Pursuant to Articles 46 and 72 of the Law on saving-credit organizations ("Official Gazette of Republika Srpska, No. 93/06), Article 4, Paragraph 4, Article 10, Paragraph 2, Item b) and Article 25 of the Law on the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska, No. 10/98, 16/00, 18/01, 71/02, 18/03, 39/03 and 123/06), Article 15, Paragraph 1, Item 2) of the Statute of the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska, No. 67/04), the Management Board of the Banking Agency of Republika Srpska at its session held on 30 March 2007 adopted the

DECISION

ON MINIMUM STANDARDS OF ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACTIVITIES OF SAVING CREDIT ORGANIZATIONS

Article 1

This Decision shall stipulate in more detail the minimum scope, form and content of activities of saving-credit organizations on anti-money laundering and counter-terrorist financing.

Article 2

Saving-credit organizations (hereinafter: SCO) shall be obliged to adopt in writing a program for the implementation of activities from Article 1 of this Decision, that is, a program for managing the risk of money laundering and terrorist financing, and to ensure implementation of adequate control procedures that will ensure that the program and policies, as an integral part thereof, are fully implemented.

SCOs shall be obliged to fully implement the provisions of the program as well as all policies and procedures in their headquarters and other organizational units.

Article 3

The following policies are also a mandatory part of the program from the previous Article:

1. policy on client eligibility,
2. policy on client identification,
3. policy on money laundering and terrorist financing risk management.

Article 4

SCO shall be obliged to determine the identity of their clients. The principle "Know your client" should be a central element of risk management procedures.

By means of program and policy on money laundering and terrorist financing risk management, SCOs shall be obliged to plan, among other things, the drafting and complete implementation of clear and precise procedures for reporting to the appropriate internal bodies of SCOs, as well as competent institutions in accordance with the law and regulations on all laws stipulated and suspicious activities of clients.

Article 5

By means of the policy on client eligibility, SCO shall be obliged to establish a clear policy on which and what kind of clients are eligible for SCO, as well as to stipulate comprehensive procedures for implementing that policy. This policy needs specifically to also include a description of the types of clients that carry a higher-than-average risk for SCO, and the highest level of risk. In addition, the policy must include elements such as history and client's reputation, client's country of origin, client's public or some other high position, and other possible risk indicators.

Policies and procedures for their implementation should be adjusted so that the comprehensiveness (extent) of the request for examining clients depends on the level of client risk, so that for clients with the highest level of risk, the strictest and the most detailed examination and documentation is implemented.

Article 6

SCOs shall be obliged to determine detailed and comprehensive procedures for identification of clients and may not establish business relations with them as long as their identity is not determined in a completely satisfactory manner.

The documents from which SCO determines the identity of clients should generally be of such nature that it is most difficult to obtain them illegally or forge them, as well as documents stipulated by another appropriate regulation. SCOs should dedicate special attention to non-resident clients.

The identification procedure is carried out at the beginning of establishing a business relation. However, to ensure that the documents are still valid and relevant, SCOs shall be obliged to carry out periodic reviews of already existing documents. In cases when SCOs find out that they do not have sufficient information about an existing client, they shall be obliged to undertake immediate measures to obtain such information in the fastest possible way.

Article 7

SCOs shall be obliged to stipulate standards for client identification on the type of required documentation and the time period for keeping that documentation, and at least in accordance with appropriate regulations for keeping documents.

Article 8

SCOs shall be obliged to request all the information that is needed for a complete and secure identification of each client.

For persons who want to be clients of SCO, SCOs shall be obliged to determine their identity and require the following information and documents:

1. name and surname;

2. permanent residential address;

3. date and place of birth;

4. unique identity number of the citizen or passport number and country of issue for non-residents;

5. name of the company where the person is employed;

6. description of the source of funds;

7. specimen signature;

8. ID card, driver's license, passport or any other official document that can be used to determine the client's identity on the condition that there is a face photo;

9. data and documents (as well as for the client) about authorized representatives (intermediaries); and

10. other in accordance with the relevant regulations.

SCOs shall be obliged to verify all information and data by inspecting the original documents issued by the competent authorities, including an identity card and passport. In face-to-face contacts, the client's photo must be checked on document. Any subsequent changes to the above information or documents must be verified and documented.

For all original documents that cannot be deposited at SCO, SCO shall be obliged to require for their photocopies duly certified by the competent authority.

Article 9

Informing the competent institution and blocking financial resources for which SCOs suspect or know that they serve to finance terrorism or persons who support terrorism is a basic prerequisite for the fight against terrorism. SCO needs to dedicate the greatest attention to:

1. checks to the extent possible whether the funds are from legal sources or more or less of their business operation is channeled into supporting terrorist activities;

2. based on the notification of competent institutions, monitoring and updating the list of organizations and persons associated with terrorists or terrorism;

3. application of procedures for preventing financing terrorists and terrorist organization, including urgent reporting of the identified suspicious transactions to the competent institutions.

Article 10

The SCO Supervisory Board shall be responsible for adopting an effective program and ensuring that adequate control procedures are carried out in SCO, which will ensure that the program, policies and procedures, as their integral part, are fully implemented in practice.

SCO's policies and procedures should be effective and include regular procedures for appropriate and successful supervision by management, internal control system, division duties, training of appropriate personnel and other segments that are closely related to this areas.

In order to implement the SCO's policies and procedures, the program must clearly define responsibilities which will be assigned to the appropriate holders, i.e. to the appropriate organizational units or functions, management, other governing bodies and other employees of SCO.

Article 11

Reporting lines on legally stipulated, unusual, uncommon and suspicious client transactions must be clearly defined in writing. This reporting in practice must be regular, efficient and accessible to all parts of SCO and fully in accordance with internally stipulated reporting policies and procedures.

Article 12

Along with the obligation from the previous Article of this Decision, SCO shall be obliged to also make internal procedures for reporting to competent authorities outside SCO, in accordance with relevant law and regulations, on all stipulated information and data.

SCOs shall be obliged to fully meet their reporting obligations towards the legally stipulated institutions.

Article 13

The SCO Supervisory Board shall be obliged to ensure that an authorized person is appointed who will have responsibility for coordinating all activities in monitoring compliance of SCO with all legal and other stipulated requirements that are the subject of this Decision and for efficient implementation of the program.

Article 14

In the process of performing an independent external audit of financial statements, SCO shall be obliged to contract and perform audits with independent audit firms, as well as evaluations of the implementation of legal and stipulated obligations, implementation of programs, policies, procedure, system of internal controls and assessment of whether SCO has harmonized its operations with requirements for anti-money laundering and counter-terrorism financing.

Article 15

SCOs shall be obliged to ensure the continuous training of all their employees who are covered by the program for anti-money laundering and counter-terrorism financing.

SCO should adjust periodicity and topics of the training to the real needs of their own organizational units, functions and employees.

Article 16

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

Number: UO-324/07
Date: 30 March 2007
Banja Luka

PRESIDENT OF THE
MANAGEMENT BOARD
Prof. PhD Novo Plakalović