain transaction or person, the FID may send a written request to u persons under obligation for information referred to in Article 44 of this Law, information on title and bank deposits of the person in question, as well as other information, data and documentation necessary for performance of 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 person under obligation, provided that the FID shall be obligated to submit a written request to the person under obligation no later than the next working.

- (2) A person under obligation shall be obligated to forward information, data and documentation referred to in paragraph 1 of this Article to the FID without a delay and no later than 8 working days from the receipt of the request. .
- (3) In case that persons performing professional activities referred to in Article 38 of this Law refuse to forward information, data and documentation based on a request from the FID referred to in paragraph 1 of this Article, persons performing professional activities shall inform the FID in writing within the deadline prescribed in paragraph 2 of this Article about the reasons as to why they did not adhere to FID's request.
- (4) In cases of extensive documentation or due to other justifiable reasons, the FID may extend in writing the deadline prescribed by paragraph 2 of this Article upon a written request and it may, in such cases, inspect the documentation in the premises of u persons under obligation.

**Article 48**  
**(Temporary Suspension of Transactions)**

- (1) If the FID suspects money laundering or financing of terrorist activities in reference to a certain transaction, account or person, it may issue a written order for a temporary suspension of transaction or transactions lasting 5 working day at most, and the deadline of temporary suspended transaction shall start to run from the moment of the order for suspension, or the moment of reporting the suspicious transaction when the reporting was performed prior to transaction and confirmed by the FID. The FID may give additional instructions to a person under obligation with regards to the transaction, suspension of transaction, execution of transaction as well as communication with the person or persons connected with transaction or transactions.
- (2) During the execution of its duties in accordance with the provisions of this Law, the FID may in urgent cases, if it suspects a money laundering or financing of terrorist activities in reference to a certain transaction, account or person, issue a verbal order for temporary suspension of transaction or transactions, provided that the FID shall send a written order to u person under obligation no later than the next working day.
- (3) The FID may issue both verbal or written order for temporary suspension of a suspicious transaction or transactions referred to in paragraphs 1 and 2 of this Article at the request of the BiH law enforcement agencies, other bodies and institutions in BiH referred to in Article 51, paragraph 1 as well as of foreign financial-intelligence units.
- (4) Order on temporary suspension of transaction or transactions shall include:
  - a) Date and time when the temporary suspension starts to run;
  - b) Transaction account number;
  - c) Information about the account owner;
  - d) Name of a person under obligation and other data of his;

- e) Amount of financial transaction or transactions to be temporarily suspended or suspended from being executed;
  - f) Other data related to a person under obligation and suspicious transaction or transactions.
- (5) After the expiry of the deadline referred to in paragraph 1 of this Article, a financial transaction may be temporarily suspended only by a decision of a court pursuant to the BiH Criminal Proceedings Code.

**Article 49**  
**(Cessation of Orders for Temporary Suspension of Transactions)**

- (1) Should FID, after issuing the order for temporary suspension of transaction or transactions, within the deadline foreseen by Article 48, paragraph 1 of this Law, find that there are no grounds for suspicion of money laundry or financing of terrorist activities, it will so notify a person under obligation without delay who may subsequently immediately perform the transaction.
- (2) If FID does not take actions described in the paragraph 1 of this Article, a person under obligation may immediately perform the transaction.

**Article 50**  
**(Order to a Person under Obligation to Continuously Monitor Financial Operations of a Client)**

- (1) FID may order a person under obligation in writing to continually monitor financial operations of a client where there are grounds for suspicion on money laundry or financing of terrorist activities or against other persons where it could be concluded that he assisted or took part in transactions or affairs of the suspicious persons and to regularly notify the FID on transactions or operations that these persons perform or have the intention to perform with a person under obligation. FID shall set deadlines for a person under obligation to deliver the requested information.
- (2) A person under obligation shall be obligated to forward data referred to in paragraph 1 of this Article to FID before the execution of transaction or establishing of the business relationship and if a person under obligation fails to act so due to the nature of transaction and business relationship or due to other justified grounds, the person under obligation shall be obligated to provide FID with a report which shall include reasons for such failure.
- (3) Implementation of measures referred to in paragraph 1 of this Article may last no longer than three months and in justified cases the duration of the measures may be extended for another month each time provided that the total duration of measures may not last longer than 6 months total.



