

Decision Enacting the Law on Further Amendments to the Law on Banks of the Federation of Bosnia and Herzegovina

In the exercise of the powers vested in the High Representative 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”;

Mindful of the fact that the peace implementation process, which continues to be pursued under the aegis of the General

Framework Agreement for Peace in Bosnia and Herzegovina, is not yet complete;

Further mindful of the fact that the peace implementation process requires to be completed in order that a stable political and security environment in Bosnia and Herzegovina is established which is conducive, inter alia, to fundamental economic reform and to the return of refugees and displaced persons;

Considering that the business environment and the peace implementation process require a sound and reliable banking system where banks are subject to strict rules inter alia with respect not only to fighting against terrorism but also in respect of those individuals who, or legal persons or bodies which, obstruct or threaten to obstruct or pose a significant risk of actively obstructing the implementation of the peace process; or who or which materially assist in, sponsor, or provide financial or technological support for, or goods and services in support of, such obstructionism; or which are owned or controlled by, or act or purport to act directly or indirectly for or on behalf of, any of the foregoing.

Having considered, borne in mind and noted the totality of the matters aforesaid, the High Representative hereby issues the following

DECISION

ENACTING THE LAW ON FURTHER AMENDMENTS TO THE LAW ON BANKS OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

The Law which follows, and of which this Decision forms an integral part, shall come into effect pursuant to article 2 thereof but on an interim basis until such time as the Federation Parliament adopts the same in due form, without amendment and with no conditions attached. This Decision shall itself come into effect forthwith and shall be published without delay in the Official Gazette of the Federation of

Bosnia and Herzegovina.

Sarajevo,
2003

7

March

Paddy Ashdown
High Representative

**THE LAW ON FURTHER AMENDMENTS TO THE LAW ON BANKS OF THE
FEDERATION OF BOSNIA AND HERZEGOVINA**

(Official Gazette of the Federation of Bosnia and Herzegovina,
No. 39/98; 32/00; 48/01; 41/02 and 58/02)

Article 1

1. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, as amended, at the end of the third paragraph, after the words: "supporting terrorism" and before the full stop, the following words shall be added:

"nor convert or transfer, nor be instrumental in the acquisition, conversion or transfer of money or other property as aforesaid that the bank knows, or might reasonably be expected to know might be used by those individuals who, or legal persons or bodies which, obstruct or threaten to obstruct or pose a significant risk of actively obstructing the implementation of the peace process; or who or which materially assist in, sponsor, or provide financial or technological support for, or goods and services in support of, such obstructionism; or which are owned or controlled by, or act or purport to act directly or indirectly for or on behalf of, any of the foregoing".

2. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, in the fourth paragraph, between the words: "supporting terrorism" and "described in paragraphs 1, 2 and three in this Article", the following words shall be

inserted:

“as well as those supporting the obstruction of the peace process or materially assisting in the same”

3. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, in the sixth paragraph, between the words: “Financial Police or its successor ” and “all transactions that are 30,000 KM or greater”, the following words shall be inserted:

“and the Federation Banking Agency”

4. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, in the final paragraph, between the words: “deposit accounts” and the words: “and such other property”, shall be inserted the words:

“or any other form of account”

5. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, at the end of the final paragraph the following sentence shall be added:

“Failure to comply with such a blocking order by the Director of the Bank, or by any individual on behalf of the Bank or by any employee thereof, shall be treated for all purposes, under paragraph 1, item 23 of Article 65 of the said Law, as participation in a transaction contrary to the provisions of the said Article 47, and Article 65, and in addition Article 66 thereof, shall fully apply thereto. Such failure is in turn to be treated for all purposes of Article 67 thereof as a violation under the said Article 65”.

6. In Article 47 of the *Law on Banks of the Federation of Bosnia and Herzegovina*, after the final paragraph as amended by paragraph 5 above, the following paragraph shall be added:

“Banks shall be required to forward to the Federation Banking Agency all information related to action taken pursuant to a

blocking order, as well as all information related to attempted transactions to and from blocked accounts, immediately upon receipt of such information.”

Article 2

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