

LAW
ON VOLUNTARY PENSION FUNDS AND PENSION PLANS
I-BASIC PROVISIONS

Subject matter of editing

Article 1

With this law shall be regulated organizing and managing of the voluntary pension funds, the establishment, activity and business of the company for managing of the voluntary pension funds, businesses and obligations of custodian bank, in the sense of the law, the competence of the Insurance Agency of the Republic of Srpska in regulating and conducting supervision on associations for managing voluntary pension funds, the organization of pension plans and other important questions for functioning of the voluntary pension funds.

The Principles of the Voluntary Pension Funds

Article 2

The principles, on which shall be based the voluntary pension funds are:

- a) voluntary membership,
- b) equality of members,
- c) the distribution of investment risks,
- d) the publicity of work
- e) aation and investment of assets.

The Meaning of Certain Terms

Article 3

Certain terms, in the sense of this law shall have the following meanings:

- a) the association for managing of voluntary pension funds - business company which organizes and manages of the voluntary pension funds, in accordance with this law
- b) voluntary pension fund - the institution of collective investment in the framework of which shall be collected the voluntary pension contributions of the voluntary pension fund members and invest in different types of property with the aim of achieving revenue and the reducing of investment risks, which can be open or closed voluntary pension fund;
- c) open voluntary pension fund - the institution of collective investment which shall not have membership limits, except of those which are prescribed by this law,
- d) closed voluntary pension fund - institution of collective investment which shall accept into membership only the members which are employed by the employer or they are members of the other organizer of the closed voluntary pension fund,
- e) Custodian Bank- the bank that shall keep the properties of the voluntary pension fund, maintain the account of the voluntary pension fund and perform other custodian services for the account of voluntary pension fund and in respect of the assets of the voluntary pension fund shall act only by the order of the association for managing, which is in accordance with the law, prospectus and other acts of voluntary pension funds,
- f) the member of the voluntary pension fund - domestic and local natural person of legal age that shall access the open or closed voluntary pension fund and shall take the investment risk above the minimal guaranteed annual income of the voluntary pension fund,
- g) member of the open voluntary pension fund - domestic and foreign natural person of legal age which shall directly or through an organizer of the pension plan access to the open voluntary pension fund,
- h) the member of the closed voluntary pension fund - domestic and foreign natural person of legal age which shall through an organizer of the closed voluntary pension fund access to the closed voluntary fund,
- i) accounting unit -proportionate calculating share in the overall net property of the voluntary pension fund,
- j) employer - the subject defined by law which shall be regulated employment
- k) contributor - domestic and foreign, legal and natural person, which shall conduct payment of the pension contributions, for the account of the member of the voluntary pension fund, in accordance with the provisions of this law and which may be a member of the voluntary pension fund, employer and the third person,

l) the organizer of the closed voluntary pension fund - legal entity, including employers, employers' associations, unions and professional associations, which in any way shall participate in organizing of the closed voluntary pension fund and paying the contributions in that fund.

m) Organizer of the pension plan - legal entity, including the employers, employers' associations unions and professional associations, which in any way shall participate in organizing of the pension plan and conclude the contract with one or more management companies.

n) contract on organizing of the pension plan - contract which the organizer of the pension plan shall conclude with the union or their employees or members and on the basis of which the organizer shall oblige that he shall with the management company of the voluntary pension fund shall in advance conclude the contract on accession of the open voluntary pension fund and for its employees or members, who sign the statement of accession, conduct the payment of the pension contribution.

o) the contract on accession to the open voluntary pension fund - the contract which the organizer of the pension plan shall conclude with the management company of the voluntary pension fund, by which the organizer shall oblige that he shall for his employees or members that include themselves in the pension plan conduct the payment of the pension contribution and the management company shall oblige to invest the collected cash assets and enable the withdrawal and disposal of accumulated assets of the plan members.

p) accession statement - the statement by which signing the employees or a member shall give an accordance to be involved in the pension plan.

q) pension contribution - cash assets which shall pay the contributor in the voluntary pension fund, for the account of the member,

r) programmed disbursement - the disbursement of the accumulated cash assets from the account of the member of the voluntary pension fund in accordance with the special agreement,

s) qualified participation - participation, that shall possess the person who directly or indirectly shall be the holder of the action, that is, other rights and on the basis of which shall acquire more than 10% of the participation in the capital or the voting rights of other persons,

t) related persons - legal persons which are mutually related by managing, capital or in other way, in order to achieve common business objectives, in that way the business or the results of business of one person can significantly influence the business, that is the business results of the other person. Related persons, in the sense of this law are considered the persons which are mutually related:

1) as family members

2) in the way that one person, that is, the persons which shall be considered the related persons, in accordance with this article, together, directly or indirectly, participate in the other person,

3) in that way in both persons the participation shall have the same person, that is the persons which shall be considered related persons in accordance with this article

4) in the way prescribed for the related persons by law which is regulated the legal position of the business companies and

5) as the members of the managing and supervisory authorities and family members of those persons

u) family members, in the sense of this article shall be:

1) spouses, that is, persons that live in the extramarital community,

2) descendants and ancestors in the straight line without limits,

3) relatives to the third degree of kinship in the lateral line, including the kinship by in-laws,

4) adoptive parent and adoptees and the descendants of the adoptees and

5) guardian and the protégé and the descendants of the protégé,

v) market recognizable legal entity - legal entity shall be quoted on the Stock Exchange in the OECD countries

shall have a certain rating at the agencies for the assessment of the credit worthiness, that is, which shall according to the last rating conducted by the Standard and Poor's or Fitch IBCA or Moody's rated at least with A,

w) mediator - legal entity which shall conduct business of representation and marketing of the voluntary pension funds,

x) individual account - account on the name of the member of the voluntary pension fund on which shall be conducted payment of the voluntary pension contribution and shall keep the record on accounting units of that member of the voluntary pension fund and

y) financial institution - bank, insurance company, company for management of investment and pension funds which shall have the work license of the competent authority of the home country or the financial holding which shall be the immediate majority owner of one or more of these financial institutions.