## **Article 51**

### **(Interagency cooperation)**

- (1) Pursuant to provisions of this Law, FID may request information, data and documentation necessary for the execution of their tasks from the bodies of Bosnia and Herzegovina, the Federation of BiH, Republika Srpska and Brčko District and other bodies enjoying public powers.
- (2) Bodies and institutions with public powers referred to in Paragraph 1 of this Article shall submit the requested information, data and documentation to FID free of charge and allow FID to have electronic access to information, data and documentation also free of charge.
- (3) Bodies and institutions with public powers referred to in Paragraph 1 of this Article shall be obligated to submit the requested information, data and documentation no later than eight working days from the day of received request.
- (4) In cases of extensive documentation or other justified reasons and as a response to a written request, FID may extend the deadline set forth in Paragraph 3 of this Article in writing and may, in such cases, review the documentation in the premises of a body or organization with public power referred to in Paragraph 1 of this Article.
- (5) At reasoned request, FID may, with the consent of the SIPA Director, send information about money laundering and financing of terrorist activities to the bodies and institutions referred to in Paragraph 1 of this Article only if such information and data may be of significance to the said bodies when adopting decisions falling under their competency and for investigative purposes.

## **Article 52**

### **(Other Obligations of FID)**

Along with the obligations referred to in this Law, the FID shall have following obligations with regards to money laundry and financing of terrorist activities:

- a) Shall propose amendments to the regulations to the competent bodies pertaining to prevention and detection of money laundry and financing of terrorist activities
- b) Shall participate in drafting of list of indicators used to identify suspicious transactions and list of countries applying internationally recognized standards in the prevention and detection of money laundry and financing of terrorist activities
- c) Shall participate in the professional training of employees and authorized persons in the persons under obligation, competent bodies of BiH, Federation, RS, District and organization with public powers.
- d) Shall, at least once a year, publish statistics on money laundry and financing of terrorist activities, and inform the public on types of money laundry and financing of terrorist activities in other appropriate manner.
- e) Shall submit annual reports on its general activities, activities related to prevention of money laundering and financing of terrorist activities to the Director and Minister. If so requested by the Director and Minister, the report shall be submitted on more frequent basis.

**Section B**  
**International Cooperation**

**Article 53**

**(Request to a Foreign Body to Submit Data, Information and Documentation)**

- (1) FID may request foreign law enforcement bodies, prosecutorial or administrative bodies, financial-intelligence units and international organizations involved in prevention of money laundering and financing of terrorist activities to submit data, information and documentation required for carrying out FID tasks in accordance with provisions of this Law.
- (2) FID cannot forward or show data, information and documentation obtained in accordance with paragraph 1 of this Article to a third physical or legal person or other body or use them for purposes contrary to the conditions and restrictions set by a body, unit or organization referred to in paragraph 1 of this Article that provided the said data, information and documentation.

**Article 54**

**(Submission of Data, Information and Documentation by FID to Financial-Intelligence Units of other countries)**

- (1) FID may submit data, information and documentation obtained in Bosnia and Herzegovina to financial-intelligence units of other countries at their request or on their own initiative in accordance with provisions of this Law, provided that similar confidentiality is ensured.
- (2) Prior to submission of data to financial-intelligence units of other countries, FID shall request written warranty that information, data and documentation will be used only for purposes prescribed by this Law. Forward of the said data, information and documentation to police and judiciary bodies of the foreign country shall require prior written approval of the FID.

**Article 55**

**(Submission of Data to Foreign Bodies Involved in Money Laundering and Financing of Terrorist Activities)**

- (1) FID may also submit data, information and documentation obtained in Bosnia and Herzegovina to other foreign law enforcement agencies only when explanation of suspicion and concrete connection with money laundering and financing of terrorist activities has been delivered, provided that similar confidentiality is ensured.
- (2) Prior to submission of data to financial-intelligence units of other countries, FID shall request written warranty that information, data and documentation will be used only for purposes prescribed by this Law.

