

Pursuant to Articles 4, 9 and 25 of the Law on Banking Agency of the FB&H (Official Gazette of the Federation of B&H No. 9/96, 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 47/06, 59/06, 48/08, 34/12 and 77/12) and Articles 47, 48 and 50 of the Law on Foreign Exchange Operations (Official Gazette of the Federation of B&H No. 47/10) and Article 38, Item 1 and Article 39 of the Law on Banks (Official Gazette of the Federation of B&H No. 39/98, 32/00, 48/01, 41/02, 58/02, 13/03, 19/03 and 28/03), the Management Board of the Banking Agency of the Federation of B&H, at its 1st extraordinary meeting held on 19.11.2013, adopted the following:

DECISION  
ON MINIMUM STANDARDS  
FOR CURRENCY EXCHANGE OPERATIONS

Article 1

This Decision on Minimum Standards for Currency Exchange Operations (hereinafter: the Decision) closely defines minimum standards which exchange offices have to provide and maintain in their currency exchange operations.

Article 2

Terms: exchange office (bank, branch of the bank seated outside the Federation of Bosnia and Herzegovina and authorised exchange office), currency exchange operations, residents – legal entities and entrepreneurs, authorisation, currency exchange location and cash operation location in sense of this Decision, shall bear the meaning defined in the Law on Foreign Exchange Operations and the Decision of the Government of the Federation of Bosnia and Herzegovina on Requirements and Manner for Performing Currency Exchange Operations (Official Gazette of the Federation of B&H No. 58/10 and 49/11).

Article 3

Bodies in charge of implementing this Decision in a bank are its supervisory board and management board. In addition, responsible person of the authorised exchange office and a responsible person at the currency exchange location shall be in charge of implementing this Decision on behalf of the exchange office.

Article 4

- (1) Supervisory board shall ensure that a bank has in place and implements an adequate program for currency exchange operations (hereinafter: the Program).
- (2) Supervisory board shall at least perform the following:
  1. adopt the Program which includes currency exchange policies based on the proposal by the bank's management board;
  2. ensure bank's compliance with the laws and regulations treating this segment;
  3. perform periodical and at least annual analysis of the Program and policies and adjusts them to changes of market conditions and changes in laws and regulations treating this segment;

4. ensure that necessary reports and information on currency exchange operations are delivered by the bank's management board, internal control system and internal audit;
5. define the obligation of the bank's management board in the Program to perform ongoing monitoring, control and proper management of currency exchange operations.

#### Article 5

Management board shall at least ensure the following:

1. preparation and delivery of proposals regarding currency exchange programs and policies to the supervisory board;
2. implementation of the program and policies adopted by the supervisory board, i.e. it monitors, manages and controls currency exchange operations;
3. creation and establishment of certain reporting and information systems related to currency exchange operations in a way which enables analysis, control and prudent management of currency exchange operations;
4. reporting to the supervisory board at least semi-annually on the situation regarding currency exchange operations;
5. ensures that the bank's internal control system and internal audit can monitor, review and assess the program and policies and their implementation.

#### Article 6

Program and policies shall be prepared in writing and shall include minimum preconditions to sound and prudent currency exchange operations, their control and relevant reporting.

#### Article 7

Currency exchange operations system shall be subject to continuous and periodical controls by the bank's internal control system and internal audit.

#### Article 8

A responsible person of the authorised exchange office and a responsible person at the currency exchange location shall ensure that currency exchange business with the authorised exchange office is performed in line with the law, regulations, agreement concluded with the bank and this Decision. Moreover, they are responsible for the correct and proper reporting and for facilitating control of such operations.

#### Article 9

The authorised exchange office shall make written procedures for performing currency exchange operations, all in line with the law, regulations, agreement concluded with the bank and this Decision.

#### Article 10

- (1) Exchange offices shall ensure to display prominently the following:
  1. a foreign exchange list being applied in purchase and sale of foreign cash and cheques;
  2. a notice on the commission amount (if being charged).

