

## **LAW ON LEASING**

### **PART ONE – INTRODUCTORY NOTES**

#### **Article 1.**

##### Application scope of the Law

(1) This Law defines: the conditions for establishment, operations and cease of operations of leasing companies, leasing contracts, rights and obligations of entities in leasing operations, termination of the leasing contract, registrations of ownership and other rights related to the subject of leasing, risk management, financial reporting and supervision of the leasing companies operations.

(2) Provisions from other regulations are applied to leasing companies and relations generated from the leasing operations just in instances not regulated by this Law.

#### **Article 2.**

##### Definitions

Specific terms used in this Law have following interpretations:

- a) "Agency" – Banking Agency of Federation of Bosnia and Herzegovina,
- b) "Downpayment fee" – the amount of the advanced paid leasing fee in the operational leasing that is deducted from the obligation of the total operational leasing fee,
- c) "Leasing installment"- is the cash amount paid by the user of the leasing based on ownership and use of the subject of the leasing,
- d) "Subject of leasing" – movables or immovables in compliance with the regulations that define ownership, that is other proprietary rights,
- e) "Affiliate" – leasing company organizational unit that does not have the feature of a legal entity, but can perform all the operations within the operational scope of the company registered in the court registry, while acquiring the rights and taking obligations in the name and for the account of the company,
- f) "Pledge registry" – pledge registry of the movables in Bosnia and Herzegovina,
- g) "Significant ownership interest" – any ownership participation of the legal entity or individual that exceeds 10% of leasing company or other legal entity capital.

### **Article 3.**

#### Leasing company

- (1) Leasing company is a legal entity with head office in the Federation of Bosnia and Herzegovina (in further text: the Federation) that is registered in the court registry on the base of the leasing operating license issued by the Agency.
- (2) A leasing company cannot be registered in the court registry before receiving the license from the paragraph (1) of this Article.
- (3) A leasing company can be established as a joint stock company, or as a limited liability company.
- (4) The word "leasing" or its derivatives may not be used as part of the name or in a legal procedure without prior consent from the Agency.
- (5) The leasing company may not contain word "bank" as part of its name, nor its derivatives without prior consent from the Agency.

### **Article 4.**

#### Subjects in the leasing operations

- (1) Subjects in the leasing operations are lessor, lessee and the leasing supplier.
- (2) Lessor is a legal entity, with head office in the Federation, which is registered to perform leasing operations.
- (3) Lessee is any individual that, based on the leasing contract, acquires the right of ownership and use of the leasing subject.
- (4) Supplier of the leasing subject is any entity that, based on the contract or other manner stipulated by law, transfers to the lessor the right of ownership over the leasing subject, unless the supplier of the leasing subject and lessor are not the same entity.
- (5) The lessor and the supplier of the leasing subject can be the same entity.

### **Article 5.**

#### Leasing operations

- (1) Leasing is a legal operation in which the supplier of leasing is transferring the right to ownership and use of the subject of leasing to the user of leasing for a determined time frame, and in return the user of leasing is obliged to pay to the supplier of leasing the agreed leasing fee.
- (2) The leasing operation from paragraph (1) of this Article, due to its characteristics, can be an operation of financial leasing and an operation of operating leasing.
- (3) Financial leasing is a legal operation from paragraph (1) of this Article in which the lessee in the period of owning and utilizing the leasing subject is paying the agreed leasing

installment with an option of purchase and acquiring the ownership right over the leasing subject and is covering the leasing subject amortization costs.

(4) Operational leasing is a legal operation from paragraph (1) of this Article in which the lessee in the period of owning and utilizing the leasing subject is paying the agreed installment without an option for purchase or acquiring the ownership right over the leasing subject, and the lessor is covering the leasing subject amortization costs.

## **Article 6.**

### Performing leasing operations

(1) Leasing operations on the Federation territory can be performed only by:

- a) a leasing company from Article 3. of this Law,
- b) an affiliate of a leasing company whose head office is in Republic Srpska and Brčko District of Bosnia and Herzegovina (in further reading: Brčko District).

(2) As an exception to the provisions of the paragraph (1) of this Article, the operations of the financial leasing can be performed by a bank with head office in the Federation, that is an organizational part of the bank on the territory of Federation which head office is in Republic Srpska and Brčko District, under the conditions and in the manner determined by the provisions that define the bank operations on the territory of the Federation of Bosnia and Herzegovina.

(3) Applied to the individuals from the paragraph (2) of this Article, which perform the financial leasing operations, are the provisions of this Law that regulate:

- a) leasing contract,
- b) rights and obligations,
- c) leasing registration,
- d) banks' violations.

## II PART – CONDITIONS FOR ESTABLISHMENT, OPERATION AND CEISE OF OPERATIONS

### CHAPTER I. OPERATIONS AND CAPITAL

## **Article 7.**

### Leasing company operations

(1) Leasing company may only perform operations from Article 5. of this Law.

(2) As an exception to the provisions of the paragraph (1) of this Article, the leasing company can perform other operations that are in direct or indirect correlation with the leasing operations.

(3) The operations from the paragraph (2) of this Article are considered to be lease, mediation in sale, which is the sale of the subjects that belong to the leasing company based on the

performed leasing business.

(4) Leasing company must not accept deposits, approve loans and credits.

### **Article 8.**

Leasing company Core capital

(1) The minimum amount of core capital of a leasing company is 250.000,00 KM and the total amount must be paid in cash before establishment or registering an increase of the leasing company core capital in the court registry.

(2) Leasing company core capital funds must not be burdened in any manner and may not be generated out of loans for other purposes.

(3) As an exception, the provisions of the paragraph (2) of this Article are not applied in the case of a merger or acquisition of the leasing company, or division of a leasing company.

(4) The minimum amount of core capital which the leasing company must maintain cannot be less than the amount determined in the paragraph (1) of this Article.

## CHAPTER II. OWNERSHIP INTERESTS

### **Article 9.**

Acquiring significant ownership interest in a leasing company

(1) A physical or legal entity cannot acquire or increase a significant ownership interest in a leasing company more than 10%, 20%, 33% or 50% without prior approval from the Agency.

(2) The approval from the paragraph (1) of this Article ceases to be in effect if within six months from the day of issuing the approval for acquiring a significant ownership interest the individual does not acquire business participation or shares referred to in the approval.

(3) An individual that acquires or increases the significant ownership interest contrary to the provision of the paragraph (1) of this Article does not have a voting right or contribution in the management of the leasing company based on the business part or shares acquired in such a manner.