**Article 56**

**(Proposal to a Foreign Financial-Intelligence Unit for Temporary Suspension of Transaction)**

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

**Article 57**  
**(Proposal of a Foreign Financial-Intelligence Unit for Temporary Suspension of Transaction)**

- (1) At a written proposal by a foreign financial-intelligence unit and under conditions set forth by this Law and on the basis of actual reciprocity, FID may send a written order to a person under obligation to temporarily suspend suspicious transaction for a maximum of 5 working days.
- (2) FID shall immediately inform the BiH Prosecutor's Office about issued order referred to in paragraph 1 of this Article.
- (3) FID shall act in accordance with provisions of paragraph 1 of this Article if it finds, based on reasons cited in the written proposal from a financial-intelligence unit, that a:
  - a. Transaction is related to money laundering or financing of terrorist activities, and
  - b. Transaction would have been suspended if it were a subject of national report on suspicious transaction pursuant to Article 30 of this Law.
- (4) FID shall not accept a proposal from a foreign financial-intelligence unit if it finds, based on facts and circumstances cited in the proposal referred to in paragraph 1 of this Article, that reasons for suspicion on money laundering and financing of terrorist activities have not been properly provided. The FID shall so inform the foreign financial-intelligence unit in writing, listing reasons for not accepting the proposal.
- (5) Provisions of Articles 48 and 49 of this Law shall apply to the order for temporary suspension of a transaction referred to in this Article.

**Part 3**  
**Record Keeping by FID**

**Article 58**  
**(Type of Record)**

FID shall keep following records:

- a. Record of notifications and information pursuant to Article 46 of this Law and shall include following information:
  - 1) Name, last name, date of birth and residence of a physical person, or title and seat of a legal person for which FID sent a notification or information;

- 2) Information on the amount, currency, date or period of a transaction for which exist grounds for suspecting a criminal offence;
  - 3) Grounds for suspecting a criminal offence.
- b. Record of the issued orders for temporary suspension of transaction or transactions that contains information referred to in Article 48, paragraph 4.
  - c. Record of information forwarded abroad pursuant to provisions of Articles 53, 54, 55, 56 and 57 of this Law that include following information:
    - 1) Name, last name, date of birth and residence of a physical person, or title and seat of a legal person whose data is sent abroad;
    - 2) Name of the state and title of a competent body which the information is being sent to.

## **IX RESPONSIBILITIES OF OTHER BODIES AS SET FORTH BY THE PROVISIONS OF THIS LAW**

### **Article 59**

#### **(BiH Indirect Tax administration)**

- (1) BiH Indirect Tax administration shall be obligated to send to FID the information on every transaction across the state boarder at the amount of or exceeding 10,000 KM no later than three days after transaction.
- (2) BiH Indirect Tax administration shall be obligated to send to FID the information on executed measures and activities against individuals against whom the request to initiate minor offense procedure was filed.

### **Article 60**

#### **(Submitting statistics by the Prosecutor's Offices and Courts)**

- (1) In order to consolidate and analyze all data related to money laundering and financing of terrorist activities, the competent prosecutor's offices shall be obligated to biannually submit to FID following information about cases where the indictment was confirmed:
  - a. Name, last name, date of birth and permanent residence of a physical person or title and seat of a legal person against whom an indictment for money laundering or financing of terrorist activities has been confirmed;
  - b. Place, time and manner of execution of activity which has elements of a criminal offence;
  - c. Phase of proceedings;
  - d. The amount of seized money or property value and date of issuing decision on seizure.
- (2) Competent courts in BiH shall be obligated to biannually send to FID following information:

- a. Information about final verdicts for cases of money laundering and financing of terrorist activities;
- b. Information about minor offenses pursuant to Articles 72 and 73 of this Law.

## **X PROTECTION AND KEEPING OF DATA**

### **Article 61 (General Provisions)**

FID shall use information, data and documentation collected in accordance with this Law only for the purposes laid down by this Law.

### **Article 62 (Data Confidentiality)**

- (1) A person under obligation and his employees, including the management, supervisory board members, executive board members and other personnel who have access to secret data shall not reveal to a client or a third person that the information, data or documentation about the client or transaction was forwarded to FID nor that the FID has temporarily suspended the transaction or instructed the person under obligation to take an action pursuant to Article 48 of this Law.
- (2) Information about a request made by FID or about submitting information, data or documentation to FID, and about temporary suspension of a transaction or about instruction referred to in paragraph (1) of this Article shall be treated as confidential.
- (3) FID, other authorized official or a prosecutor shall not inform about information, data and documentation collected in accordance to this Law the persons to which the said information, data and documentation pertains.
- (4) FID shall decide on removing the confidential status from data.