- (2) The authorised exchange offices shall ensure to display prominently the following:
1. a sign EXCHANGE OFFICE in front of the premises in which a exchange office is located, in one of the official languages of the Federation of Bosnia and Herzegovina and at least in one of world languages;
  2. a notice on the name of the bank with which it concluded the agreement;
  3. a notice of the following contents: "For each purchase or sale of foreign currency and purchase of cheques in foreign currency, the exchange office shall issue a confirmation".

#### Article 11

A currency exchange location shall be kept separate from other businesses (in case several businesses are performed on the same premises) as well as to:

1. in its accounting records, separate the currency exchange business from other businesses performed;
2. on a cash operations location or other place in the currency exchange location, keep only cash whose purchase or sale is recorded or for which respective cash documentation exists;
3. cash in convertible marks, foreign cash and cheques which are expressed in a foreign currency based on currency exchange business, are kept separately from funds of any other business.

#### Article 12

Exchange offices shall conclude insurance agreements against possible damages (theft, fire, money transport, etc.).

#### Article 13

The bank and the authorised exchange office shall closely regulate their mutual relations in currency exchange deals with an agreement.

- (1) Such agreement shall especially include:
- Name and seat of contractual parties;
  - Date and place of the agreement execution;
  - List and valid addresses of locations of the authorised exchange offices and ATMs supporting currency exchange deals;
  - Clauses regarding cash operations limit and the manner of its calculation;
  - Implementation of foreign exchange list for currency exchange deals;
  - Amount and manner of paying commission to authorised exchange offices;
  - Material and technical requirements that an authorised exchange office shall meet in order to perform currency exchange operations (metal box/petty cash box, PC, printer, software which enables currency exchange deals, a device for detection of forged banknotes, direct telephone line, video surveillance and other equipment relevant for its operations);
  - Manner and deadline for reporting to banks on purchase and sale of foreign cash and purchase of cheques expressed in foreign currency;
  - Manner and dynamics of transferring purchased cash and cheques expressed in foreign currency to banks;
  - Manner of supplying the authorised exchange offices with convertible marks and foreign cash;

- For the needs of regulatory examination, a person in charge of the authorised exchange office operations is the person who performs currency exchange deals in a currency exchange location and the responsible person of the authorised exchange office;
- Manner of issuing confirmations on sale and purchase of foreign cash and purchase of cheques in foreign currency;
- Keeping records and performing cash operations in line with the applicable rules and instructions of the bank;
- Bank's obligation to notify the authorised exchange office on relevant markings of the foreign banknotes,
- existence of forged banknotes, rules which define the currency exchange deals and alike;
- obligations in case of the agreement termination.

#### Article 14

- (1) The bank shall deliver a notice on currency exchange operations to the cash operations/currency exchange location, and especially, a notice referring to foreign banknotes in cases when central banks of other countries or other international institutions have disseminated foreign banknotes information of relevance for currency exchange deals.
- (2) The Bank shall deliver its valid foreign exchange rates and notices referring to currency exchange deals to the authorised currency exchange offices in line with the agreement.

#### Article 15

Only those persons who are PC literate and have knowledge of at least one world language are eligible to perform currency exchange deals at authorised exchange offices.

#### Article 16

- (1) Access to other persons is forbidden at the cash operations location, save for those persons whose presence is justifiable (authorised examination staff of the FBA, persons in charge of cash transport).
- (2) Access to the cash operations location is allowed also to other supervisory bodies and members of the Ministry of Interior when performing activities within their competency.

#### Article 17

- (1) Employees of the exchange office, who perform currency exchange deals, may keep only their own cash in the amount of maximum KM 100 (in letters: one hundred) outside of their cash register at the currency exchange location. If persons from Article 16 are also present at the cash operations location, their cash must not exceed the amount from the Item 1 hereof.

#### Article 18

Private individuals buying foreign currencies with the authorised exchange office in amounts exceeding EUR 5,000 or respective counter value in other foreign currency shall announce such transaction at least 24 hours in advance.