II - MANAGEMENT COMPANY OF THE VOLUNTARY PENSION FUNDS

Legal Form

Article 4

(1) Management company of the voluntary pension funds (hereinafter: management company) shall be the business company which shall be established in the legal form of the closed joint stock society.

(2) on the management companies shall be applied the provisions of the law, which are regulated business companies, except if by this law shall be determined differently.

(3) Management company may establish domestic and foreign legal entities.

(4) The majority share in the basic capital of the management company must be in the ownership of one or more financial institutions.

(5) Legal entity or other entity related to him may be the owners in only one management company.

(6) Management company may not issue preferential shares.

(7) Management company must have the equal treatment for all shareholders and it may not acknowledge any kind of additional rights or privileges to the certain shareholders, limit their rights, nor impose additional liabilities.

Management company activities

Article 5

(1) Management company shall conduct the activity of organizing and managing of the voluntary pension funds and other pension funds, organized in accordance with the special law.

(2) Management companies may organize and manage of more open and closed voluntary pension funds.

(3) Management company shall manage the voluntary pension fund, bring investment decisions, perform single and programmed disbursements and conduct administrative businesses and marketing businesses and other businesses in accordance with this law.

(4) Management company may verify the conducting of administrative businesses and marketing businesses and activities of the third persons, whereby its liability for the business shall not be excluded.

(5) Management company may perform exclusively the activity in Paragraph 1 of this article.

The use of the business name

Article 6

(1) In the business name of the management company must be contained the words: "Management company of the voluntary pension funds".

(2) Legal entity which shall not get the work permit of the management company of the voluntary pension funds may not use in the legal circulation the name: "management company of the voluntary pension funds" or other similar name.

(3) If the insurance agency of the Republic of Srpska (hereinafter, the Agency) shall revoke the work permit, management company must change its name, in the way to exclude the words: "management company of the voluntary pension funds".

The height of the basic capital

Article 7

(1) Monetary part of the basic capital of the management company, when establishing, amounts to at least BAM 2, 000.00 (convertible marks) and must be paid in the full amount when establishing on the account in the bank which is doing business in the Republic of Srpska.

(2) Monetary part of the basic capital of the management company may not come from loans or credits, nor it may be burdened in any way.

(3) Management company shall be obliged to without delay inform the agency on the capital reduction below the amount prescribed in Paragraph 1 of this article.

(4) If within the time limit, established by the Agency, which may not be shorter than three months and longer than 12 months the capital of the company does not increase to the prescribed amount, the agency shall take away the management company the work permit.

(5) The agency shall closer prescribe the structure and the method of calculating the capital and the amount of the minimal basic capital of the manage company in the relation to the value of the net property that it manages.

(6) If the overall property of the voluntary pension funds managed by the management company shall exceed the amount of BAM 50 000,000 as well to the every further increase of the property of the voluntary pension funds for the mentioned amount, the basic capital of the management company must be increased for BAM 1 000,000 within 60 days.

(7) Management company shall be obliged that in its business provide that the capital of the company is always at least in the amount of 50% of the amount from Paragraph 1 of this article, that is, Paragraph 6 of

this article, in the form of deposit of the bank which is doing business in Bosnia and Herzegovina (hereinafter: BiH) or in securities that satisfy the conditions from the Article 42, Paragraph 1, point a) of this law.

Organizational and technical qualification

Article 8

(1) Management company shall be obliged to employ in the indefinite period of time at least one investment manager for each fund which it manages and to employ one licensed internal auditor.

(2) If the overall property of the voluntary pension funds which is directed by management company shall exceed the amount of BAM 50 000.000, as well as for any further increase of the before mentioned amount, the management company shall be obliged to additionally employ at least one more investment manager in the indefinite period of time.

(3) Management company shall be obliged to fulfill minimal personnel, organizational and technical conditions, prescribed by the Agency.

(4) In the procedure of issuing and requisition of the permit for performing investment manager businesses in the management company the Agency shall apply the provisions of the law which shall regulate the market of securities.

(5) The Agency may prescribe the additional conditions for internal auditor and managing businesses of the internal audit.

The establishment of the management company and organization of the voluntary pension fund

Article 9

(1) The persons, who intend to establish the management company shall be obliged to submit to the Agency the request for issuing the work permit for management company.

(2) The management company which intends to organize and manage the voluntary pension fund shall be obliged to submit the request for issuing the permit for organizing and management the voluntary pension fund (hereinafter: permit for organizing and managing the fund).

The request for issuing work permit of the management company and the permit for organizing and managing the fund

Article 10

(1) With the request for issuing the work permit of the management company the founders of the company shall submit:

a) Memorandum of Association and the Statute,

b) the evidence that it is on the designated account of the bank paid-in the monetary portion of the initial capital, with the statement of the origin of the financial assets, in accordance with the Article 7, Paragraph 2 of this law.

c) the list of the founders with the data on the business name and seat with registration number, with the overall nominal amount of the founding capital and the participation percentage in the basic capital of the management company.

d) if the founder is the foreign company for managing the voluntary pension fund, it shall be needed to deliver the evidence that it shall notify the competent authority of the home country on the intention on establishing the company for managing and organizing the voluntary pension fund in the Republic of Srpska or to deliver the permit of the competent authority of the home country, if that permit is necessary according to the home country provisions, and the data on the share capital of the company and for every fund directed by the prospectus, statute and the last annual report.

e) data for the founders:

1) the decision on the entry in the register for the domestic legal entities and their owners, to the level of personal entities, that is the recognizable legal entities,