(4) The voting right from the paragraph (3) of this Article, during the period that the individual acquiring the significant ownership interest does not have a voting right, is added to the voting rights of other owners of business parts or shares of the leasing company in proportion to their participation in the core capital of the leasing company, and the individual acquiring the significant ownership interest will participate in the voting only with the business part and shares that are not acquired contrary to the provision from the paragraph (1) of this Article.

## **Article 10.**

Approval for obtaining significant ownership interest in a leasing company

- (1) Along with the request for approval from Article 9, paragraph (1) of this Law, the leasing company will submit documentation in compliance with the special regulations of the Agency.
- (2) The Agency is obliged to give a response to the request for issuing the approval for obtaining the significant ownership interest within 30 days from the day of receiving a complete request.

## **Article 11.**

Approval for acquiring significant ownership interest in another legal entity

- (1) A leasing company cannot acquire a significant ownership interest in another entity without a prior approval from the Agency if it does not exceed the amount of 5% of the core capital of the leasing company.
- (2) The total ownership interest that a leasing company can have in other legal entities cannot exceed 25% of the core capital of the leasing company.
- (3) Along with the request for the approval from the paragraph (1) of this Article the leasing company will submit documentation in compliance with the specific regulations of the Agency.
- (4) The Agency is obliged to make a decision about the request from the paragraph (1) of this Article within 30 days after receiving a complete request.

## **CHAPTER III. ISSUING AND REVOKING THE LICENCE**

### **Article 12.**

License for performing leasing operations

- (1) The Agency will issue a license for performing the leasing operations to a leasing company from Article 3 of this Law.
- (2) The leasing company is obliged to submit, along with an application for issuing of a license from paragraph (1) of this Article, the following:
  - a) corporate charter that do not have to be formulated in a form of a notary reviewed document,
  - b) bylaws that do not have to be formulated in a form of a notary reviewed document,
  - c) business plan for the first three business years that contains a balance sheet and income

statement projection,

d) a list of the leasing company founders which states all the identification data of the founders and their participation in the core capital,

e) a list of the subsidiary companies with correct contract termination deadlines based on which it is performing the business of financial and operational leasing,

f) other documentation in compliance with the special regulations of the Agency.

(3) The license from paragraph (1) of this Article is issued for an unlimited time and is not transferable.

### **Article 13.**

Issuing a license for performing leasing operations

The Agency is obliged to, within 60 days from receiving an orderly application from Article 12 of this Law, issue a license or decline the application.

### **Article 14.**

Declining the application for performing leasing operations

The Agency will deny the request for issuing a license for leasing operations:

a) if it is evident from the corporate charter and other documentation of the leasing company that the leasing company does not fulfill the conditions proscribed by this Law or specific regulations of the Agency,

b) if the provisions of the corporate charter of the leasing company are contrary to the provisions of this Law.

### **Article 15.**

Revoking the license for performing leasing operations

(1) The Agency will by a Resolution revoke a license for performing leasing operations if:

a) leasing company does not start its operations within six months from the day the license for performing leasing operations has been issued,

b) the leasing company does not perform leasing operations in the period longer than six months,

c) leasing company ceases to fulfill the conditions based on which it received the license for performing the leasing operations,

d) the leasing company received the license for performing the leasing operations based on untruthful documentation and data with which the Agency was deceived,

e) leasing company denies to the Agency the supervision over its operations,

f) leasing company does not act in accordance to the request for correcting the violations and irregularities in its performance.

(2) The Agency is obliged to submit to the leasing company the resolution from the paragraph (1) of this Article within eight days from the day it was issued.

(3) Leasing company must not conclude new business operations in connection with performing the leasing operations from the day the resolution from paragraph (1) of this Article has been issued, except those operations that ensure the cease of the leasing company stipulated by this Law.

## **Article 16.**

The Resolution of the Agency

Resolution of the Agency from Articles. 12., 14. and 15. of this Law is final, and no legal dispute can be carried against it.

## CHAPTER IV. ESTABLISHMENT OF THE AFFILIATES

### **Article 17.**

Establishing the affiliates of the leasing company with head office in the Federation

(1) Leasing company with the head office in the Federation can perform leasing operations in Republic Srpska and Brčko District by establishing an affiliate in compliance with this Law and regulations of Republic Srpska and Brčko District.

(2) Leasing company from paragraph (1) of this Article is obliged to submit to the Agency a request for issuing approval for establishing an affiliate in Republic Srpska and Brčko District.

(3) Along with the request from paragraph (2) of this Article the leasing company must submit:

- a) a decision on establishing an affiliate,
- b) the name and address of the affiliate,
- c) names of individuals authorized to manage the affiliate
- d) business plan of the affiliate for the next three years,
- e) other documentation in compliance with the specific regulations of the Agency.

(4) The Agency is obliged to make a decision on the request from paragraph (2) and (6) of this Article within 30 days from the day it received a complete request.

(5) Leasing company from paragraph (1) of this Article is obliged to submit a request for establishing an affiliate to the authorized body in Republic Srpska and Brčko District within 30 days from the day of issuing the approval from the paragraph (2) of this Article.

(6) Leasing company from the paragraph (1) of this Article can perform its operations through an affiliate in the Federation and it is obliged to submit a request for its establishment to the Agency along with the documentation from the paragraph (3) of this Article.

## **Article 18.**

Establishing the leasing company affiliates with head offices in Republic Srpska and Brcko District

- (1) Leasing company with a head office in Republic Srpska, that is Brcko District, can perform leasing operations on the territory of the Federation through establishment of affiliates in Federation.
- (2) Leasing company from paragraph (1) of this Article is obliged to submit to the Agency a request for issuing an approval for establishment of affiliates on the territory of the Federation.
- (3) Along with the request for issuing an approval from paragraph (2) of this Article the leasing company must submit documentation from the Article 17., paragraph (3) of this Law, as well as the approvals from the authorized bodies of Republic Srpska and Brcko District.
- (4) The Agency is obliged to make a decision on the request from the paragraph (2) of this Article within 30 days from the day of receiving a complete request.

## **Article 19.**

Revoking the issued approval

The Agency can revoke the issued agreement for establishment of a leasing company affiliate from Article 17. paragraph (1) and Article 18. paragraph (1) of this Law in the cases and according to the procedures stipulated by specific regulations of the Agency.

## **CHAPTER V. MANAGEMENT**

## **Article 20.**

Bodies of a leasing company

The bodies of a leasing company are:

- a) Assembly,
- b) Supervisory Board,
- c) Management.

## **Article 21.**

Implementation of other laws



Provisions of the Law on business companies are applied to everything that is not regulated for bodies of the leasing company by this Law.

#### **Article 22.**

Assembly

- (1) The Leasing company Assembly is comprised of the shareholders that are the company members.
- (2) The Assembly is required to decide on the annual budget, profit distribution and loss coverage, the election of the Supervisory Board members, as well as other issues stipulated by leasing company Law and the bylaws.