#### Article 19

- (1) The exchange office shall issue the confirmation on purchase and sale of foreign cash and cheques (at least one copy thereof). The exchange office delivers the original of this confirmation to the resident-private individual, i.e. non-resident-private individual and keeps the copy until expiry of the legally set deadline for keeping the book records.
- (2) Confirmation from Paragraph 1 of this Article shall contain the following data:
  - Name of exchange office;
  - Name and address of currency exchange office location;
  - Code of the cash operations location (cash desk 1, 2, 3...);
  - Job description (purchase, sale) and ordinal number of the confirmation which must not be repetitive;
  - First and last name of a resident-private individual and non-resident-private individual, their ID card number or passport number for each transaction whose amount is equal to the amount defined under regulations on anti-money laundering and terrorism financing;
  - Currency code, amount in foreign currency and amount in KM;
  - Foreign exchange rate at which the transaction was executed;
  - Commission percentage and amount;
  - Date and place of confirmation issue;
  - Time of the transaction;
  - Signature of a cashier.
- (3) In order to protect a private individual from forged banknotes, banknotes which are not in circulation and from similar cases, the exchange office shall enter the following data in the confirmation from the Paragraph 1 of this Article (in addition to data from Paragraph 2 of the same Article):
  - for each sale of foreign cash denominated in USD 50 and 100 to a private individual, first and last name of resident-private individual and his ID card number or passport number (i.e. first and last name of a non-resident-private individual and number of his passport), as well as serial numbers of banknotes;
  - for each sale of foreign cash to a private individual and if such person requires it: first and last name of resident-private individual and his/her ID card number or passports number (i.e. first and last name of a non-resident-private individual and his passport number), as well as serial numbers of banknotes.
- (4) The confirmation from Paragraph 1 of this Article shall be made in line with the accounting standards and has to include the ordinal number which must not repetitive. The program equipment shall be made in a way to ensure entry of numbers following the first ordinal number recorded (which can no longer be changed until the end of the anticipated series).
- (5) In case of electronic system failure in the cash operations location, the exchange office shall use printed forms of confirmations on purchase and sale of foreign cash and cheques, already containing ordinal numbers and keep track of the confirmation forms issued in this way. These confirmation forms are printed in blocks – within certain range of serial numbers. Immediately after the electronic system recovery at the cash operations location, the exchange office shall enter data from the confirmation forms in the cash log.

(1) Exchange office shall maintain a log of purchase and sale of foreign cash and cheques on a daily basis (hereinafter: the cash log) to include the following:

- name of the exchange office;
- currency type, currency amount, foreign exchange rate, equivalent in KM, the amount of calculated commission and total KM amount;
- opening foreign cash/cash balance and their balance at the close of business;
- serial numbers of purchase/sale confirmations and data on other transactions at the cash operations location;
- time of the transaction;
- job description (purchase/sale of foreign cash and cheques);
- stamp and signature;
- place and date.

(2) Data in the cash log has to be entered chronologically according to time sequence of transactions and has to correspond to data on the amount of purchased/sold foreign cash and cheques, as well as data on other transactions effected at the cash operations location (by type and amounts according to individual confirmations).

(3) The exchange office concludes the cash log at the end of each working day and keeps it in the printed form until expiry of the legally set deadline for keeping book records.

(4) The exchange office shall perform daily reconciliation of the cash and foreign cash balance in the cash log with the actual cash balance and foreign cash in the cash register, as well as provide a written evidence thereof.

#### Article 21

In performing currency exchange operations, the exchange office shall determine whether a foreign banknote is correct, whether it is in circulation, whether the deadline for its replacement has expired and whether a banknote is under suspicion of being forged.

#### Article 22

- (1) In case the authorised exchange office is not certain whether a banknote is in circulation, the bearer of such banknote will be referred to the bank with which such exchange office has executed the agreement.
- (2) The authorised exchange office may also act in the way as stated in Paragraph 1 of this Article in the case when a foreign banknote is damaged or worn beyond identification.

#### Article 23

If, during submission of a foreign banknote for purchase, the exchange office suspects of forgery, he/she must report it to the competent bodies.

#### Article 24

- (1) The exchange office shall purchase a traveller's cheque under the following minimum procedure: private individual – cheque bearer has to place his second signature on the cheque (which must correspond to the first one), in the presence of an employee at the

cash desk. In order to determine the signature authenticity, i.e. that the cheque sent for collection is submitted by the right bearer, an employee at the cash desk compares signatures at the cheque with the bearer's signature in his/her passport.

