

Pursuant to Article 5, paragraph (1), item h) and Article 19, paragraph (1), item c) of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, No. 75/17) and Articles 72 and 248 of the Banking Law (Official Gazette of the Federation of BiH, No. 27/17), the Management Board of the Banking Agency of the Federation of Bosnia and Herzegovina, at its session held on 13 October 2017, adopted the following

## **DECISION ON CONDITIONS FOR ISSUANCE OF PROCURATION IN BANKS**

### **Article 1**

#### **Subject of Decision**

- (1) This Decision shall regulate more detailed conditions for the issuance of procuration by a bank, specifically the conditions that have to be met by the person to whom procuration is issued, the type and the manner of issuance of procuration, the scope and authorities of the procurator, and the limitations in the undertaking of specific actions by the procurator.
- (2) The bank shall, in accordance with the provisions of this Decision, additionally regulate the elements referred to in the previous paragraph in its Statute.

### **Article 2**

#### **Issuance of procuration**

- (1) In the context of this Decision, procuration shall be understood to mean an authorisation by which the bank authorises one or several persons (procurators) to conclude legal affairs and actions in connection with the operations of the bank, excluding operations that constitute limitations referred to in Article 4 of this Decision.
- (2) Procuration shall be granted in writing, it may be granted only to a natural person and it shall not be transferrable.
- (3) Unless the procuration explicitly states that it was granted for a specific organisational unit of the bank, it shall be deemed that it was granted for the bank and all of its organisational units.
- (4) The bank management shall, pending prior consent of the supervisory board of the bank, grant procuration to one person or a larger number of persons, as an individual or common authorisation.
- (5) If the bank has, under procuration, authorised a larger number of persons as a common authorisation, the legal affairs that those persons conclude and the actions that they undertake shall be legally valid only with the consent of all those persons, and the statements of will of third persons and their legal actions, which are, in that case, taken towards one procurator, shall be deemed as taken towards all procurators.
- (6) Knowledge of legally decisive facts or the guilt of one common procurator shall produce legal consequences for the issuer of the procuration, regardless of the knowledge or guilt of other procurators.

### **Article 3**

#### **Requirements to be met by the procurator**

- (1) A person may be authorised as a procurator if they meets the following requirements:
  - a) they shall have a good reputation,
  - b) they shall have a university degree – professional qualification level VII, i.e. higher education of the 1<sup>st</sup> cycle (worth 240 ECTS credits) or education of the 2<sup>nd</sup> or 3<sup>rd</sup> cycle of the Bologna Framework;
  - c) they shall have adequate knowledge, capacity, and experience in the area of finance, necessary for concluding legal affairs and actions relating to the operations of the bank,

- d) they shall not have a conflict of interest in relation to the bank, the shareholders, members of the supervisory board, holders of key functions and the bank management,
- e) they shall be willing and able to devote sufficient time to meeting the obligations and responsibilities in the area of concluding legal affairs and actions with respect to the authorisation from the procurator,
- f) they shall not have been convicted and shall not be subject to criminal proceedings for criminal offences in the area of finance, capital markets, money laundering and terrorist financing, or they shall not have been issued a ban of performing banking or other financial activities as a security measure,
- g) they shall not be a direct or indirect owner in another bank,
- h) they shall be neither an employee of another bank nor the procurator of another bank,
- i) they shall not be an elected official on the state, entity, cantonal and municipal level.

#### **Article 4**

##### **Limitations of procurator**

- (1) The procurator cannot, in the absence of a special approval of the bank, act as the other contracting party and conclude contracts with the bank in their own name and on their own behalf, in their own name but on behalf of other persons, or in the name and on behalf of other persons.
- (2) The procurator cannot conclude legal affairs and undertake legal actions in relation to acquisition, dispossession, or encumbrance of real estate of the bank, apart from acquisition of real estate in court proceedings in the course of collection of receivables of the bank, i.e. exercise of the right of lien of the bank over real estate.
- (3) The procurator cannot issue statements and undertake actions that initiate bankruptcy proceedings or proceedings that would lead to the termination of business activities of the bank.
- (4) The procurator cannot take over promissory note-based liabilities and liabilities under warranties.
- (5) The procurator cannot represent the bank in court proceedings or before arbitration.
- (6) The bank may provide for additional limitations of procurator in its Statute.

#### **Article 5**

##### **Signature of procurator**

- (1) The procurator shall be authorised to sign legally binding enactments related to the granted authorisations, with a note that they are acting as a procurator.
- (2) The aforementioned enactments should mandatorily be co-signed by at least one member of the bank management.
- (3) The procurator shall sign for the bank with their full name and indicate their function that results from the procurator.

#### **Article 6**

##### **Issuance and termination of procurator**

- (1) The bank shall submit a report to the register of business entities for the entry of an issuance of procurator and shall submit the decision on entry to the Agency.
- (2) The bank management shall be under the obligation to, when entering the procurator in the court register, also enter the limitations of procurator for the purpose of Article 4 of this Decision and the provisions of the Statute.
- (3) The procurator shall deposit their signature with the registration court and, when representing the bank, they shall be under the obligation to add to their signature a note that they are acting as a procurator.

- (4) Procuration shall be terminated upon a recall by the bank and a notice of the procurator, death, limitation or loss of business capacity of the procurator or the initiation of bankruptcy or liquidation over the bank or the termination of its operations for any legal reason.
- (5) The bank shall submit a request for removal of the procuration entered in the register of business entities after the onset of any of the reasons for termination of procuration and shall submit the aforementioned decision to the Agency.
- (6) The bank shall be under the obligation to apply all the provisions of this Decision relating to the issuance of authorisation for procuration when adopting the Statute.

#### **Article 7**

##### **Entry into force**

This Decision shall enter into force on the eighth day following its publication in the Official Gazette of the Federation of BiH.

**No: U.O.-08-11/17  
Sarajevo, 13 October 2017**

**CHAIRWOMAN  
OF THE MANAGEMENT BOARD  
Ljerka Marić, M.Sc. (Econ.)**