

Pursuant to Article 247 of the Banking Law of Republika Srpska (“Official Gazette of Republika Srpska”, issue No.: 04/17), Article 5, Paragraph 1, Item b, Article 20, Paragraph 2, Item b and Article 37 of the Law on Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska”, issue No.: 59/13 and 04/17), and Article 6, Paragraph 1, Item b and Article 19, Paragraph 1, Item b of the Statute of Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska”, issue No.: 63/17), the management board of the Banking Agency of Republika Srpska, at its 47th session held on February 26, 2018, adopted the following:

**DECISION
ON ISSUANCE OF CONSENT AND APPROVAL
FOR ASSET MANAGEMENT COMPANY**

Subject of Decision

Article 1

This Decision shall prescribe the manner and procedure of issuance of consent and approval by the Banking Agency of Republika Srpska (hereinafter: Agency) to asset management company:

- 1) founding enactments of the asset management company,
- 2) appointment of members of governing bodies of the asset management company,
- 3) remuneration for members of governing bodies of the asset management company and enactment defining their responsibilities, rights and obligations and
- 4) strategy and risk profile of the asset management company.

**Prior approval for founding enactments
of the asset management company**

Article 2

(1) The founder shall deliver to the Agency a request for obtaining prior approval for the founding enactment of the asset management company.

(2) Along with the request referred to in Paragraph 1 of this Article, the proposal of the founding act in the form of notary authorized documentation shall be delivered, and shall contain the following:

- 1) data on the founder,
- 2) legal form (limited liability company or joint stock company),
- 3) business name and headquarters of the asset management company,
- 4) the term for establishing the asset management company, and which cannot be longer than 15 years,
- 5) total amount of founding capital of the asset management company and deadline for its payment,
- 6) business activities of the asset management company,
- 7) scope, i.e. competences of bodies of the asset management company,
- 8) other elements, i.e. data in accordance with the Company Law.

(3) Statute of the asset management company, apart from data referred to in Paragraph 2 of this Article, shall contain at least the following:

- 1) number of members of bodies of the asset management company, their responsibilities, rights and obligations,
- 2) the manner of payment and determination of remuneration for members of bodies of the asset management company,
- 3) authorization for signing and representing the asset management company,
- 4) total amount of founding capital, and conditions for its increase and decrease,
- 5) cessation of business activities of the asset management company,
- 6) the manner of adopting general enactments of the asset management company,
- 7) other elements, i.e. data of significance for business operations of the asset management company.

(4) The Agency shall issue a prior approval for the statute and amendments to the statute of the asset management company.

Conditions and manner of issuance of a prior approval for the appointment of governing bodies of the asset management company

Article 3

(1) The asset management company has in place company bodies in accordance with the Company Law.

(2) The member of the asset management company body may be a person meeting the following conditions:

- 1) has not been convicted of a criminal offense against the economy, property, state bodies and official duty, for a criminal offense or misdemeanor established by the laws governing the capital market, privatization, insurance or banking, or any other criminal offense which it makes him/her unfit to perform that function,
- 2) is not a member of the bank management body or an employee of the bank, nor the member of the management body in insurance company, investment fund management company, investment company, other entity in financial sector or Central registry of securities and similar,
- 3) is not related person to persons referred to in Item 2 of this Paragraph, in a sense of Article 2, Paragraph 1, Item 23 of the Banking Law of Republika Srpska,
- 4) holds a degree of at least 240 ETCS from relevant area, in accordance with regulation governing the scientific area and high education, and recognition of foreign educational qualifications, as well as appropriate qualifications, expertise, skills and experience necessary to perform tasks deriving from the competences of the asset management company, which in any individual case is being assessed by the Agency,
- 5) has good business reputation, i.e. personal and professional integrity and business image which ensures that he/she will manage the company with due diligence and in accordance with rules of safe and good business operations.

(3) The director, i.e. executive director of the asset management company in that company is employed for an indefinite period of time with full working hours.

(4) The asset management company shall submit to the Agency a request for the issuance of a prior approval for the appointment of the member of company body, along with the following:

- 1) the decision of the competent body of the asset management company on the appointment of the member of company body, with explanation and opinion on business reputation of that person,
- 2) identification document of the candidate or certified copy of identification document (ID, i.e. passport for foreign national),
- 3) business biography of a proposed person, which contains data on his/her expert qualifications and working experience, i.e. previous engagement,
- 4) confirmation issued by a competent body that the proposed person has not been convicted for criminal offense and misdemeanor referred to in Paragraph 1, Item 1 of this Article, i.e. proof of non-conviction for such offenses and misdemeanor,
- 5) statement of the proposed person on the fulfilment of conditions referred to in Paragraph 1, Items 2 and 3 of this Decision,
- 6) proof of candidate's education (certified copy of a diploma),
- 7) proof of working experience (confirmation issued by a legal person on types of tasks which the proposed person has been performing, and of the period of performance of such tasks, as well as a copy of work booklet),
- 8) the decision proposal of the competent body on the appointment of the director, i.e. executive director and member of the supervisory board,
- 9) other documents and proof which the Agency's assesses as necessary.