2) extract form the register and certified translation of the entry from the registry for foreign legal entities, and for their owners, to the level of natural entities, that is recognizable legal entities,

3) transcript of the shareholders from the book of shareholders, that is the evidence of the second corresponding public registry, if the founder is a stock company,

4) financial reports, with the report and opinion of the authorized auditor for the last three years, and for the legal entities which are doing business less than three years the revised financial reports for the business period and

5) The evidence of the competent authority of the administration on the settlement of tax, not older than six months,

f) Rules and procedures of the management company business whose content shall be prescribed by the Agency,

g) business plan for the first three years,

h) The list of the suggested members of the board of directors, directors and executive directors of the management company with the CVs, statements on the acceptance of conducting duties and the evidence of the fulfillment of conditions from the Article 15 of this law and

i) Evidence on organizational and technical qualifications of the management company, with the list of persons that will conduct businesses from the Article 8 of this law, with the evidence of fulfillment of the prescribed conditions.

(2) With the request for issuing the permit for organizing and managing the fund, management company shall submit:

a) draft of the standardized agreement on membership in the voluntary pension fund,

b) draft of the prospectus and the simplified prospectus of the voluntary pension fund

c) draft of the statute of the voluntary pension fund

d) draft of the agreement of the custodian bank

e) the list of persons which will conduct investment managers businesses of the voluntary pension fund which shall organize

and which shall fulfill the conditions for obtaining the permit for conducting businesses of the investment managers, in accordance with the law which shall regulate the market of securities and

f) draft of the rulebook on fees,

3) The Agency in detail shall prescribe the content of the acts of Paragraph 2 of this Article.

4) The Agency shall give consent on the acts from Paragraph 2, of this Article, as well as all amendments.

Additional Documentation

Article 11

(1) Besides the documents from Article 10, Paragraph 1 of this law, the Agency may ask some other evidence significant for the creditworthiness rate of the founders of the management company, the rate of justifiability of the establishment of the company and other data for the protection of the interest of the members of the voluntary pension fund, which the founders shall be obliged to deliver within the time determined by the Agency and which may not be longer that 15 days after the receipt of the request of the Agency.

(2) the Agency shall cooperate with the other state domestic and foreign authorities and organizations, shall collect documents and other information of significance for solving according to the request for issuing the permit for the work of the management company.

Issuing of the permit for the work of the company for the management company and the permit for organizing and managing of the fund

Article 12

(1) The Agency shall issue the permit for the work of the management company when it establishes the completeness and the validity of the request from Article 10, Paragraph 1 of this article and when it assesses that:

a) the origin of the share capital shall be clear and unquestionable

b) on the base of the given information it may be concluded that the founders of the management company and all the related persons shall have a good business reputation and that their financial position is of that kind that it may be assumed that it will not have a negative influence on the management company business,

c) The structure of related persons shall not be in that way to prevent the efficient conducting of surveillance on business

d) the suggested business name of the management company shall lead to the wrong opinion to the future members of the voluntary pension fund and other persons in the legal transactions.

(2) the Agency shall bring a decision on issuing the permit for the work of the management company within 30 days of the day of receipt of the precisely and complete request, that is of the day of the subsequently received documentation and information from the Article 11 of this law.

(3) If the management company within one year of the day of issuing the work permit did not get the permit for organizing and managing of the fund, that is, it does not organize the voluntary pension fund, the work permit shall expire.

(4) the Agency shall issue the permit for organizing and managing of the voluntary pension fund, when it determines the completeness and validity of the request from Article 10, Paragraph 2 of this law and when, considering the suggested objectives, the size and other important characteristics of the voluntary pension fund, assesses that it will be adequately protected the interests of the members of the voluntary pension fund.

(5) the Agency shall bring a decision on issuing the permit for organizing and managing of the fund within 30 days of the day of the receipt of the precisely and complete request of the management company.

(6) The company that does not have a work permit shall not receive permit for organizing and managing of the fund.

(7) Management company that intends to organize and manage with more than one voluntary pension fund shall submit the request for issuing permit for organizing and managing of the fund for each voluntary pension fund separately.

Rejection of the request

Article 13

(1) the Agency shall reject the request for issuing the permit for the work of the management company or the permit for organizing and managing of the fund if the terms established by this law are not fulfilled and if it assesses that the company business would not be run with the attention of one good businessman and expert, with a good business practice.

(2) If the agency rejects the request for issuing the work permit of the management company, it shall bring the decision in which it has to cite the reasons for rejecting of the request.

(3) The decision from the Paragraph 2 of this article shall be final.

(4) Against the decision of the Agency may be initiated an administrative dispute.

The consent for acquisition of participation in the management company

Article 14

(1) For acquiring stocks of the management company on the basis of which the existing shareholder indirectly or directly increases the participation in the management company shall be needed the consent of the Agency.

(2) For acquiring the stocks of the management company of the new shareholder shall be needed the consent of the Agency.

(3) In establishing the fulfillment of conditions in the procedure of issuing the consent for acquiring stocks of the management company, the Agency shall apply the provisions of article 10 and 12 of this law.

(4) Before every transaction of stocks or shares of the management company on which are not applied the provisions from Paragraphs 1 or 2 of this Article, the management company shall be obliged to notify the Agency.

(5) The management company shall submit the request for receiving the consent from the Paragraph 1 and 2 of this Article in the name of the subject which intends to perform stocks transaction.

(6) The Agency shall decide on giving the consent for acquiring the stocks, within 30 days, from the day of submission of the request.

Management company authorities

Article 15

(1) On the management company authorities shall apply the provisions of the law which are regulated business companies, unless this law provides otherwise.

