

Decision Enacting the Law on Further Amendments to the Law on the Central Bank of Bosnia and Herzegovina

In the exercise of the powers vested in the High Representative by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering in particular Article II.1. (d) of the last said Agreement, according to the terms of which the High Representative shall "Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation";

Recalling paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative's intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid "by making binding decisions, as he judges necessary" on certain issues including (under sub-paragraph (c) thereof) "measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities";

Mindful of the fact that the peace implementation process, which continues to be pursued under the aegis of the General Framework Agreement for Peace in Bosnia and Herzegovina, is not yet complete;

Further mindful of the fact that the peace implementation process requires to be completed in order that a stable political and security environment in Bosnia and Herzegovina is established which is conducive, inter alia, to fundamental economic reform and to the return of refugees and displaced persons;

Noting Article 4 of the *Law on the Banking Agency of Republika Srpska* and Article 4 of the *Law on the Banking Agency of the Federation of Bosnia and Herzegovina*, which provide for the blocking by the Entity Banking Agencies of customer accounts and the transfer of the amount of funds contained therein to the Central Bank of Bosnia and Herzegovina or one of its main units in order to prevent the funding of activities which are, or which threaten to be obstructive of the peace implementation process as pursued under the aegis of the General Framework Agreement for Peace in Bosnia and Herzegovina;

Considering that the Central Bank of Bosnia and Herzegovina requires to be provided with clear authority to assist in actions designed to cut off sources of financial support for activity which is supportive of terrorism or obstructive of the peace implementation process.

Having considered, borne in mind and noted the totality of the matters aforesaid, the High Representative hereby issues the following

DECISION

ENACTING THE LAW ON FURTHER AMENDMENTS TO THE LAW ON THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA

The Law which follows, and of which this Decision forms an integral part, shall come into effect pursuant to article 3 thereof but on an interim basis until such time as the Parliament of Bosnia and Herzegovina adopts the same in due form, without amendment and with no conditions attached. This Decision shall itself come into effect forthwith and shall be published without delay in the Official Gazette of Bosnia and Herzegovina.

Sarajevo, 7 March 2003

Paddy Ashdown
High Representative

THE LAW ON FURTHER AMENDMENTS TO THE LAW ON THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA

(Official Gazette of Bosnia and Herzegovina Nos. 1/97 and 29/02)

Article 1

After Article 2, paragraph 3, item “g”, a new item shall be added which shall read as follows:

“g (i) to review information forwarded to the Central Bank by Entity Banking Agencies pursuant to Article 4(l) of the *Law on the Banking Agency of the Federation of Bosnia and Herzegovina* and Article 4(m) of the *Law on the Banking Agency of Republika Srpska* as amended in the light generally of Chapter VIII hereof but with a view to specifically issuing such regulations as to procedures for the clearing and settlement of inter bank payments, including payments by cheque and other payment instruments, as may be deemed necessary to ensure compliance with blocking orders in respect of the funding of terrorist or peace obstructing activities as provided for in the Entity Laws on Banking Agencies and on Banks and to further ensure that no access is obtained by any means whatsoever to blocked accounts as provided for in the said Laws;”

Article 2

Article 36 is amended by the addition of new paragraphs 6-8 to read as follows:

“6. The Central Bank, on the instructions of the responsible Banking Agency shall open a special reserve account for any commercial bank which is required to block deposits, transactions or otherwise of persons or companies identified by a blocking order issued by or under the authority of the Banking Agency of Republika Srpska or of the Federation of Bosnia and Herzegovina.

7. Any commercial bank which has an obligation under a blocking order issued as aforesaid, will be required to transfer immediately an equivalent amount from its reserve account at the Central Bank of Bosnia and Herzegovina into such special reserve account. The funds will remain in this special reserve account until release is authorised by the responsible Banking Agency.

8. The Central Bank of Bosnia and Herzegovina shall, upon the instructions of the responsible Banking Agency, block all reserve accounts of any commercial bank which fails to comply with the instructions as aforesaid of the responsible Banking Agency. The accounts will remain blocked until the Central Bank of Bosnia and Herzegovina receives an authorisation from the responsible Banking Agency to allow the account or accounts to be unblocked.”

Article 3

This Law shall enter into force forthwith and shall be published without delay in the “Official Gazette of Bosnia and Herzegovina”.