### **Article 63 (Exceptions to the Confidentiality)**

- (1) When data, information and documentation are forwarded to the FID in accordance with this Law, the obligation to protect bank, business, official, lawyer, notary or other professional secret shall not apply to a person under obligation, government bodies of BiH, of the Federation of BiH, of RS and of Brčko District; organizations with public powers, prosecutors, court and their personnel, unless otherwise prescribed by this Law.
- (2) A person under obligation or his personnel shall be hold harmless for any damage caused to clients or third parties and shall not be subject to criminal or civil proceedings for forwarding information, data or documentation to FID, for execution of the FID's order for temporary suspension of transaction or for adhering to instructions given in relation to the order, pursuant to this Law or bylaws adopted based on this Law.

## **Article 64**

### **(Use of Collected Data)**

FID, persons under obligation referred to in Article 4 of this Law, governmental bodies, legal persons with public powers and other entities and their employees may use the data, information and documentation obtained in accordance with this Law only for the purpose of prevention and detection of money laundering and financing of terrorist activities, unless otherwise prescribed by this Law.

## **Article 65**

### **(Time Frame for Keeping of Data by a Person under Obligation)**

- (1) A person under obligation shall be obligated to keep the information, data and documentation obtained in accordance with this Law for at least 10 years after identification, completion of a transaction, closing of an account or termination of a business relationship.
- (2) A person under obligation shall be obligated to keep the information and accompanying documentation on authorized person and deputy authorized person referred to in Article 32 of this Law, the professional training of employees and executed internal controls for at least 4 years after the date of appointment of the authorized person and deputy authorized person, completion of professional training and execution of internal control.

## **Article 66**

### **(Time Frame for Keeping of Data by the Indirect Tax Administration of BiH)**

The Indirect Tax Administration of BiH shall be obligated to keep the information about cash and property transactions across the state border for 10 years from the date of the transaction. This information and data shall be destroyed after the expiry of 10 year period.

## **Article 67**

### **(Time Frame for Keeping of Data by the FID)**

FID shall be obligated to keep the information, data and documentation obtained in accordance with this Law for 10 years from the day of its receiving or forwarding. The said information, data and documentation shall be destroyed after the expiry of 10 year period.

## **XI SUPERVISION**

### **Article 68**

#### **(General Provisions)**

- (1) The supervision over the work of a person under obligation pertaining to the implementation of this Law and other laws which regulate application of measures for prevention of money laundering and financing of terrorist activities shall be conducted by the special agencies and bodies pursuant to the provisions of this Law and separate laws regulating the work of certain persons under obligation and competent agencies and bodies.
- (2) The supervision over the implementation of this Law within the persons under obligation, whose work is not supervised by special agencies and bodies, shall be carried out by the FID.
- (3) FID and supervisory bodies shall, within their competencies, cooperate in supervising the execution of this Law.

### **Article 69**

#### **(Actions of Supervisory Bodies in Case of Irregularities in a Person under Obligation)**

- (1) If supervisory bodies detect an offense referred to in Articles 72 and 73 of this Law or other Laws regulating work of a person under obligation, they shall apply adequate control measures and shall be obligated to inform the FID in writing about detected offenses without any delay.
- (2) Information referred to in paragraph 1 of this Article shall especially contain following:
  - a. Name, surname, date and place of birth and permanent address of a physical person i.e. a seat of a legal person that is suspected of committing an offense;
  - b. Place, time and way of perpetration of the action which has elements of an offense and
  - c. Information as to whether supervisory bodies ordered any of the control measures falling under their competency.

### **Article 70**

#### **(Actions of FID in Case of Irregularities in a Person under Obligation)**

- (1) FID shall supervise the implementation of provisions of this Law by collecting and verifying information, data and documentation submitted in accordance with provisions of this Law.
- (2) If FID finds that actions were undertaken contrary to provisions of this Law, it can:
  - a. Request a person under obligation to remove irregularities provided that consequences of law violation may be subsequently removed;
  - b. Propose other supervisory bodies to, within their competency, undertake adequate control measures;
  - c. File the request to a competent body to initiate minor offense proceedings.
- (3) When deciding on measures referred to in paragraph 2 of this Article, the FID shall take into account the circumstances of an offense, repetition of offense and control measure that a supervisory body ordered against a person under obligation.

- (4) Removal of the violation of the Law referred to in paragraph 2 item a) of this Article shall be carried out within 8 working days.

**Article 71**  
**(Informing Supervisory Body)**

FID shall be obligated to inform a competent supervisory body about submitted request for initiation of offense proceedings.