#### **Article 23.**

Supervisory Board of a Leasing company

- (1) A Leasing company must have a supervisory board.
- (2) Leasing company supervisory board consists of at least three members.
- (3) Based on the corporate charter and the bylaws leasing company can establish that the supervisory board has more members, however, it has to be an odd number.

#### **Article 24.**

The members of a leasing company Supervisory Board

A member of a leasing company Supervisory Board cannot be an individual that:

- a) owns a significant ownership interest in another leasing company or in a legal entity in which the leasing company has more than 5% of ownership interest in its core capital,
- b) is a member of a supervisory board or management in another leasing company or microcredit organization,
- c) a member of a supervisory board or a member of a management of a bank, unless the bank has more than 50% in the ownership of the leasing company or the leasing company and the bank are members of the same group.

#### **Article 25.**

Conditions for a member of a leasing company Supervisory Board

A leasing company supervisory board member can be an individual that:

- a) fulfills the conditions for a member of a supervisory board in compliance with the Law on business companies,
- b) has not been a member of a management or supervisory board of a company under a bankruptcy procedure in the period of one year before implementing that measure.

#### **Article 26.**

The scope of authority of the supervisory board of the leasing company

Apart from the authorities the supervisory board has in compliance with the Law on business companies, the supervisory board of a leasing company:

- a) gives instructions to the management for establishing the leasing company policies,
- b) gives instruction to the management for the development of the leasing company's financial plan,
- c) gives directions to the management for implementation of internal control system,
- d) decides another activities stipulated by this Law.

#### **Article 27.**

Duties of members of a leasing company Supervisory Board

The members of a leasing company Supervisory Board are obliged to:

- a) discuss the findings determined by the Agency and other supervisory bodies during the leasing company supervisory procedure,
- b) determine audited financial reports of the leasing company and about that submit a written report to the Assembly,
- c) dismiss a member of the management that for any reason stops performing the duties and at the same time nominate a new member of the management.

#### **Article 28.**

Dismissing a member of the Supervisory Board

The Agency can request a meeting of the leasing company Assembly and suggest the discharge of a supervisory board member if:

- a) the provisions from the Article 24. and 25. of this Law are violated,
- b) the Supervisory Board member does not act in compliance with the Article 27. of this Law.

## **Article 29.**

### Leasing company Management

- (1) Management of a leasing company consists of the director and at least one executive director.
- (2) At least one of the members of the leasing company management must be a citizen of Bosnia and Herzegovina.
- (3) At least one of the members of the leasing company must speak one of the languages in official use in the Federation.
- (4) At least one the management members must have residence in the Federation.
- (5) The members of the leasing company management must be full time employed in the leasing company.

## **Article 30.**

### Conditions for a member of the leasing company Management

- (1) A member of the leasing company management can be an individual that fulfills the following conditions:
  - a) has a college degree,
  - b) has specific professional qualifications, capability and experience necessary for managing the business of the company,
  - c) is not a member of management or Supervisory Board of another leasing company in the Federation,
  - d) has not been a member of management or Supervisory Board of a company under bankruptcy in the period of one year before such measure was implemented,
  - e) fulfils other conditions for management member in compliance with the Law on business companies.
- (2) The professional qualifications and experience from paragraph (1) item b) of this Article stipulate at least two year experience in leasing operations that is at least three year experience in other financial institutions.

## **Article 31.**

### Obligations of the members of a leasing company management

- (1) The members of the leasing company management must ensure leasing company performance in compliance with the provisions of this Law and regulations issued on the basis of this Law.
- (2) The members of the leasing company management must ensure the monitoring of the risk

to which the leasing company is exposed in performance, as well as adopt appropriate measures with which the leasing company will limit the risk.

(3) The members of the management must ensure existence and performance of internal controls in all areas of leasing company performance, as well as the internal audit and ensure that their performance is in compliance with the policies and procedures of a leasing company and specific regulations of the Agency issued based on this Law.

(4) The members of the leasing company management must ensure the keeping of the business and other books and business documentation, compiling of the bookkeeping documents, evaluation of the bookkeeping items, composing the financial and other reports and about that they are obliged to report and inform the Agency in compliance with this Law and special regulations of the Agency.

## CHAPTER VI. OTHER CONDITIONS FOR PERFORMANCE

### **Article 32.**

Performance obligations in compliance with the laws

A Leasing company is obliged to perform its operations in compliance with this Law, specific Agency regulations and other laws.

### **Article 33.**

Publication of general conditions for performance

A Leasing company is obliged to make available, in an appropriate space in its business premises, information on the conditions for providing its services to the potential users of leasing, or make the information available in some other adequate manner.

### **Article 34.**

Preventing money laundering

(1) Leasing company is obliged to implement, in its performance, measures and actions stipulated by the Law on prevention of money laundering.

(2) Leasing company must have developed policies and procedures for detecting and preventing transactions that involve criminal activities, money laundering or activities supporting terrorism and implement measures for determining the identity of all the individuals with which it is establishing business relations in compliance with the specific regulations of the Agency.

## PART THREE – LEASING CONTRACT

### CHAPTER I. CONCLUSION AND CONTENT

#### **Article 35.**

Term: Leasing contract

- (1) The leasing contract obligates the lessor to acquire the object of leasing from the supplier of leasing and to transfer it to the lessee, and the lessee is obliged to, in return, pay the leasing installment.
- (2) The lessee determines the object of leasing and the supplier of the object of leasing.

#### **Article 36.**

Form and content of a leasing contract

- (1) The leasing contract must be completed in a written form and by obligation must contain the following provisions:
  - a) information on the subjects of the leasing contract,
  - b) determining if it is a financial or an operating leasing,
  - c) in details defining the leasing subject,
  - d) the value of the leasing subject,
  - e) leasing time frame that cannot be shorter than six months,
  - f) total amount of the leasing compensation,
  - g) amount, number and maturity of specific leasing fees,
  - h) opportunity for repurchase or extension of the leasing contract,
  - i) right to give the leasing subject to another individual to use,
  - j) cases to be treated as unfulfilled obligations by the lessee,
  - k) the rate of the penalty interest paid in the case the obligations are not met.
- (2) Along with the elements from the paragraph (1) of this Article, the leasing contract can also contain other provisions that define time, location and manner for delivery of the leasing subject, for which risks the leasing subject must be insured and the manner of insurance, the leasing subject transportation cost, cost of the assembling, disassembling and current maintenance of the leasing subject, training possibilities for the use of the leasing subject for the lessee personnel, as well as other provisions.