(2) For the member of the board of director, directors and the executive directors of the management company may not be selected the persons:

a) who are by the final judgment convicted for the criminal offences against business and payment transactions, property, rights of the employment relations and social security, justice system, public order, official duty, as well as the criminal offences and offences established by law which are regulated the market of securities, privatization, insurance activity, bank and other financial institutions.

b) who are in the previous three years had at least 10% of the share in the share capital or they were the members of the administration or the supervisory board in the management company of the investment or pension fund, bank, investment fund, brokerage company or insurance company, in the time when these legal entities was revoked the work permit.

c) who have lost the membership in the professional association because of the non-compliance with the rules of the association, or whom the competent authority imposed the measure of withdrawing the permit for performing business on the financial market.

d) against who was imposed security measure of prohibiting the pursue of the profession, activity or obligation, that is in complete or partially included by the subject of business of the management company, while the prohibition lasts.

e) who was revoked the business ability,

f) who holds the valid permit of the securities commission for performing the duties of the broker or the investment manager, that is, the corresponding approval of the competent authority and they really perform those businesses as the employees of the other management company of investment funds, broker's company or the bank authorized for securities businesses.

g) who are a member of the authorities or are employed at the other management company of the pension fund in the Republic of Srpska.

h) who are the members of the authorities or employed at the custodian bank or the brokerage house with which the management company has concluded the contract.

i) who are officials, placed, that is, appointed persons or government officials and

j) related persons with the persons from point g) and h) of this Paragraph.

(3) members of the board of directors, director and executive directors of the management company shall have university degree, provided that the director and at least one half of the members of the board of directors shall have at least three years of the work experience acquired in performing the complex financial-economic businesses in connection with securities in the country or abroad, like the business:

a) in the broker-dealer company

b) on the stock exchange of the securities, that is, financial derivatives,

c) in the bank

d) in the management company of the investment or pension funds

e) in the insurance company

f) in the Central Bank of BiH or other state or entity regulatory or surveillance authority or the organization of the financial sector and

g) in the legal entity that shall perform businesses in the connection with the securities for the account of the state or entity as entrusted affairs.

Giving the consent for the election of the members of the board of directors, directors and executive directors of the management company

Article 16

(1) the Agency shall give the consent for the election of the suggested members of the board of directors, directors and executive directors of the management company.

(2) the Agency shall bring the decision on giving the consent for the selection of the members of the board of directors of the management company when it shall establish that the terms established in the article 15 of this law and when it shall assess that the suggested members of the board of directors, director and the executive director possess the business reputation that indicates the conclusion that he/she shall properly perform businesses of the management company.

(3) When deciding on the giving the consent from the Paragraph 1 of this Article, the Agency may, if it is necessary to perform interviews with the suggested members.

(4) When the Agency shall decide on the request from the Article 10, Paragraph 1 of this law, at the same time it shall decide also on the giving the consent on the election of the suggested members of the board of directors, directors and executive directors of the management company.

Revoking the consent on the election of the members of the board of directors and executive directors of the management company

Article 17

(1) the Agency shall revoke the consent to the member of the board of directors, the director and executive directors of the management company, when it shall establish:

a) that the decision on the giving of the consent is brought on the basis of the false and incorrect data, by which the Agency is misled,

b) in the meantime, the person stops to fulfill the terms of the Article 15 of this law,

c) that the person has committed the violation of the provisions of this law and the regulation adopted on the basis thereof, the rules of the business moral, of the proficient business and the rules on managing the risk or in any other way more jeopardize the interests of the members of the voluntary pension fund and

d) that is by the final decision declared unfit for business.

(2) From the day of delivering the decision by which he/she was deprived of consent, the member of the board of directors, the director and executive directors shall not perform any kind of function in the management company.

(3) The board of directors of the management company immediately and the latest within 15 days of the day of the delivery of the decision from the Paragraph 2 of this article shall convene a session of the board of directors of the management company on which shall be suggested the new member of the board of directors, that is, the director or the executive director.

Business secret

Article 18

(1) The members of the board of directors, the director, executive directors and employed persons of the management company and related persons of that company shall be obliged to preserve as business secret and they shall not give information on:

- a) the voluntary pension fund or the management company of that fund that may create the wrong idea on the business of the company, that is, of the voluntary pension fund,
- b) future activities and business plans of the management company, except in the cases foreseen by this law and the regulations of the Agency,
- c) the state and transactions of the accounts of the voluntary pension fund and its members and
- d) other data which are of significance for business of the voluntary pension fund and for which they learned of in performing businesses of the management company.

(2) Notwithstanding the Paragraph 1 of this article, the data shall be announced and made available to the third persons only during the supervision of business, and on the basis of the court order, competent administrative authority or on the basis of law.

Registration in the registry

Article 19

(1) Management company shall be obligated that within 15 days of the day of the receipt of the decision on issuing the work permit of the company and giving the consent on the resolution on the election of the members of the board of directors, directors and executive directors, submits an application for the registration in the registry in accordance with the law, by which shall be regulated the registration of the business subjects.

(2) Management company shall be obligated that within seven days of the day of the receipt of the decision on the registration of the business subjects to deliver to the Agency the extract of the registration in the registry from Paragraph 1 of this article.

(3) Management company shall not perform the activity of organizing and managing of the voluntary pension fund before the registration in the registry of the business subjects.

Work permit in the case of the status change of the joining by merger

Article 20

(1) Management company (acquirer company) shall take over the overall capital of the other management company exclusively (company ceased by the merger).

(2) Acquirer company shall submit to the Agency the request for issuing the permit for merger before the submission of the application for the registration of change in the registry of business subjects, with which it delivers the consent of the competent authority for surveillance of the market competition.

(3) Acquirer company shall take over the businesses of organizing and managing the voluntary pension funds of the company ceased by the merger.

(4) Acquirer company shall affiliate the voluntary pension fund, directed by the company ceased by the merger to the voluntary pension fund which it directs (its fund) or to direct it separately.