**XII PENALTY PROVISIONS**

**Article 72**  
**(Punishment of Legal Persons and Responsible Persons in Legal Persons for Serious Offenses)**

- (1) A legal person referred to in Article 4 of this Law shall be fined for an offense in the amount of 20,000 KM to 200,000 KM if:
- a. It fails to identify a client or if identification is not carried out in accordance with provisions of Article 7 of this Law;
  - b. It opens, issues or enables a client to have a secret account and other items referred to in Article 27 of this Law;
  - c. It establishes a business relationship with shell banks referred to in Article 28 of this Law;
  - d. It allows cash payment in the amount exceeding 30,000 KM contrary to provisions of Article 29 of this Law;
  - e. It fails to inform FID or fails to submit to the FID the information, data or documentation prescribed by Articles 30 and 31 of this Law;
  - f. It fails to act upon FID's order on temporary suspension of a transaction or fails to act as instructed by FID in relation to that order in accordance with provisions of Article 48 of this Law;
  - g. It fails to keep information, data and documentation in accordance with provisions of Article 65 of this Law at least for 10 years after identification, transaction or account closure;
- (2) A responsible person in a legal person shall be fined in the amount from 30 KM to 20,000 KM for the offence referred to in paragraph 1 of this Article.
- (3) A physical person performing private business operations shall be fined in the amount from 30 KM to 20,000 KM for the offence referred to in paragraph 1 of this Article.

**Article 73**  
**(Punishment of Legal Persons and Responsible Persons in Legal Persons for Minor Offenses)**

- (1) A legal person referred to in Article 4 of this Law shall be fined in the amount from 10,000 KM to 100,000 KM if:



- a. It fails to obtain all required information for identification in accordance with provisions of Article 7 of this Law or if identification is not carried out pursuant to Articles 10, 11, 12, 13, 14, 15 and 17 of this Law;
  - b. It fails to perform additional identification of a foreign legal person at least annually in accordance with provisions of Article 10, paragraph 7 of this Law;
  - c. It fails to submit mandatory information to FID or fails to submit it as defined by Article 47 of this Law;
  - d. It fails to establish internal control or It fails to make a list of indicators to identify suspicious transactions within set deadline or as defined by provisions of Articles 36 and 37 of this Law;
  - e. It fails to appoint authorized person and his deputy or fails to inform FID about the appointment, pursuant to the provisions of Article 32 of this Law
  - f. It fails to ensure in-service training of personnel in accordance with provisions of Article 35 of this Law;
  - g. It fails to keep information about an authorized person and his deputy, about professional training of employees and internal control carried out at least four year after the appointment of the authorized person and his deputy, after completion of professional training and after carrying out of internal control respectively in accordance with provision of Article 65, paragraph 2 of this Law;
- (2) A responsible person in a legal person shall be fined in the amount from 1,000 KM to 5,000 KM for the offence referred to in paragraph 1 of this Article.
- (3) A physical person performing private business operations referred to in Article 4 of this Law shall be fined in the amount from 2,000 KM to 10,000 KM for the offence referred to in paragraph 1 of this Article.

### **XIII COMPETENCY FOR ADOPTING BY-LAWS**

#### **Article 74**

#### **(By-laws for Implementation of this Law)**

- (1) The Minister shall adopt a decision and instruction defined by Articles 26, 30, 41 and 44 of this Law after consultations with FID and in accordance with international standards on prevention of money laundering and financing of terrorist activities within 3 months from the effective date of this Law.
- (2) The Minister may also issue additional instructions on issues referred to in paragraph 1 of this Article.

### **XIV TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 75**

#### **(Deadline for Making of List of Indicators)**

Persons under obligations shall be obligated to prepare a list of indicators to identify suspicious transactions in accordance with provisions of this Law no later than six months from the effective date of this Law.

**Article 76**  
**(Application of other Regulations)**

- (1) In cases not regulated by this Law, relevant provisions of other legal regulations shall apply.
- (2) Other laws regulating this matter shall be harmonized within a year from the effective date of this Law.

**Article 77**  
**(Cessation of the Law)**

Law on Prevention of Money Laundering (“Official Gazette of BiH, no. 29/04) shall cease to exist on the date when this Law enters into effects.

**Article 78**  
**(Entry into Effect)**

This Law shall enter into effect on the eight day from the day of its publishing in the “Official Gazette of BiH”.