#### **Article 37.**

Specific provisions for a contract on financial leasing

- (1) The contract on the financial leasing, apart from the provisions from the Article 36. paragraph (1) of this Law, by obligation contains the following provisions:
- a) the amount of the participation in the total value of the leasing subject,
  - b) effective interest rate used for the leasing fee calculations.
- (2) The Agency will determine by a specific regulation the manner and method for calculating the effective interest rate.

### **Article 38.**

Specific provisions for an operating leasing contract

- (1) A contract on operating leasing, along with the provisions from the Article 36., paragraph (1) of this Law, is also required to have:
- a) the amount of the downpayment,
  - b) the amount of the total compensation.
- (2) The Agency will regulate, with a special decision, the manner and method for the calculation of the total compensation.

### **Article 39.**

Presenting the conditions of the contract

The leasing company is obliged to, before concluding the contract, present to the lessee in a written form that is to make available, all the significant conditions of the contract that clearly show the rights and obligations of the contracted parties.

## CHAPTER II. RIGHTS AND OBLIGATIONS

### **Article 40.**

Obligations of the lessor

- (1) Lessor is obliged to, according to the request of the lessee, obtain the subject of leasing from the supplier of leasing that has been determined by the lessee.
- (2) Lessor is obliged to inform the leasing subject supplier that the leasing subject is being obtained in order to implement a leasing contract, further listing the name of the lessee, unless the lessee and the leasing subject supplier are not the same entity.
- (3) Lessor is obliged to provide the information from the paragraph (2) of this Article to the supplier of subject of leasing latest at the taking over of the subject of leasing.

## **Article 41.**

### Unfixed leasing fee

In the case that a flexible leasing fee has been set in the contract, the lessor is obliged to, in a written form, inform the lessee about the changes in that fee before such change is applied.

## **Article 42.**

### Responsibility for legal and material deficiency

- (1) The leasing subject supplier is responsible to the lessor for legal and material deficiencies of the leasing subject in accordance with the general rules of responsibility for material and legal deficiencies.
- (2) By concluding the leasing contract, the lessor yields to the lessee the requests he has towards the leasing subject supplier based on the responsibility for the legal and material deficiencies, unless otherwise stipulated by the leasing contract.
- (3) If the leasing subject has a material or legal deficiency, and the lessee missed to implement the yielded rights towards the supplier of the leasing subject, he does not have any rights based on the material or legal deficiencies towards the lessor, especially not the right to terminate the contract or decrease the leasing fee.

## **Article 43.**

### Exclusion for the damage occurred through the use of the leasing subject

- (1) The lessor is not responsible to the lessee or a third party for damage that occurred through the use of the leasing subject, unless the leasing contract does not regulate that differently.
- (2) The provisions of the paragraph (1) of this Article are not applied if the damage occurred due to an irregularity or an error in the leasing subject.
- (3) In the case of the responsibility according to the provisions from the paragraph (2) of this Article, the lessor has a right to demand payment from the leasing subject supplier. He can yield this right to the lessee, and it is considered to be done on the day the leasing contract was concluded, unless otherwise stipulated by that contract.

## **Article 44.**

### Risk from accidental loss or damage

- (1) In the financial leasing the risk of an accidental loss or damage of the leasing subject is responsibility of the lessee from the moment he the ownership of the leasing subject has been transferred to him, unless otherwise determined by the leasing contract.
- (2) In the operating leasing the risk of an accidental loss or damage of the leasing subject is the responsibility of the lessor and is not transferred to the lessee.

#### **Article 45.**

Obligation of the leasing subject supplier for appropriate delivery

- (1) The leasing subject supplier is obliged to deliver the leasing subject to the lessee in a good order and manner determined by the leasing contract, unless the leasing contract determines that the leasing subject should be delivered by the lessor.
- (2) The entity that delivers the leasing subject to the lessee is responsible according to the general rules of the obligation right to secure that the leasing subject does not have any material deficiencies.

#### **Article 46.**

The responsibility of the leasing subject supplier for not carrying out or delaying the delivery

- (1) If, for reasons that he is not responsible for, the leasing subject supplier is not able to deliver the leasing subject, the leasing contract does not impart legal actions.
- (2) If, for reasons that he is responsible for, the leasing subject supplier does not deliver the leasing subject within the determined time frame, and the time frame is not an important element of the contract, the lessee must provide an acceptable additional time frame for delivery and about that inform the lessor. If, even after the subsequently determined time frame, the leasing subject supplier does not carry out his obligation, the contract between the lessor and lessee is, by Law, terminated.
- (3) The lessee has a right to demand compensation for the endured damage due to the contract termination, and the lessor has a right to demand compensation for the endured damage due to contract termination from the supplier of the leasing subject.
- (4) The lessor can transfer his right for the endured damage compensation to the lessee. In the case the transfer is accepted, the lessee cannot present any request for damage compensation to the lessor.

#### **Article 47.**

Shared responsibility of the lessor and the supplier of the subject of leasing



If the lessor has chosen the supplier of the subject of leasing, he will share the responsibility towards the lessee if the subject of leasing has not been delivered to the lessee, if it is delivered with delay or if the subject of leasing has a material shortage.

#### **Article 48.**

The obligations of the lessee

- (1) The lessee is obliged to take over the subject of leasing in the manner determined in the leasing contract.
- (2) Unless otherwise agreed, the lessee is obliged to perform the review of the leasing subject in order to determine that the leasing subject does not have any visible shortages, and confirm in a written form to the supplier of leasing that it has received the leasing subject. From the day of receiving the leasing subject, the leasing contract is initiated and the lessee is obliged to pay the leasing fee.
- (3) The lessee is obliged to, in compliance with the contract, or the purpose of the leasing subject, use the leasing subject with care of a good businessperson, or host.
- (4) The lessee is obliged to maintain the leasing subject in a good condition and cover for all the expenses of such maintenance, unless otherwise determined by the leasing contract.
- (5) The loss of the leasing subject or the loss of its function caused by use of the leasing subject contrary to the paragraph (3) and (4) of this Article, does not free the lessee from the obligation determined by the leasing contract.
- (6) Lessee is obliged to pay to the lessor a fee in the installments, deadlines and in a manner determined by the leasing contract.
- (7) The lessee is obliged to without delay, upon the termination of the contract, return the leasing subject to the lessor in the manner and in the condition determined in the leasing contract, unless he has, in compliance with the leasing contract, fulfilled the conditions for obtaining the ownership title over the leasing subject, right to extend the leasing contract, or if there is a new leasing contract made for that leasing subject.
- (8) Upon the termination of the leasing contract, the lessee is obliged to return the leasing subject with all the parts and additional elements to the lessor or the entity determined by the lessor.