(5) The request from paragraph 2 of this article shall contain:

- a) financial reports of the acquirer company and the company ceased by the merger with the report of the external auditor.
- b) The report that shall show the feasibility of merger and
- c) The plan that in detail shall state the intention in connection to the voluntary pension funds and pension plans of the company ceased by merger.

(6) On joining by the merger of the management companies shall be applied the provisions of the law, which are regulated business companies.

(7) Closer terms and the mode of merging of the voluntary pension funds shall prescribe by the Agency.

General acts of the management company

Article 21

(1) General acts of the management company shall be Memorandum of Association, statute, business regulations and other general acts.

(2) With business regulations shall be regulated:

- a) businesses performed by the management company, terms and the manner of its performing,
- b) Mutual relations of the management company and the members of the voluntary pension fund,
- c) Criteria for forming the investment portfolio of the voluntary pension fund and investment policy with the objective of increase of the property value of the voluntary pension fund,
- d) The method of informing the members of the voluntary pension fund on:

- 1) the changes of the investment policy,
 - 2) the property value of the voluntary pension fund and the accounting units value,
 - 3) the special investment risks,
 - 4) modifications of the rulebook on compensations and
 - 5) other important questions
 - e) the mode and terms under which the members of the authority and company employees shall invest their assets in the voluntary pension fund managed by that company,
 - f) administrative and accounting procedure
 - g) control and security measures for the data processing and their preservation
 - h) system of internal control,
 - i) procedures for the prevention of conflict of interest and measures for prevention of use of the property, directed by its own account,
 - j) measures for prevention of abuse of the privileged information and
 - k) other important questions for the work of the management company
- (3) the Agency shall give the consent for the Memorandum of Association, statute and business rules, as well as the subsequent amendments of these acts.
- (4) Management company shall be obliged that on its Internet site shall publish business rules.

Amendments of the business rules

Article 22

- (1) Management company shall be obligated to obtain the consent from Article 21, Paragraph 3 of this law within seven days of the day of adopted amendment of the business rules.
- (2) Agency shall instruct the management company to amend business rules in the case when it establishes that it does not provide in the sufficient measure the interests of the members of the voluntary pension fund.
- (3) Amendments of the business rules of the management company shall be available to all members of the voluntary pension fund, that is, the payers on which these modifications shall be related, by publishing on their Internet site, and that at least in one daily newspapers with the circulation which is not less than 5000 copies, which is available on the complete area of the Republic of Srpska shall publish the information on amendments of the rules, at least 30 days previous to the beginning of the application of the modified rules.

Fees of the management company

Article 23

- (1) The fee for the services of the management company and the fee for the transfer of the account of the member of the voluntary pension fund shall pay the member of the voluntary pension fund, in accordance with the rulebook on fees of the management company.
- (2) Management company shall be obligated prior to signing the agreement, the member of the voluntary pension fund shall acquaint with the fee level from Paragraph 1 of this Article.
- (3) The fee for the services of the management company shall consist of:
- a) fee by making the payment of the pension contributions at the rate not more than 5% of the value of the executed payment and
 - b) fee for managing of the voluntary pension fund, at the rate not more than 2% annually of the net value of the property of the voluntary pension fund.
- (4) The fee from Paragraph 3, point b) of this Article shall be calculated daily and charged monthly.
- (5) Expenses in the connection with the purchase, sale and transfer of the securities of which shall be consisted the voluntary pension fund and the service expenses of the custodian bank shall be charged of the property of the voluntary pension fund and other expenses shall bear the management company.
- (6) The management company shall charge the transfer of the account of the member of the voluntary pension fund on the voluntary pension fund that shall be organized and directed by the other management company according to the actual expenses of the transfer, but not more of the amount prescribed by the Agency.
- (7) Instead of the article of the voluntary pension fund, the fee from the Paragraph 3, point a) of this article shall pay the organizer of the pension plan on the basis of the agreement on accession to the open voluntary pension fund or the agreement on organizing of the pension plan.
- (8) the calculation of the fee from Paragraph 3, point a) of this article shall be performed before the payments shall transform in the accounting units.
- (9) Management company shall be obliged that the members of the voluntary pension fund notify on the increase of fees which shall be chargeable to the members of the voluntary pension fund at least 60 days before their application.
- (10) the Agency shall closer regulate the method of calculating fees.

The change of the business name and seat

Article 24

Management company shall be obliged that before the submission of the application for the registration of the registry of the business subjects, the change of the business name and seat, shall notify the Agency on the change that it performs and to get the consent of the change from the Agency

Management company liability

Article 25

(1) the management company shall be liable to the members of the voluntary pension fund for the damage caused by the failure to fulfill, delays or the partial fulfillment of its obligations related to managing the voluntary pension fund, except unless the failure to fulfill, delays or the partial fulfillment shall not arise from the cause which the management company shall not be able to foreseen, avoid or remove.

(2) management company shall be obligated to compensate the damage caused by the failure to fulfill, delay or partial fulfillment of its obligations.

Business restrictions of the management company

Article 26

(1) Management company shall not have more that 10% of the participation in the capital and managing of other legal entities.

(2) On acquiring the participation from Paragraph 1 of this article, the management company shall notify the Agency on the deadlines and on the method prescribed by the Agency

(3) Management company shall not be the lender, or to take over the obligations according to the warranty agreement.

Business books, financial and other reports

Article 27

(1) Keeping of business books and assembling of the financial reports of the management company and the voluntary pension fund shall be performed in accordance with the regulations by which are regulated accounting and auditing.

(2) The management company shall be obligated to separately keep its business books and assemble financial reports from the voluntary pension fund which it directs.

(3) Management company shall be obligated that in the business books and financial reports shall separately display data for each voluntary pension fund that it directs.