(5) The Agency, based on documentation and proof referred to in Paragraph 4 of this Article, as well as other data at its disposal, shall determine whether the proposed persons meet the conditions referred to in Paragraph 2 of this Decision.

(6) The Agency shall revoke the approval for the member of the asset management company body if he/she ceases to meet conditions prescribed by the Law and Paragraph 2 of this Article.

(7) The asset management company shall be obliged to, within 10 days from the date of submitting the ruling referred to in Paragraph 6 of this Article, initiate procedure for the appointment of the new member of the company body.

**Conditions and manner of approving remuneration
for the members of asset management company bodies and enactments defining
responsibilities of those members**

Article 4

(1) Along with the request for issuance of approval regarding the remuneration for members of the asset management company bodies, such company shall deliver to the Agency the enactment of the company competent body by means of which such remuneration is determined.

(2) When issuing approval referred to in Paragraph 1 of this Article, the Agency shall take into consideration the level of funds secured for business operations of the company, the amount of assets and liabilities of the bank under resolution procedure or the bridge bank transferred to that company, financial results of that company and estimated amount which would have been obtained by selling of assets in case of bankruptcy procedure being performed over the bank.

(3) Along with the request for issuing approval for an enactment by means of which responsibilities of the members of the asset management company bodies are

determined, such company shall deliver to the Agency the enactment of its competent body by means of which such responsibilities are being determined.

(4) By means of the enactment referred to in Paragraph 1 of this Article, the responsibilities of the members of the asset management company bodies shall be determined in a manner that will ensure a clear division of responsibilities and tasks among bodies of that company, as well as among members of those bodies, in accordance with business activities that the company is performing, as well as to ensure the prevention of conflict of interest, an adequate system of internal controls and efficient control of risks of business operations of that company.

Conditions and manner of approving the strategy and risk profile of the asset management company

Article 5

(1) Along with the request for issuance of approval for strategy of the asset management company, that company shall deliver to the Agency a business plan, including financial projections, and an enactment of its competent body by means of which the risk management strategy is being determined, i.e. the risks to which such company is exposed in its business operations.

(2) The enactment which prescribes the risk management strategy referred to in Paragraph 1 of this Article shall contain the description of most significant risks to which the asset management company is exposed, as well as principles which represent the basis for management of those risks, and assuming of those risks, i.e. policies and procedures for risk management, and which have to be in accordance with business objectives of the company, nature, scope and complexity of operations the company is performing, as well as the type and amount of assets and liabilities transferred to the asset management company.

(3) The enactments referred to in Paragraph 1 of this Article, the asset management company shall be obliged to consider periodically and change if necessary, and especially in the case of significant changes of circumstances and facts referred to in Paragraph 2 of this Article.

(4) Based on identified and estimated risks, the asset management company shall determine its risk profile, i.e. the type and level of risk to which it is or may be exposed in its business operations, and shall also determine the risk appetite, i.e. the level of risk the asset management company is ready to take over with the aim of achieving its business strategy and objectives.

(5) The enactment of its competent body by means of which the determined risk profile and risk appetite referred to in Paragraph 2 of this Article is being approved, the asset management company shall deliver to the Agency, along with the description of most significant estimated risks to which the company is exposed in performing business operations.

(6) The asset management company shall be obliged to determine and deliver the risk profile and risk appetite to the Agency for approval at least on an annual basis, and more frequently when necessary and upon the Agency's request.

Deadline for decision making regarding the request

Article 6

Regarding the requests referred to in Article 2 – 5 of this Decision, the Agency shall make a decision within five working days from the date of receipt of request, along with complete documentation.

Delivery of prescribed documentation and proof

Article 7

- (1) Documentation and proof prescribed by this Decision shall be delivered as original or as a certified copy and must not be older than three months.
- (2) If the bank is delivering an enactment on a foreign language, it shall be obliged to also deliver certified authorized translation of the same.
- (3) The asset management company shall be obliged to perform entry into court registry at the competent commercial court, regarding all changes for which it is necessary to obtain the Agency's approval in accordance with the Law and this Decision, as well as to deliver proof of the above to the Agency within 8 days from the date of entry into registry.

Final provisions

Article 8

This Decision shall come into force on the 8th day from the date of its issuance in the "Official Gazette of Republika Srpska".

Number: UO-372/18

Date: February 26, 2018

PRESIDENT OF THE
MANAGEMENT BOARD

Mira Bjelac