#### **Article 49.**

The obligation of the lessee for the damage that occurred through the use of the leasing subject

- (1) The lessee is not responsible for the wear and tear of the leasing subject that occurred through regular use, nor is it responsible for the changes made on it in agreement with the lessor.
- (2) The lessee is responsible for the damage that occurred through the use of the leasing subject contrary to the contract or the purpose of the leasing subject, whether or not the

leasing subject was used by the lessee, an individual acting upon his order or an individual to whom he facilitated the use of the leasing subject.

#### **Article 50.**

Protection in the case of bankruptcy or liquidation of the lessee

- (1) The lessee is obliged to, without delay, inform the lessor about initiation of a bankruptcy or liquidation process.
- (2) In the case of the bankruptcy of the lessee, the lessor has a right to extract the leasing subject (extraction right) from the lessee's bankruptcy assets in compliance with the regulations that determine that procedure.

#### **Article 51.**

Subleasing

- (1) The lessee can, with a written approval of the lessor, unless it is otherwise determined by the leasing contract, transfer the leasing subject or its parts, to a third party, for use (in further reading: subleasing).
- (2) The transfer of the leasing subject to a third party that will use it does not free the lessee from the obligation towards the lessor in compliance with the leasing contract.
- (3) The deadline on subleasing cannot extend beyond the deadline for the leasing contract.
- (4) The right to transfer the leasing subject for use to a third party can be excluded in the leasing contract or can be by it differently determined.

#### **Article 52.**

Implementation of the provisions of the Law on obligations

The issues not regulated by this Law and that relate to the rights and obligations of the contracted parties, are covered by the provisions of the Law on obligations, specifically the provisions that regulate the contract on lease.

#### **Article 53.**

Dispositional character of the provisions

The provisions of this Law that refer to the obligations of the contracted parties, as well as the provisions of the Law on obligation relations, are applied, unless the parties have agreed differently.

### CHAPTER III. ENDING AND TERMINATION OF THE CONTRACT

#### **Article 54.**

##### Ending the leasing contract

(1) The lessor has a right, if it is not otherwise determined in the leasing contract, to terminate the leasing contract if the lessee:

- a) is late in payment of the first leasing installment,
- b) after the first installment the lessee is late with two consecutive payments of the leasing installments,
- c) gives the leasing subject to a third party as a subleasing without a written consent from the lessor,
- d) significantly violates the provisions of the contract that relate to the use and maintenance of the leasing subject.

(2) Independent from the provisions from the paragraph (1), item. a) and b) of this Article the lessor has a right to terminate the leasing contract, if the lessee does not pay one of the leasing installments in the agreed time frame, under the condition that the circumstances clearly indicate that the other installments will not be paid.

(3) In order to terminate the leasing contract for reasons listed in the paragraph (1) item. a) and b) and paragraph (2) of this Article the lessor is obliged to inform the lessee about the intention to terminate the contract, if he does not receive the payments of the due obligations and leave to the lessee an additional reasonable deadline for fulfillment of obligations. The leasing contract remains in effect if the lessee pays the amount of the due obligation before he is submitted with the information on the termination of the contract.

#### **Article 55.**

##### Effects of the leasing contract termination and damage compensation

(1) The lessor that terminates the leasing contract due to the reasons determined in the Article 54., paragraph. (1) and (2) has a right for return of the leasing subject, as well as the right for damage compensation.

(2) The leasing contract can regulate the manner for calculation of the amount of the damage compensation that cannot be higher than the contract implementation interest.

(3) With the contract termination from the paragraph (1) of this article the lessee loses the right to own and use the leasing subject, and the payment of the leasing installment will not be considered as payment for the leasing subject and does not give the lessee right to the ownership part in the leasing subject.

## **Article 56.**

### Termination of the leasing contract

(1) The leasing contract is terminated:

- a) with the expiration of the time frame for which it was concluded,
- b) with the transfer of ownership title from the lessor to the lessee,
- c) Purchase of the leasing subject,
- d) breaking of the leasing contract,
- e) destruction of the leasing subject by an act of vis major, and
- f) for other reasons in compliance with the provisions regulating the obligation relations.

(2) In the cases from the paragraph (1) of this Article the lessor is obliged to, within 15 days from the day of termination of contract, submit a request for annulment of the registered title from the authorized registry.

## **Article 57.**

### Return of leasing subject ownership

(1) The supplier and the lessee can in a form of a notarized document, in the presence of the notary, conclude a settlement in which they will agree that in the case the leasing fees are not paid by the lessee after the maturity and in compliance with the contract, the lessee agrees with a direct implementation of the request for yield of the leasing subject.

(2) If the lessee does not meet the obligation for paying the leasing fee after the maturity and in compliance with the contract, and it does not willingly yield the leasing subject to the lessor, the lessor can demand executive procedure from the paragraph (1) of this Article and submit to the authorized court a suggestion for execution of the request to yield the ownership of the leasing subject to the lessor.

(3) The authorized court is obliged to make a decision on the execution decision within five days from the day the request is submitted.

(4) Confiscation procedure is performed within three days from the day the resolution on execution is issued.

(5) The lessee can submit, against the resolution on execution, within three days from the day he received the resolution, an objection that he performed the obligations in the payments and he must submit written evidence.

(6) Objection from paragraph (5) of this article does not delay the execution.

(7) The authorized court makes a decision on the objection in compliance with the law that regulates the executive proceedings.

(8) The procedure for return of the title over a leasing subject is regulated by the Law that defines the executive procedure, unless otherwise stipulated by this Law.

## PART FOUR – REGISTRATION OF THE LEASING SUBJECT

### **Article 58.**

#### Registries

- (1) If the leasing subject is intangible asset, the leasing subject ownership right and leasing subject rights based on the leasing contract are registered in compliance with the regulations that regulate the registration of the real estate rights.
- (2) If the leasing subject is a tangible asset, the registration of the rights based on the leasing contract (in particular the ownership right) is performed in the Pledge Registry, in compliance with the regulations that regulate the pledge registry.
- (3) If the leasing subject is a tangible asset which is required to have an annual registration by a specific law, as for example: motor vehicle, the registration of the ownership right is performed in compliance with the law that defines the registration of vehicle ownership.

### **Article 59.**

#### Registration obligation

- (1) If the leasing subject is a tangible asset, the leasing supplier is obliged to submit a request for registration of rights based on the leasing contract (in particular the ownership right), as well as other data from the leasing contract in compliance with the regulations that regulate the pledge registry within seven days of transfer.
- (2) If the leasing subject is an intangible asset, the supplier of leasing services is obliged to submit a request for registration of the ownership right and the rights from the leasing contract within 30 days from fulfilling all the conditions for registration.
- (3) The supplier of leasing is obliged to submit a request for change or removing of data from paragraphs (1) and (2) of this Article from the endorsed registry within 15 days from the day of coming into effect of facts that condition such a change or removing of data.