(4) Management company shall be obligated to secure the external audit of the financial reports of the management company and the voluntary pension funds that it directs.

(5) The same legal entity shall not perform audit from the Paragraph 4 of this article more than three consecutive years.

(6) the Agency in detail shall prescribe the terms which shall meet the external auditor and obligatory content of the report of the external auditor for the financial report of the voluntary pension fund.

(7) Management company shall be obligated to deliver to the Agency:

a) the annual report on business in the framework of which it separately shall display the annual financial reports of the management company and the financial reports of the voluntary pension funds which it directs, with the external audit report to 31 March of the current year for the previous year.

b) Semi-annual financial reports of the management company and the voluntary pension funds which it directs to 31 July of the current year for the first six months of that year.

c) the monthly reports of the voluntary pension fund, to 20th in the month for the previous month and which shall contain the data on:

1) securities that shall make the voluntary pension fund property that was traded, according to the type of the securities and issuers,

2) immovable property that shall make the voluntary pension fund property that was traded, according to the type and place where they are,

3) the state of the monetary deposits that shall make the voluntary pension fund property, according to the financial institutions where the deposits are found,

4) dates of the transactions and prices by which the transactions of securities and immovable property are executed

5) brokerage fees, custodian bank fees and other expenses in relation to the transactions of the property of fund,

6) the value of the property of the voluntary pension fund and the number of the registered accounting units and their individual value, with the state on the day of the last working day in the month for which it shall be delivered the report

7) the number of the members of the voluntary pension fund, with the state on the day of the last working day in the month for which the report shall be delivered and

8) other data and reports at the Agency's request,

d) annual fees to the members of the management company authorities and

e) data on the achieved annual yield

9) Management company shall be obligated to permanently holds the documentation and data recorded on the electronic media that refer to the members of the voluntary pension fund.

(9) Management company shall be obliged to secure the protection of the personal data of the members of the voluntary pension fund, in accordance with the regulations which regulate the protection of the personal data.

(10) The Agency shall prescribe the detail content and method of delivering the reports as well as the safeguarding of the management company and voluntary pension fund documentation from this article.

III-VOLUNTARY PENSION FUNDS

Voluntary pension fund

Article 28

(1) the voluntary pension fund shall be organized for the collection of monetary assets by the voluntary payment of the pension contribution from the contributors and the investments of that assets for the increase of the value of the voluntary pension fund property.

(2) The voluntary pension fund shall direct the management company, in accordance to this law.

(3) Voluntary pension fund shall be a fund of the particular type, that is, a particular property, without legal entity, which consists of the sum of the assets of the voluntary contributions and yields of the investment assets reduced by the fees collected from the voluntary pension fund

(4) members of the voluntary pension fund shall be the owners of the voluntary pension fund

(5) Voluntary pension fund property shall be fully separated of the property of management company which directs that fund

(6) The same person shall be the member of one or more voluntary pension funds.

(7) Management company and voluntary pension fund acts may not directly or indirectly cause inequality, which shall be based on sexual difference and it shall particularly relate to:

a) obligatory character or the voluntary membership,

b) different terms for the access in the membership,

c) different terms of the periods of the membership for realizing the rights,

d) different terms of the disruption of the duration of membership regarding the preservation or the usage of the rights according to this law and

e) determining the different terms or provisions which shall be applied only on the members of the voluntary pension fund of the same sex regarding the expected rights, on the termination of the membership in the voluntary pension fund.

The name of the voluntary pension fund

Article 29

(1) Voluntary pension fund shall have a name.

(2) In the name of the voluntary pension fund shall be consisted of the words: "Voluntary pension fund".

(3) Legal entity and the entrepreneur shall not be able to use the concept: "voluntary pension fund", or the concept derived from that concept in its business name or title, that is, the title of its product or service, unless they use that concepts on the basis of this law.

Management of more than one voluntary pension fund

Article 30

Management company that intends to organize and manage with more than one voluntary pension fund shall be obligated to submit to the Agency the request for issuing the permit for organizing and management of the fund for each voluntary pension fund, particularly in accordance to Article 10, Paragraph 2 of this law.

Types of the voluntary pension fund

Article 31

(1) Voluntary pension fund shall be organized as the open (open voluntary pension fund) and closed (closed voluntary pension fund).

(2) An open voluntary pension fund shall accept the request for the membership of the domestic or foreign adult natural entity that has an interest for the membership in the open voluntary pension fund

(3) Closed voluntary pension fund shall accept the membership requests only from the persons that are employed at the employer or they are union members or other association of the independent activities.

(4) Management company shall offer to the members more than one open and closed voluntary pension funds.

Open voluntary pension fund

Article 32

An open voluntary pension fund shall organize and it shall manage a management company in accordance with this law.

Article 33

(1) Membership in an open voluntary pension fund shall be established with the conclusion of the agreement with the selected management company and by opening of the personal account in the open voluntary pension fund.

(2) Membership in the open voluntary pension fund shall begin with the first payment in the open pension fund, what is considered the acceptance of the offer according to the concluded agreement with the selected management company.

(3) If the member of an open voluntary fund shall cease to pay contributions and he/she shall still remain the member of that fund.

Article 34

The member of an open voluntary pension fund shall retire from the membership in that fund and go over to the other voluntary pension fund in accordance with the agreement from Article 33, Paragraph 1 of this law.

Closed voluntary pension fund

Article 35

(1) Closed voluntary pension fund shall be able to organize an employer, the union or the association of the independent activities, that as the organizer of the closed pension fund with the management company shall conclude the agreement on establishment and management of the closed pension fund.

(2) With the Statute of the closed voluntary pension fund shall be closer regulated membership in the closed voluntary pension fund, insured risks, the method of financing and other terms related with the organizing and businesses of the closed voluntary pension fund.

