

# **The High Representatives amends Federation Law on Funds Management Companies and Investment Funds**

The High Representative, Wolfgang Petritsch, today issued a decision amending the Federation Law on Funds Management Companies and Investment Funds. Paragraph 3 of Article 134, which limited the period in which Private Investment Funds (PIFs) could subscribe to shares to three months has now been deleted.

Citizens of Bosnia and Herzegovina will soon be able to purchase, with vouchers or cash, shares in BiH companies that are to be privatised, either by direct subscription to the companies, or through a PIF. PIF's are an essential part of the privatisation process and will manage their shareholders investment on their behalf, saving both administrative expenses and using the PIF management's knowledge.

Private Investments Funds started to collect subscriptions from BiH Citizens in May 2000 under the assumption that a list of companies and equities to be offered under the Public Offering of Shares would soon be published. This list would show citizens the investment opportunities open to the Private Investment Funds. Unfortunately, the Federal Privatisation Agency postponed the announced publication on two occasions.

The International Advisory Group on Privatisation has informed the High Representative that without knowing their investment opportunities, citizens do not know how the Fund Managers of the PIFs would use their investment. For this reason BiH citizens are unlikely to subscribe to the PIFs. This means PIFs would not reach the legally required minimum value of two

hundred million KM required within the three-month subscription period.

The High Representative, by removing the three-month limit for subscription collection from the Law on Funds Management Companies and Investment Funds, has ensured that PIFs will have the opportunity to collect the legal subscription required. The FBiH Securities Commission is now authorised to issue regulations that govern the deadlines for subscription to PIFs.

The High Representative wishes to ensure the privatisation process continues without unnecessary obstacles and that the citizens of BiH are able to benefit from this process. Privatisation is a central part of the economic reform that BiH must undergo to bring prosperity and stability to the region.