

Based on Article 53 of the Law on Microcredit Organizations of Republika Srpska ("Official Gazette of Republika Srpska", No. 64/06), Article 10, Paragraph 2, Point "b" of the Law on Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No. 10/98, 16/00, 18/01, 17/02, 18/03, 24/03, and 39/03) and Article 15, Paragraph 1, Line 11 of the Statute of the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska ", No. 67/04), on its session held on December 29, 2006, the Management Board of the Banking Agency of Republika Srpska, p a s s e d

D E C I S I O N
ON REQUIREMENTS AND PROCEDURE FOR ISSUING
PERMIT FOR STATUS CHANGE OF MICROCREDIT ORGANIZATION

Article 1

By means of this Decision the Banking Agency of Republika Srpska (hereinafter: the Agency) gives a definition of requirements and procedure for issuing permit for status change of a microcredit organization (microcredit association and microcredit foundation).

Article 2

Before entering the court registration any microcredit foundation created by status changes (merger, acquisition, or division) in accordance with Article 42 and Article 44 of the Law on Microcredit Organizations shall obtain approval for status change from the Agency submitting an application with following attachments:

1. Authorization for the person who the Agency will contact with in the procedure of reviewing the application for the permit issuance;
2. Actual registration at the court register and ministry in charge;
3. Decision or agreement on founding and a draft of the statute of the microcredit foundation to become a legal successor;
4. Data on founders of the microcredit foundation to become a legal successor;
5. Identical decisions of the assembly of the microcredit foundation on the status change;
6. Data on members of management bodies and director of the microcredit foundation to become a legal successor, together with court certificate on not being sentenced;
7. Financial report and description of the method applied to establish the value and distribution of assets and liabilities in the procedure of merger, acquisition, or division of microcredit foundation;
8. External audit reports on accounting reports of microcredit foundation as of the date stated in the feasibility study;
9. Feasibility study on economic justification or plan of business operation of microcredit foundation emerged after the status change.

The Agency may request additional data as well.

Article 3

Before entering the court registration a newly founded microcredit association created by status changes in a microcredit foundation(s), in accordance with Article 43 and Article 44 of the Law on Microcredit Organizations shall obtain approval for status change from the Agency submitting an application with following attachments:

1. Authorization for the person who the Agency will contact with in the procedure of reviewing the application for the permit issuance;
2. Actual registration at the court register and ministry in charge;
3. Decision and/or agreement on founding of microcredit association in which microcredit foundation is investing its assets, and a draft of the statute of the microcredit association;
4. Data on founders of the microcredit foundation and owners of participating portion or shares in the microcredit association into which assets is invested;
5. Financial report and description of the method applied to establish the value and allocation of assets to be transferred, as well as the value of shares acquired by the microcredit foundation in comparison with the value of assets invested and shares acquired by every other participants in that procedure;
6. Feasibility study on economic justification and plan of business operation of microcredit association emerged after the status change of microcredit foundation covering a period of 3 years after founding.
7. External audit report on accounting reports of microcredit foundation as of the date stated in the feasibility study and of the legal person-founder of the microcredit association;
8. Data on members of management bodies and director, as well as executive directors of the microcredit association, together with court certificate on not being sentenced.
9. The Agency may request additional data as well.

Article 4

The Agency may decline request for issuing permit to microcredit association for status change based on the following reasons:

1. If the resulting microcredit association does not meet requirements prescribed for the amount of minimum capital and operational standards stipulated;
2. If candidates proposed for members of the management, management board and director of microcredit association do not possess sufficient competence and experience, which may jeopardize interests of the microcredit association;
3. If the candidate proposed for position of director, management or management board members respectively of the resulting microcredit association used to be a member of managing or executive bodies, or an internal auditor of a microcredit association in which the Agency or any other authority introduced provisional administration, initiated liquidation procedure or bankruptcy within the period of one year before introduction of such measures;
4. If the candidate proposed for position of director, management or management board members respectively of the resulting microcredit association used to be a member of

- managing or executive bodies of a microcredit association in which bankruptcy procedure was introduced within the period of one year before introduction of such measures;
5. If the microcredit association, as an applicant, submitted data that are incorrect or not complying with the request, i.e. if the applicant refused to submit the data requested;
 6. The Agency may refuse to issue the permit for status change from the Paragraph 1 of this Article when it finds that the transfer of assets and liabilities planned is not in accordance with Article 39, Paragraph 1 of the Law on Microcredit Organizations.

Article 5

Upon receipt of a request by microcredit organization the Agency shall process such a request, determining on compliance of the request and documents attached with the law and this Decision.

Article 6

The Agency shall issue decision or conclusion related to the applicant's request within 60 days from the date of submission of such a request with complete documentation.

The applicant is obligated to pay a fee for decision issued as determined in conclusion of the Agency.

Article 7

In case the applicant submits a request with incomplete documentation or information, the Agency may request for the request to be amended within the deadline prescribed.

If the applicant fails to submit documents or information request within the deadline prescribed, the Agency shall issue its conclusion by which the request is rejected as a deficient one.

Article 8

Applicant shall have right to lodge a complaint against the decision of the Agency if the decision does not determine otherwise.

The complaint shall be lodged before the Management Board of the Agency within eight days from the date of receipt of the decision.

No fee shall be paid for lodging the complaint.

The decision of the management Board shall be final.

Article 9

In case the Agency refuses the request by a decision and the applicant fails to lodge a complaint within the deadline prescribed and he/she does that additionally, the Agency shall issue its conclusion by which the complaint is rejected as an untimely one.

The complaint shall be also rejected in case it is not allowed or it is lodged by an unauthorized person.

The applicant shall have right to complain to the Management Board of the Agency against the conclusion by which the original complaint was rejected within eight days from the day of receipt of the conclusion.

If the Management Board finds the complaint valid, it shall simultaneously make a decision on the complaint previously rejected.

When the permit to perform microcredit activities is granted, the microcredit association is obligated to make registration with the court register and submit a verified photocopy of such registration to the Agency within 15 days from the day of registration.

Article 10

This Decision shall become effective on the eight day from the day of its being published in the “Official Gazette of Republika Srpska”.

UO number: 308/06
December 29, 2006
Banja Luka

PRESIDENT OF THE
MANAGEMENT BOARD
Ph. D. Novo Plakalovic
/signed/