## PART FIVE – MANAGING THE RISKS

### **Article 60.**

#### Managing the risks

A leasing company has to have developed policies and procedures for identification, measurement and monitoring of the risks that it is exposed to in its operations.

## **Article 61.**

Regulations on management, manner for reserve allocation and reporting on risks

The Agency can through decisions prescribe to the leasing company from the Article 3., of this Law the criteria and manner for risk management, allocation of reserves, conditions and manner for use of the reserves, as well as the form, manner and deadlines for reporting on managing the risks.

## **Article 62.**

More severe violations of the on risk management rules

The leasing company is more severely violating the risk management rules if:

- a) the its liquidity is jeopardized,
- b) it did not organize its operations, that is it does not keep business books, business documentation as well as other administrative and business records in the manner in which it would be in any given moment possible to examine if it is operating in compliance with this Law,
- c) does not issue measures and determine rules for individual valuing the balance and off balance sheet items, that is if it is valuing those items contrary to the provisions of this Law and regulations issued based on this Law,
- d) performs activities that is not allowed to perform according to this Law,
- e) violates the obligation of the timely and correct reporting, determined by this Law and regulations issued based on this Law,
- f) concludes false business arrangements in order to wrongly present the financial condition.

## **PART SIX – FINANCIAL REPORTING AND AUDIT**

### **Article 63.**

Keeping business books, documentation and records

(1) A leasing company is obliged to keep and maintain bookkeeping records and documents, as well as develop and present financial reports in compliance with the provisions that regulate the area of accounting and audit.

(2) A leasing company is obliged to submit the financial reports from the paragraph (1) of this Article to the authorized bodies in the manner and within the deadlines determined by law and other provisions that regulate the area of accounting and audit.

## **Article 64.**

### Audit

- (1) The leasing company is obliged to appoint, with the approval of the Agency, an external auditor that will perform the annual audit of the financial reports and develop the audit report in compliance with the regulations that define the area of accounting and audit.
- (2) The same external auditor can perform consecutively in the same leasing company a maximum of four audits of the annual financial reports.
- (3) The external auditor cannot perform in the same business year an audit of the financial reports and offer consulting services to the same leasing company.
- (4) The leasing company is obliged to submit to the Agency the annual financial report, along with the audit report, latest five months after the end of the business year covered in the reports.

## **Article 65.**

The authorization of the Agency in relation with the performed audit

- (1) The auditor is obliged to, at the request of the Agency, provide other explanations in relation to the performed audit.
- (2) The Agency can refuse the opinion of the auditor on the financial reports and request that the audit be performed by another authorized auditor, at the expense of the leasing company, when it determines that the financial reports do not present a truthful and correct presentation of the financial condition of the leasing company in compliance with the regulations in the Federation.

## PART SEVEN – SUPERVISION OF LEASING COMPANY PERFORMANCE

### CHAPTER I. SUPERVISION OF LEASING COMPANIES

## **Article 66.**

### Scope of supervision

The Agency performs the supervisions of the leasing company with the head office in the Federation and all its affiliates with the head office in the Federation and outside of the Federation.

## **Article 67.**

### Manner of implementation of supervision

The Agency perform the supervision of the leasing company in the following manner:

- a) through monitoring, collecting and examining the reports and informing the leasing company (off-site supervision),
- b) through supervision of the leasing company performance (on-site supervision),
- c) through issuing the measures for supervision in compliance with the Law.

## **Article 68.**

### Off-site supervision

The Agency will list the facts and the circumstances about which the leasing company is obliged to inform the Agency, as well as the manner and the deadlines for the reporting.

## **Article 69.**

### On-site supervision

(1) The Agency performs the on-site supervision in order to examine if the leasing company is performing in compliance with the Article 32., of this Law, but it is not obliged to resolve individual claims and complaints of the individuals with which the leasing company is having business.

(2) The supervision of the leasing company performance can be implemented by other supervisory bodies in compliance with the law and within its scope of operations.

## **Article 70.**

### Supervision measures

The Agency can issue following measures for the supervision of the leasing company performance:

- a) correction of the irregularities and violations,
- b) determination of additional measures,
- c) revoking the license,
- d) initiation of the legal proceedings



## CHAPTER II. SUPERVISION PROCEDURE

### **Article 71.**

#### Authorized individuals

- (1) The supervision of the leasing company is performed by the authorized individuals of the Agency.
- (2) In order to facilitate the supervision of the leasing company performance, the Agency can authorize an external auditor or other expert professional.
- (3) The authorized individuals from the paragraph (2) of this article have, in performing supervision of the performance for which they are authorized, equal authorities as the authorized individuals from the Agency.

### **Article 72.**

#### Scope of supervision

The supervision of the leasing company performance can cover the complete operations (full scope supervision) or its part (targeted supervision), in compliance with the specific regulations of the Agency.

### **Article 73.**

#### Reports and information

- (1) The Agency can request from the leasing company the information on all the operations that are, considering the purpose of the specific supervision, important for the evaluation of the performance in compliance with this Law and specific regulations of the Agency.
- (2) The members of the supervisory board, the management and the employees of the leasing company are obliged to present to the authorized individual, at his request, the reports and information on all the operations important for performing the supervision.
- (3) The Agency can call the individuals from the paragraph (2) of this article to, within a timeframe that cannot be shorter than three days, give a verbal statement about the operations from the paragraph (1) of this Article or compose a report in a written form.

## **Article 74.**

### Conditions for performing supervision

- (1) The leasing company is obliged to facilitate to the authorized individuals of the Agency, at their request, the performing of supervision over the operations in its head office that is the other premises where they perform the operations, and provide for their use appropriate space in which they can perform the supervision of the operations without disturbance and presence of other individuals.
- (2) The Agency is obliged to perform the supervision of the leasing company operations in the manner that is not disruptive for the normal operations of the leasing company in accordance with the specific subject of their supervision.

## **Article 75.**

### Performance Supervision

- (1) The leasing company is obliged to facilitate to the authorized individual of the Agency, on his request, the review of the business books, business documentation and administrative, that is business records in the volume needed for specific supervision that is in the scope determined by specific law that regulates specific supervision.
- (2) The leasing company is obliged to submit to the authorized individual of the Agency, at his request, the computer listings, that are copies of the business records, business documentation and administrative, that is business records.