(3) the organizer of the closed voluntary pension fund and the company that manages it shall be obligated to inform the members, that is, the potential members on the possibilities that offer them the membership in the closed voluntary pension fund and to inform them on their rights and obligations that derive from the membership.

(4) Closed voluntary pension fund shall be able to accept the requirements for the membership:

a) of the employers employed at the employer that shall be the organizer of the voluntary pension fund,

b) members of the union which shall be the organizer of the closed voluntary pension fund and

c) members of the association of the independent activities which shall be the organizer of the closed voluntary pension fund.

(5) Membership in the closed voluntary pension fund shall be established by signing the statement on the acceptance of the statute and the prospectus and with the first payment in the closed voluntary pension fund.

(6) The member shall withdraw from the closed voluntary pension fund in the case of the termination of terms from paragraph 4 of this Article, in accordance with the statute, with the transition in other voluntary pension fund.

(7) In the case of the termination of the membership in the closed voluntary pension fund, the member of the closed voluntary pension fund shall be able on the basis of payed contributions to the day of the termination of the membership realize the right on the basis of accumulated assets on the individual account of the member of the closed voluntary pension fund, in accordance with the statute and this law.

(8) In the case of the departure of the member in another country, the organizer of the closed voluntary pension fund and the management company shall be obligated to inform him/her on the rights on the basis of the previous membership.

(9) The organizer of the closed voluntary pension fund and the management company shall be obligated that upon the request of the member of the voluntary pension fund to give general information on possibilities for realizing the rights on the basis of accumulated assets on the individual account of the member of the closed voluntary pension fund.

Article 36

(1) Access to the closed voluntary pension fund that shall be organized by the employer shall be offered to all employees, depending if the closed voluntary pension fund shall be established for everyone or for the special category of the employed.

(2) Accession to the closed voluntary pension fund shall not be the condition for employment or membership in the union, or to deduct contribution from the salary without the written consent of the employed on that basis.

Article 37

The employer, the union and the association of the independent activities, which are the organizers of the closed voluntary pension fund shall restrict the membership in that fund to the workers and former workers, members of the association of the independent activities and former members of these associations as well as the members of their families that shall be able to use the assets on the personal account in the case of death of the member of the closed voluntary fund, in accordance with the regulations on inheritance.

Article 38

Organizer of the closed voluntary pension fund shall be obligated that to the members of the closed voluntary pension fund in its entirety or partially execute payments in the fund on its individual accounts.

Article 39

Employee that shall be sent to work in another country, shall not cease the membership in the closed voluntary pension fund and the employer shall be obligated to provide the continuation of payment of the contribution on his/her account.

Voluntary pension fund property

Article 40

(1) Voluntary pension fund property shall be in the ownership of the members of the voluntary pension fund, in proportion to its share in the voluntary pension fund property.

(2) The voluntary pension fund property shall be separated from the management company property.

(3) the voluntary pension fund property shall obligatory be kept on the account at the custodian bank.

(4) the voluntary pension fund property shall not be the subject of enforced collection, deposits, mortgage, or to be able to involve in the liquidation or bankruptcy estate of the management company, custodian bank or other persons, or to use to meet the liabilities of the member of the voluntary pension fund and other persons to the third persons.

(5) the right to vote on the basis of stocks that make the voluntary pension fund property shall realize the management company that organizes and manages of that fund.

(6) Management company of the voluntary pension fund shall use the right to vote from the stocks that make the property of the voluntary pension fund that directs exclusively in the interest of the voluntary pension fund members.

Investment principles and investment policy

Article 41

(1) Voluntary pension fund property which shall be invested because of the increase of the overall yield shall be exclusively in the advantage of the members of the voluntary pension fund and in accordance with the following principles:

a) the security principle of the voluntary pension fund - in the structure of the portfolio of the voluntary pension fund shall be found securities of the issuer with high credit rating,

b) diversification of portfolio principle-in the structure of the voluntary pension fund portfolio shall be found securities which differ according to the type and issuers, as well as the other features,

c) principle of liquidity - in the structure of the portfolio of the voluntary pension fund shall be found securities which can be quickly and efficiently purchased and sold in relatively uniform and stable price and

d) Profitability principle - in the structure of the portfolio of the voluntary pension fund shall be found securities which by respecting the principles mentioned in point a) to c) of this paragraph, shall bring the greatest yield.

(2) With the business rules of the management company shall be established the investment policy of the voluntary pension fund.

(3) With the investment policy shall be established:

a) the method of conducting principle of Paragraph 1 of this Article,

b) the biggest and the smallest part of the assets of the voluntary pension fund which shall be able to invest in the individual securities and real estates,

c) The biggest part of the assets of the voluntary pension fund that shall be able to invest in the monetary deposits,

d) the management company authorities that shall make decisions on investment and the procedure for making of such resolutions and

e) the method of modification of the investment policy.

(4) the management company regularly and at least once in two years shall conduct the audit of the investment policy.

(5) Management company shall be able to verify the making of the resolution on investments outside BiH to the foreign legal entity, which shall be in the home country authorized for business on the market of securities and on conducting such businesses, and which shall have checked credit worthiness, that is a proven perennial experience and success and in the management of the voluntary pension funds informed by the Agency on the method and in time limit prescribed by the Agency.

(6) Investment principles from Paragraph 1 of this Article shall be applied to the other forms of voluntary pension fund property.

Property investment of the voluntary pension fund

Article 42

(1) the voluntary pension fund property shall be invested in the:

(a) debt securities emitted by the BiH, central Bank of BiH, Republic of Srpska and Federation of BiH,

(b) debt securities emitted by the local self-government units in BiH and Brčko District,

(c) bonds and other debt securities emitted by the member countries of the EU, OECD and CEFT or the central banks of that states,

(d) bonds and other debt securities emitted by the European Central Bank, European Investment Bank or the World Bank,

(e) deposits and depositing certificates at BiH banks which have the certificate on the membership in the programme of deposit insurance,

(f) bonds or other debt securities emitted or guaranteed by the banks from BiH that have the membership certificate in the programme of deposit insurance,

(g) mortgage bonds emitted by BiH banks which have the membership certificate in the programme of deposit insurance.

