

Decision terminating the Appointment of the Provisional Administrator of “Hercegovacka Banka” Mostar and Transferring Competencies Concerning the Provisional Administration of “Hercegovacka Banka” Mostar to the Banking Agency of the Federation of BiH

In the exercise of the powers vested in me by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering in particular Article II.1.(d) of the last said Agreement, according to the terms of which the High Representative shall “Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation”;

Recalling paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative’s intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid “by making binding decisions, as he judges necessary” on certain issues including (under sub-paragraph (c) thereof) “measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities”;

Observing the importance to which the international community has attributed to the proper functioning of the banking system of Bosnia and Herzegovina as part of the peace implementation process;

Noting by way of example of the said attribution, the welcome given by the Peace Implementation Council at the Conference held at London on 4-5 December 1996 to the commitment of the authorities in Bosnia and Herzegovina to pass laws in certain fields, including banking; further noting paragraph 44. a) of the Declaration of the Ministerial Meeting of the Steering Board of the said Council, held at Luxembourg on 9 June 1998, in which the Board observed that new banking legislation should be adopted in both Entities; still further noting the call to the authorities in Bosnia and Herzegovina, made by the same said Council at its meeting in Brussels on 23-24 May 2000, for the said authorities to harmonize country-wide their approach in a number of areas including banking;

Considering the repeated and deep concern expressed by the international community, inter alia through the Declaration of the above said Council at its said meeting in Brussels on 23-24 May 2000, over ingrained corruption in Bosnia and Herzegovina, which apart from hindering the development of the market economy undermines democratic governance and wastes public resources;

Recalling that the Peace Implementation Council, at its said meeting in Brussels on 23-24 May 2000, urged the High Representative to use his authority, in accordance with his mandate, to ensure full and accelerated implementation in all sectors of civilian implementation, including removing obstacles that stand in the way of economic reform;

Noting that the duration of the mandate of the Provisional Administrator, as determined by the Decision of the High Representative No. 96/01 of 5 April 2001, and as amended by the Decision of the High Representative No. 144/02 of 4 April 2002, was sufficient for realizing the planned activities that constitute preconditions for handing over “Hercegovacka Banka” Mostar to the Banking Agency of the Federation of Bosnia and Herzegovina for possible continuation of the provisional administration, or any other procedure as provided by the Law on Banks of the Federation of Bosnia and Herzegovina;

Considering further, the Final Report of the Provisional Administrator to the High Representative of 14 December 2006, which concludes that “After consultations with the Federation Banking Agency, ...[the Provisional Administrator] recommends that the banking license of “Hercegovacka Banka” Mostar be revoked and that the bank be placed in liquidation”;

Ever conscious of the need to ensure that the administration of “Hercegovacka Banka” Mostar can proceed

efficiently, free from illegitimate outside interference;

Having taken into account and considered the totality of the matters aforesaid I hereby make and require to have issued the following:

DECISION

Terminating the Appointment of the Provisional Administrator of “Hercegovacka Banka” Mostar and Transferring Competencies Concerning the Provisional Administration of “Hercegovacka Banka” Mostar to the Banking Agency of the Federation of Bosnia and Herzegovina

Article 1

This Decision herewith terminates the Appointment of Ms. Toby Robinson as Provisional Administrator of «Hercegovacka Banka» Mostar, as appointed by the Decision of the High Representative No. 96/01 (Official Gazette of the Federation of Bosnia and Herzegovina 12/01) and amended by the Decision of the High Representative No. 144/02 (Official Gazette of the Federation of Bosnia and Herzegovina 14/02).

Article 2

Ms. Toby Robinson shall, on the day of this Decision, submit to the Banking Agency of the Federation of Bosnia and Herzegovina a copy of her final written report as Provision Administrator on the financial condition, legal status, and future prospects of the «Hercegovacka Banka» Mostar (hereinafter: the Bank).

The transmission of the aforesaid Final Report shall be submitted together with all documentation related to the provisional administration of the Bank, and any other relevant information that served as the basis upon which the Provisional Administrator recommends revocation of the banking license and subsequent liquidation of the Bank.

Article 3

The Banking Agency of the Federation of Bosnia and Herzegovina shall herewith assume responsibility for the continued administration of «Hercegovacka Banka» Mostar in accordance with the Law on Banks of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina 39/98, 32/00, 48/01, 41/02, 58/02, 13/03, 28/03).

Article 4

This Decision shall enter into force forthwith and shall be published without delay in the Official Gazette of the Federation of Bosnia and Herzegovina.

Sarajevo, 15 December 2006

Dr. Christian Schwarz-Schilling
High Representative