

Pursuant to Article 70 of the Law on Leasing (“Official Gazette of Republika Srpska” number 70/07), Article 4, paragraph 4, Article 10, paragraph 2, item b and Article 25 of the Law on Banking Agency of Republika Srpska – revised text (“Official Gazette of Republika Srpska” number 67/07) and Article 15, paragraph 1, indent 11 of the Statute of the Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska” number 67/04), on its session held on November 7, 2007 the Management Board of the Banking Agency of Republika Srpska issued the

DECISION

ON EXAMINATION AND SUPERVISION OF LEASING PROVIDERS

Article 1

This Decision sets out in detail the main authorities of the Banking Agency of Republika Srpska (hereinafter: Agency) in performing the supervisory function in reviewing the legality and regularity of the operation of leasing providers.

The main objective of this Decision is establishing the general criteria for implementing the legal authorities of the Agency in examining and supervising, adopting decisions and issuing orders, and undertaking other measures.

Article 2

The subject and content of examination performed by the Agency encompasses the examination of the legality of operation, implementation of regulation and maintenance of the prescribed standards. The implementation of the principles of legality and maintenance of the prescribed standards are deemed as a primarily responsibility of the supervisory, managing and governing bodies of a leasing provider, and represent a minimum condition for a successful and stable operation of the leasing providers.

Article 3

Examination and measures to eliminate the illegalities and irregularities detected by the Agency shall have the objective to ensure the legality and regularity of operation of the leasing providers. In terms of this Decision, the illegalities and irregularities shall mean the activities that are in breach with law and other regulation.

The Agency shall examine and supervise the following:

1. founding of a leasing provider,
2. amount and manner of payment of cash capital,
3. compliance of leasing provider operations with law and other regulation and maintenance of minimum conditions for operating,
4. operation of leasing provider bodies,
5. risk management,
6. monitoring of anti money laundering and terrorism financing,
7. other specific categories.

Article 4

The Agency shall perform the examination under Article 3 of this Decision in the following manner:

1. examination of reports, information and data submitted by the leasing providers with head offices in Republika Srpska and the business units of leasing providers with head offices in the Federation of BiH and Brcko District which operate on the territory of Republika Srpska;
2. on-site examination of business books, accounting and other documentation of the leasing providers.

The Agency shall provide for the examination under paragraph 1 of this Article to be performed on a continuous basis and in accordance with the adopted operating plan.

Article 5

In case the Agency identifies, during examination, illegalities and irregularities in the operations of a leasing provider, it shall issue appropriate measures and orders.

Article 6

On the findings of examination under Article 3 of this Decision, and on the detected illegalities and irregularities in the operation of a leasing provider, the Agency shall compile a report that is to be submitted to the leasing provider within 20 days from the date of examination completion.

Director of the Agency may, in extraordinary circumstances, issue a decision determining other deadline for the submission of the report on examination.

A leasing provider shall have the right to lodge a complaint on the report under paragraph 1 of this Article within 8 days from the date of receipt.

In case the Agency, by means of a review of statements from the complaint, states the facts substantially different from those stated in the report, a supplement to the report shall be compiled and shall be submitted to the leasing provider within 10 days from the date of complaint lodging.

After the expiry of a deadline for complaint or after considering the complaint, the Agency shall issue a decision on necessary activities of a leasing provider to eliminate the detected illegalities and irregularities in its operation, and establish the deadlines for the realization of such activities.

Against the decision under paragraph 5, a leasing provider shall have the right to lodge a complaint to the Director of the Agency within 8 days from the date of receipt.

Article 7

After identifying illegalities and irregularities in the business operation of a leasing provider, the Agency may undertake the following:

1. undertake one or more prescribed measures against a leasing provider and responsible persons;
2. set forth certain limitations or requirements and order appropriate activities for aligning business operations with law and other regulation;
3. request special reports within the prescribed deadlines.

Article 8

The Agency's acts referred in this Decision shall represent an official secret.

Article 9

The provisions of this Decision shall be also applied to the business units of leasing providers with head office in the Federation of BiH or Brcko District, but operating on the territory of Republika Srpska.

Article 10

This Decision shall come into force on the eighth day following its publication in the "Official Gazette of Republika Srpska".

UO number: 21/07
November 7, 2007
Banja Luka

PRESIDENT
OF THE MANAGEMENT BOARD
Mirjana Jacimovic