- (2) If a private individual submits a traveller's cheque to the authorised exchange office for purchase/sale, which the bearer has already signed in both places and in which the order has already been filled in (pay to order), in favor of the person who brought the cheque for collection, the exchange office shall refer the bearer to the bank with which such exchange office executed the agreement.
- (3) For each purchase of a traveller's cheque, the exchange office shall enter into the purchase/sale confirmation the following: first and last name of the resident-private individual and non-resident-private individual, ID card number or passport number, place of residence and address, serial number and place of a cheque issue.

#### Article 25

- (1) The exchange office shall act in the following way when purchasing a bank cheque: if a bank cheque submitted for purchase meets all the necessary conditions, an employee at the cash desk shall require from a bearer (remitter) to endorse it in front of him/her by placing his/her signature at the back of the cheque (backways) and shall determine the identity of a bearer based on his/her passport or identification card. In case a bearer identity is determined based on the passport, his/her signature has to be identical to the one in the passport.
- (2) If an employee at the cash desk of the authorised exchange office receives a bank cheque on which an amount written in letters does not match the amount expressed in numbers, such cheque will not be purchased and the bearer shall be referred for collection to the bank with which such exchange office concluded the agreement.
- (3) If any of significant elements are missing from the bank cheque, or any of such elements were corrected or are illegible or damaged, the authorised exchange office shall not purchase such cheque and the bearer shall be referred to the bank with which such exchange office concluded the agreement. The authorised exchange office shall not purchase a cheque issued in several copies (which is evident from the mark at the cheque – First, Original, Second, Duplicate) if all copies of such cheque are not submitted.
- (4) The authorised exchange office may purchase a bank cheque when a bearer submits both the original and copy of such cheque and when he/she signs (endorses) both copies at the back. The authorised exchange office shall deliver both the original and the copy of this cheque to the bank with which such exchange office concluded the agreement.
- (5) Upon every cheque purchase, the exchange office shall enter the following data into the purchase confirmation: name of cheque issuer, first and last name of a resident-private individual and non-resident-private individual, ID card number or passport number, place of residence and address, serial number and place of cheque issue.

#### Article 26

The exchange office shall submit foreign cash and cheques to the bank in a way and in order as defined under the agreement, along with a transfer confirmation for purpose of performing this activity.

#### Article 27

When submitting purchased cheques to the bank, the authorised exchange office shall place its stamp both on the face of the cheque in FCY (in a place for filling in the order) and on its back (backways) along with the signature of the authorised person. In case a cheque bearer has failed to fill in the date, the authorised exchange office shall put the date of the cheque purchase.

#### Article 28

- (1) The authorised exchange office may transfer cash and foreign currency from the cash desk of one exchange office to a cash desk of another exchange office.
- (2) The transfer from Paragraph 1 of this Article shall be accompanied by the confirmation on internal cash transfer (exit and/or entry), as well as the document representing a specification of transferred cash and FCY signed and stamped by the authorised exchange office at both currency exchange locations.
- (3) Confirmations and the document from Paragraph 2 of this Article shall be kept by the authorised exchange office at both currency exchange office locations.

#### Article 29

The bank shall directly oversee activities of the authorised exchange office, with which it executed the agreement (at least on a quarterly basis).

#### Article 30

- (1) The bank shall deliver a report on effected currency exchange deals to the FBA every day until 12 a.m. for the previous day, along with the data stated in the Attachment 1 to this Decision.
- (2) The authorised exchange office shall deliver the report on effected currency exchange deals to the FBA every day until 12 a.m. for the previous day, along with the data stated in the Attachment 2 to this Decision.

#### Article 31

The attachments to this Decision are made simultaneously with this Decision and make its integral part.

#### Article 32

This Decision shall enter into force on the day of its publication in the Official Gazette of the Federation B&H.

No. U.O.-01V-5/13

Sarajevo, 19.11.2013

DEPUTY CHAIRMAN OF THE  
MANAGEMENT BOARD

M.Sc. Ljerka Marić B.Sc. (Econ)