

Pursuant to Article 202, paragraph (14) and Article 248 of the Banking Law (Official Gazette of the Federation of BiH, No. 27/17), 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 Article 12, paragraph (1), item d) of the Statute of the Banking Agency of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, No. 3/18), the Management Board of the Banking Agency of the Federation of Bosnia and Herzegovina, at its session held on 29 March 2018, adopted the following

DECISION ON ESTABLISHMENT, CONDITIONS, AND MANNER OF ISSUANCE CONSENT FOR ASSET MANAGEMENT COMPANY

I. GENERAL PROVISIONS

Article 1

Subject of Decision

This Decision lays down the establishment, conditions, and the manner of issuance consent to asset management company.

II. ESTABLISHMENT OF AN ASSET MANAGEMENT COMPANY

Article 2

Establishment of an asset management company

- (1) The Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) shall, in case of application asset separation and transfer tool, inform the Federal Ministry of Finance of the necessity of establishment an asset management company.
- (2) The asset management company shall be a legal person fully or partially owned by one or several public institutions, or partly or fully state owned companies.
- (3) The Agency shall perform supervision over the asset management company.

Article 3

The purpose of establishing an asset management company

- (1) The asset management company is established for the purpose of receiving all or part of assets, rights or liabilities of one or several banks under resolution or a bridge bank.
- (2) The purpose of establishment shall include, at the minimum, the realisation of resolution objectives in compliance with Article 180 (1) of the Banking Law (hereinafter: the Law).
- (3) The asset management company shall manage the transferred assets for the purpose of maximising their value through their sale or liquidation in another manner.

Article 4

Activities of asset management company

- (1) In compliance with Article 202 of the Law and in compliance with the provisions of this Decision the asset management company shall perform all activities related to collection,

- sale, or other actions related to transferred assets, rights and liabilities, for the purpose of achieving the objective of its establishment.
- (2) The activities referred to in paragraph (1) of this Article shall include all activities related to regular use of transferred assets and liabilities (for example, leasing real estate etc.).

Article 5

Organisational form of an asset management company

- (1) The asset management company may be established as a joint stock company or a limited liability company.
- (2) The founding capital, i.e. the deposit of the asset management company may be paid from the sources for financing resolution in compliance with Article 214 of the Law.

Article 6

Constituent act of asset management company

- (1) The asset management company shall be founded under contract on the establishment.
- (2) If the asset management company is being founded by one founder as a limited liability company, the constituent act shall be the decision on the establishment.
- (3) The constituent act shall contain the following, mandatorily:
- a) organisational form;
 - b) name and headquarters;
 - c) activity, including the purpose of establishment;
 - d) rights and liabilities of the founder;
 - e) an amount of common capital, i.e. amount of stock;
 - f) a manner for compensation of establishing costs;
 - g) managerial and governance bodies and their competence;
 - h) duration of operations of the asset management company, which cannot exceed 15 years.
- (4) The Agency shall issue prior consent to the constituent act of the asset management company.

Article 7

Statute

- (1) The statute of the asset management company, shall contain the following, at the minimum, in addition to the data referred to in Article 6, paragraph (3) of this Decision:
- a) the number of members of managerial bodies and their duties, rights, and obligations;
 - b) competencies of managerial and governance bodies;
 - c) determination of the manner of payment and the level of remuneration, salaries, and other earnings of members of managerial and governance bodies;
 - d) the manner of adoption of general acts;
 - e) termination of operations of asset management company
- (2) The Agency shall issue prior consent to the statute and its amendments of the asset management company.

Article 8

Deadlines for decision on the Application

The Agency shall decide on the request for issuance approval to an asset management company within the deadline of five working days from the date of receiving the application with completed documentation.