## **Article 76.**

### Information on supervision

- (1) The Agency informs the leasing company about the supervision at least eight days before initiating the supervision of the leasing company operations.
- (2) As an exception to the provisions of the paragraph (1) of this article, the authorized individual can submit the information on the supervision at the beginning of the supervision of operations.
- (3) The information on the supervision must include the subject of supervision.
- (4) The Agency can, during the time of the supervision of the performance, supplement the information on the supervision of the performance.

### **Article 77.**

#### Supervision findings

Upon the completed supervision of the leasing company performance, the authorized individuals from the Agency will develop a report on performed supervision that they are obliged to submit to the leasing company.

Leasing company has a right for an appeal on the supervision report.

The complaint is submitted to the Agency within eight days after receiving the report.

### **Article 78.**

#### Supervision fee

Leasing companies are obliged to pay to the Agency a fee for performing the activities of supervision in compliance with the rate determined by the Agency.

## CHAPTER III. MEASURES FOR CORRECTION OF ILLEGAL ACTS AND IRREGULARITIES

### **Article 79.**

#### Resolution for correction of irregularities and violations

When the Agency determines, during the supervision, that the leasing company does not perform its business in accordance with the Article 32., of this Law, it will by a resolution order to the leasing company the correction of the irregularities and the violations, and it can order taking or not taking specific actions.

### **Article 80.**

#### Conditions and deadlines in the resolution

(1) The Agency will issue the resolution from the Article 79., of this Law if it determines the following:

- a) leasing company does not meet the conditions for performing the leasing operations,
- b) leasing company is performing activities that it is not allowed to perform according to this Law,

- c) leasing company violates the rules on risk management,
  - d) leasing company violates the rules on keeping the business books and developing financial reports, that is the audit of the financial reports,
  - e) leasing company violates the reporting obligation,
  - f) leasing company violates the rules on prevention of money laundering and terrorism financing,
  - g) leasing company violates other provisions of this Law or specific regulations for the Agency, that is the provisions of other laws that regulate the operations of a leasing company.
- (2) The resolution from the paragraph (1) of this Article determines the deadline for the correction of the irregularities and violations.
- (3) The resolution from the paragraph (1) of this Article is final and a legal proceeding cannot be undertaken against it.

### **Article 81.**

#### Content of the Resolution

The resolution for correction of the irregularities and violations must contain:

- a) correct description of the determined irregularities and violations, listing the provisions of Law that are being disregarded,
- b) the timeframe during which the supervised leasing company must correct the irregularities and submit the report on the corrected irregularities,
- c) the manner for correction, when the Agency is ordering the supervised leasing company to correct the irregularities in a specific manner,
- d) documentation, that is evidence on correction of the irregularities, when the Agency is ordering that the supervised leasing company presents certain documents, that is other evidence.

### **Article 82.**

#### Report on correction of irregularities and violations

- (1) A leasing company is obliged to correct, within the deadline determined by the Agency in the resolution from Article 80., paragraph (2) of this Law, the determined irregularities and violations, and submit to the Agency, within the deadline determined by the Agency, a report that describes the measures for correction of the irregularities and violations.
- (2) Along with the report from the paragraph (1) of this Article there must be submitted documentation and other evidence that show that the determined irregularities and violations have been corrected.
- (3) If the report from paragraph (1) of this Article and the submitted evidence do not lead to conclude that the irregularities and violations have been corrected, that is with an aim to determine the correctness of the submitted documentation, the Agency can perform an additional review of the operations within the scope necessary to determine if the irregularities and violations have been corrected (examination of the order completion).
- (4) If the report from the paragraph (1) of this Article is incomplete, in other words it cannot

be concluded from the report and the presented evidence that the irregularities and violations have been corrected, the Agency can, by a resolution, order the leasing company to supplement the report and present the deadline for supplementing the report.

(5) If the resolution of the Agency implies additional measures from the Article 83., of this Law, the provisions of this Article referring to correction of the irregularities and violations and the report on correction of irregularities and violations, will apply to the implementation of the additional measures , as well as to the reporting on implementation of the additional measures.

### **Article 83.**

Additional measures for correction of irregularities and violations

(1) If, during the supervision, the Agency determines that the leasing company is making more severe violations of the rules on the risk management from the Article 62., of this Law, it can, by a resolution on correction of the irregularities and violations, issue following additional measures:

- a) order the leasing company management to accept the measures plan in order to secure the leasing company solvency;
- b) order the leasing company management and the supervisory board to organize a meeting of the leasing company assembly, as well as suggestion of certain measures as:
  - 1) decision on increasing the leasing company core capital,
  - 2) decision on increasing the core capital from the leasing company profit,
  - 3) discharging a member of the supervisory board if he is creating damage with his work or can create damage for the leasing company;
- c) prevent the leasing company to conclude any new leasing contracts in specific or all leasing operations;
- d) prevent the leasing company from performing leasing operation with specific individuals;
- e) prevent the leasing company to conclude business arrangements with specific shareholders, members of the management, members of the supervisory board, individuals related to the leasing company in accordance with the specific regulation of the Agency;
- f) order the management of the leasing company to issue and implement measures in order to:
  - 1) improve the risk management process,
  - 2) improve the collection of the leasing company past due receivables,
  - 3) correct recording of the value of the balance and off balance sheet items,
  - 4) improving the information system,
  - 5) other measures necessary for the realization of the leasing company solvency;
- g) prevent, that is limit, the leasing company disposal with the property that is being managed by the leasing company.

(2) The Agency can order the supervisory board to discharge a member of the management and the appointment of a new member, that is new members of the management in the following cases:

- a) the leasing company did not act in accordance with the resolution on correction of irregularities and violations, that is
- b) the leasing company management did not implement the additional measures from paragraph (1) of this Article that were determined, that is

c) the leasing company repeatedly violates the obligation for timely and accurate reporting, that is informing the Agency or is disrupting the Agency in performing the supervision.

## PART EIGHT – BANKRUPTCY AND LIQUIDATION

### **Article 84.**

Bankruptcy of a leasing company

Provisions of the Law on bankruptcy procedures are, in an adequate manner, are applied in the bankruptcy of a leasing company.

### **Article 85.**

Liquidation of the leasing company

(1) The liquidation of a leasing company is implemented in compliance with the provisions of the Law on liquidation process, unless otherwise proscribed by this Law.

(2) In the case of initiation of a liquidation process, the Agency revokes the license for performing the leasing company operations.

### **Article 86.**

Appointing the liquidator

As a liquidator of a leasing company appointed can only be a person that fulfills the appointment conditions for a member of the management of a leasing company set in the Article 30. of this Law.

### **Article 87.**

Informing the Agency

The Liquidator is obliged, if he determines that the assets of the leasing company in liquidation are not sufficient for payout of all the claims of creditors, to submit, without delay, a suggestion for initiation of a bankruptcy process and about that, concurrently, inform the Agency.

## PART NINE – VIOLATION PROVISIONS

### **Article 88.**

Legal proceeding

Violation charges are initiated in the following manner:

- a) by issuing the violation order,
- b) by submitting the request for initiating the legal proceedings to the authorized court in the case that there are no conditions for issuing the violation order, in compliance with the Law on penalties.

### **Article 89.**

Issuing the violation order

(1) Violation order is issued by an individual determined by a specific regulation of the Agency, if it finds that the violation has been determined in one of the following manners:

- a) noted in the minutes by an authorized individual from the Agency that performed the supervision of the leasing company,
- b) through data received based on the leasing company reporting,
- c) through data received during the process of issuing the approval to the leasing company,
- d) through the data received in some other manner and subsequently determined by the authorized individual from the Agency.

(2) In issuing the violation order conferred can only be the minimum cash stipulated by this Law, except in the case of multiple violations (sticaj), when a combined cash fine is conferred that must be higher than the minimum amount of each individually determined cash fine, but cannot exceed the total of all the minimal determined fines.

(3) Court can issue any cash fine prescribed by this Law.

### **Article 90.**

Request for initiating the legal proceedings

The request for initiation of the legal proceedings at the authorized court is submitted by the individual determined by a specific regulation of the Agency.

## **Article 91.**

### Violations of the leasing company

(1) A fine in the cash amount of 1.000,00 KM to 15.000,00 KM will be conferred for violations to a leasing company that:

- a) performs its operations contrary to the provisions of the Article 7. of this Law,
- b) gains significant ownership interest in another legal entity contrary to the provisions of the Article 11. of this Law,
- c) does not perform in compliance with the Article 32. of this Law,
- d) does not act in accordance with the Article 34. and 59. of this law,
- e) does not organize and keep business books in compliance with the Article 63. of this Law,
- f) when selecting and appointing an external auditor does not act in accordance with the provisions of the Article 64. of this Law,
- g) does not allow the authorized individuals of the Agency to implement supervision in compliance with the provisions of the Article 74. Of this Law,
- h) does not submit the report to the Agency in compliance with the provisions of the Article 82. of this Law.

(2) A fine in the cash amount of 700,00 KM to 5.000,00 KM will be conferred for violations to a leasing company if:

- a) when appointing the members of the management board it acts contrary to the provisions of the Article 29. and 30. of this Law,
- b) members of the leasing company management do not meet the obligations in compliance with the provisions of the Article 31. of this Law,
- c) when choosing the members of the Supervisory Board it acts contrary to the provisions of the Article 24. and 25. of this Law,
- d) does not make available the information from Article 33. of this Law,
- e) the contract on leasing is not developed in compliance with the provisions of the Articles from 36. to 38. of this Law,
- f) does not inform the leasing subject supplier in compliance with the provisions of the Article 40. of this Law,
- g) makes bigger violations of the rules on risk management from Article 62. of this Law,
- h) does not inform the Agency in compliance with the provisions of the Article 68. of this Law,
- i) does not submit information to the Agency in compliance with the provisions of the Article 75. of this Law.

(3) The authorized individual in the leasing company will be fined for the violations from the paragraph (1) and (2) of this Article, committed in his mandate, with a cash penalty in the amount of 500,00 KM to 3.000,00 KM.

## **Article 92.**

### Violations by banks



(1) A cash amount of 1.000,00 KM to 15.000,00 KM will be the fine for violations for a bank that:

a) does not develop the leasing contract in compliance with the provisions of Article 36. and 37. of this Law,

b) does not inform the supplier of leasing in compliance with the provisions of Article 40. of this Law.

(2) The responsible individual in the bank will be fined for the violations from the paragraph (1) of this Article, that were committed during his mandate, with an amount of 500,00 KM to 3.000,00 KM.

### **Article 93.**

Violations by other entities

(1) The cash fine in the amount of 500,00 KM to 1.500,00 KM will be conferred to an individual or a legal entity that:

a) performs leasing operations without a license for performing leasing operations issued by the Agency,

b) does not perform in compliance with the Article 96., paragraph (3) of this Law,

c) obtains or increases ownership interest in a leasing company contrary to the provisions of the Article 9. of this Law.

(2) For the violations from the paragraph (1) of this Article committed by a legal entity, fined will be the responsible individual that had the authorization in the legal entity when the violation was committed, with a cash fine in the amount of 300,00 KM to 1.000,00 KM.

### **Article 94.**

Implementation of the provisions of the Law on penalties

Law on penalties regulates the leasing operations violations unless otherwise stipulated by this Law.

## **PART TEN – TRANSITIONAL AND FINAL PROVISIONS**

### **Article 95.**

Issuing the regulations

(1) The Agency is obliged to issue specific regulations stipulated by this Law within six months from the day this Law comes into effect.

(2) The regulations from paragraph (1) of this Article are published in the "Official Gazette of the Federation of BiH".

#### **Article 96.**

Compliance with the provisions of this Law

- (1) Legal entities, that, on the day this Law comes into effect, are performing the leasing operations and are listed in the court registry, shall continue operating as a leasing company according to this Law.
- (2) Legal entities from paragraph (1) of this article are obliged to, within 12 months of the day this Law comes into effect, comply its performance in accordance with the provisions of this Law, that is, acquire a license from the Agency to perform leasing operations.
- (3) If the legal entities from the paragraph (1) of this Article do not perform in accordance with the deadline and the manner stipulated by this Law, they are obliged to stop performing the leasing operations and submit a request for eliminating the leasing operations from the court registry.
- (4) The leasing contracts, as all other contracts with the significance of financing other entities , made up to the day this Law came into effect, will remain in effect until the obligations from those contracts last, and cannot be extended.
- (5) Leasing contracts made after this Law came into effect are concluded in compliance with its provisions. The provisions of the Articles 37. and 38. of this Law are applied from the day specific regulations come into effect that are, in accordance with the provisions of these Articles, issued by the Agency.

#### **Article 97.**

Coming into effect

This Law comes into effect on the eight day from the day it is issued in the "Official Gazette of the Federation of BiH", the provisions on supervision are implemented from the day the day of issuance of the leasing operations license, and latest 12 months after the Law came into effect.

THE CHAIR OF THE  
HOUSE OF PEOPLE  
OF THE PARLIAMENT OF THE FEDERATION OF BiH

Stjepan Krešić

THE CHAIR OF THE  
HOUSE OF REPRESENTATIVES  
OF THE PARLIAMENT OF THE FEDERATION OF BiH

Safet Softić