III. MANAGERIAL BODIES OF ASSET MANAGEMENT COMPANY

Article 9

Prior consent for members of managerial bodies

- (1) The asset management company shall submit to the Agency an application for issuance of prior consent for members of managerial and governance bodies.
- (2) A member of a managerial or governance body of an asset management company can be a person who must meet the following requirements, at the minimum:
 - a) Holds an appropriate qualification, expert knowledge, skills and experience necessary for performing activities of resolution, i.e. activities from the scope of competence of the asset management company and similar tasks;
 - b) good reputation;
 - c) free from any conflict of interest in relation to the bank under resolution, or shareholders of the bank under resolution;
 - d) free from any conflict of interest in relation to the asset management company;
 - e) meet all other requirements prescribed by the Law.
- (3) The fulfilment of conditions under paragraph (2) of this Article shall be, taking into account the objective of the establishment and activity of the asset management company, be assessed in compliance with the decisions on conditions and procedure for issuance or rejection of issuance of consent for selection, i.e. appointment of members of supervisory board and management of the bank, and revoking of issued consents.
- (4) The evidence referred to in paragraph (3) of this Article cannot be older than 3 months.
- (5) If the documents referred to in paragraph (3) of this Article are submitted in a foreign language they shall have to be translated by an authorised translator into one of the official languages that are in use in the Federation of Bosnia and Herzegovina.
- (6) In case of changes in the members of managerial and governance bodies during the mandate, the asset management company shall submit to the Agency an application for issuance of prior consent for the new member of the managerial or governance body, and shall attach to that application the necessary documentation referred to in paragraph (3) of this Article, as well as the decision on dismissal of the previous member with a detailed explanation of the dismissal.
- (7) The mandate of a member of the managerial and governance body appointed in the manner referred to in paragraph (6) of this Article shall be connected with the period of mandate of the managerial body.

Article 10

Revocation of consent for members of managerial Bodies

- (1) The Agency shall revoke the consent for the member of a managerial and governance body if ceases to meet the conditions prescribed under the Law and Article 9 of this Decision.
- (2) The asset management company shall be under obligation, within the deadline of five days from the date of submission of the decision referred to in paragraph (1) of this Article to

initiate the procedure in compliance with Article 9 of this Decision for appointment of a new member of the managerial or governance body.

Article 11
Remuneration and salaries

- (1) Remuneration, salaries, and other earnings of members of managerial bodies shall be paid in compliance with the provisions of the statute of the asset management company in which their duties are also prescribed.
- (2) The Agency shall issue consent to the remuneration and salaries of members of managerial or governance bodies.
- (3) The Agency shall, when issuing the consent referred to in paragraph (2) of this Article, take into account, especially, the level of assets ensured for the operations of the asset management company, the amount of transferred assets and liabilities and business performance.

IV. RISK STRATEGY AND PROFILE OF ASSET MANAGEMENT COMPANY

Article 12
Strategy and risk profile

- (1) The asset management company shall be under obligation to adopt the strategy and risk profile.
- (2) The Agency shall approve the strategy and risk profile referred to in paragraph (1) of this Article.
- (3) The asset management company shall be under obligation to discuss the acts referred to in paragraph (1) of this Article periodically, and upon request of the Agency even more frequently.
- (4) The asset management company shall, in case of any changes in the facts and circumstances referred to in Article 13 of this Decision, be under obligation to submit to the Agency amendments of the risk strategy profile. The Agency shall issue consent to the submitted amendment.

Article 13
Content of the strategy and risk profile

- (1) The strategy and risk profile referred to in Article 12 (1) of this Decision shall have to contain the following, at the minimum:
 - a) procedures and policies for risk management;
 - b) provisions on liquidity risk management;
 - c) provisions on internal audit;
 - d) provisions on prevention of money laundering and terrorist activity financing;
 - e) provisions on outsourcing.
- (2) Along with the strategy referred to in paragraph (1) of this Article, the asset management company shall also attach the business plan and financial projections.
- (3) The business plan referred to in paragraph (2) of this Article shall contain the following, at the minimum:
 - a) location of services;
 - b) persons responsible for performance of individual segments of the plan;

- c) internal organisation, including reporting lines;
 - d) employees and manner of implementation of internal control;
 - e) financial plan;
 - f) outsourcing.
- (4) The financial projections referred to in paragraph (2) of this Article shall contain the following, at the minimum:
- a) accounts for revenues and expenses;
 - b) balance sheets;
 - c) business coefficients;
 - d) detailed description of assumptions used.

V. TRANSITIONAL AND FINAL PROVISIONS

Article 1 Entry into force

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

No: U.O.-18-08/18
Sarajevo, 29 March 2018

Chairwoman
of the Management Board
Ljerka Marić, M.Sc, sgd.