(h) stocks that emit legal entities with BiH seat, and which shall be traded on the highest stock exchange market or the highest segment of the second regulated public market.

(i) bonds and other debt securities emitted by the joint stock companies with BiH seat, except of the banks which shall be traded on the highest stock exchange market or the highest segment of the other regulated public market.

(j) shares in the open and stocks in the closed investment funds registered in BiH, if that funds shall relatively invest in the securities of OECD countries,

(k) debt securities that shall have rating which is advisable for investment according to the international rating agencies, that emit the local self-government units, of the company or the banks from the member countries of EU, OECD and CEFT and shall be traded at the highest stock exchange segment or other regulated public market in the member countries of EU, OECD and CEFT.

(l) stocks of the foreign companies and banks that shall have rating advisable for investment according to the international rating agencies, which is traded by at the highest stocks exchange segment or other regulated public market in the member countries of the European Union, OECD and CEFT,

(m) shares in the open investment funds registered in the membership countries of the European Union, OECD and CEFT and

(n) Immovable properties that shall be found on BiH territory.

(2) Immovable property investment shall be investments in land, buildings (business, residential, residential and business, economic and other) and particular parts of the building (apartments, business premises and other), which are registered in the public books on immovable property records and rights, whose transition of the ownership is not limited and on which is not based the right of collateral, the right of usufruct, the right of usage, the right of residence or the right of encumbrance and under the terms to bring yield or that it can be expected yield in connection to them.

(3) in one immovable property shall be able to invest 5% at most of the voluntary pension fund property.

(4) The overall investment of the voluntary pension fund in immovable properties shall not be higher than 10% of the property of the voluntary pension fund.

(5) Property of the voluntary pension fund, consisted of the immovable properties shall be registered in the books from Paragraph 2 of this Article as the fund ownership, with reference of the title of the management company and is recorded in the custodian bank

(6) the value of the immovable properties in which is invested the voluntary pension fund property shall be mandatory evaluated by the assessor. The immovable properties shall be insured from all the risks.

(7) The voluntary pension fund property shall not be invested in the immovable properties where there shall be the preemptive right, except in the cases established by law.

(8) The Agency shall prescribe the method and the frequency of estimates from the Paragraph 1 of this Article.

(9) the Agency shall prescribe the maximal amounts and additional terms of investment of the voluntary pension fund property from Paragraph 1 of this Article .

(10) the Agency shall prescribe the terms and mode on which shall be able to invest the voluntary pension fund property abroad.

Investment limitations

Article 43

(1) On the property limitations of the voluntary pension fund from Article 42 of this law shall be applied the following limitations:

a) with the investment of the property shall not be acquired more than 15% of the ownership participation, that is, the stocks with the voice right of one issuer,

b) with the investment of the property shall not be acquired more than 25% of the emission value of debt securities from the value of one issuer, except from the securities from Article 42, Paragraph 1, point a) of this law.

c) to 10% of the property value shall be able to invest in securities of one issuer or more issuers that are connected persons, except for the securities from Article 42, Paragraph 1, point a) of this law,

d) 40% of the property value at most shall be able to invest in securities of issuers whose seat shall be outside BiH, and in the framework of the mentioned limitation 30% at most of the property value shall be able to invest in securities of the Article 42, Paragraph 1, point k), l) and m) of this law.

e) 80% of the property value at most shall be able to invest in securities from Article 42, Paragraph 1, point a) of this law,

f) to 30% of the property value shall be able to invest in securities from Article 42, Paragraph 1, point b) of this law,

g) to 20% property value shall be able to invest in the monetary deposits and deposit certificates from Article 42, Paragraph 1, point e) of this law, provided that in the monetary deposits or deposit certificates at one bank shall be able to invest to 10% of the net property value,

h) to 40% of the property value shall be able to invest in securities from Article 42, Paragraph 1, point f) and g) of this law,

i) to 35% of the property value shall be able to invest in securities from Article 42, Paragraph 1, point h) of this law

j) to 35% of the property shall be able to invest in securities from Article 42, Paragraph 1, point i) of this law,

k) to 10% of the property value shall be able to invest in stocks or shares of the investment funds and in shares or stocks of the investment fund which directs the same management company to 5% of the fund property value,

l) options and futures and other financial derivatives shall be able to use only for the purpose of protection of risks and the overall exposure towards those instruments shall not be bigger than 5% of the net property value and

m) to 5% of the fund property value shall be able to invest in securities that emits organizer of the pension plan, that is, the organizer of the closed voluntary pension fund and if the organizer belongs to the group, the investment in securities that emit the group members shall not amount more than 10% of the fund property value, except in the case of the investment in securities from Article 42, Paragraph 1, point a) of this law.

(2) voluntary pension fund property shall not be able to invest in funds with the private offering, including the funds of the venture capital.

(3) exceptionally from the provisions of this Article, in the case of significant disturbance of the securities market that indirectly endangers the property value of the voluntary pension funds, the Agency shall decide, with the consent of the government of the Republic of Srpska, on prohibition or on the change of the investment limitations in the individual type of property and on the possible investment in the other type of property.

(4) the monetary assets on the account of the custodian bank shall not represent the investment in the monetary deposits in the sense of the limitations prescribed by this Article. Maximum deadline of holding monetary assets on the custodian bank account shall prescribe the Agency.

Article 44

The property of the voluntary pension fund shall not invest into securities that emit:

a) management company

b) custodian bank, at which the account of the voluntary pension fund shall be held,

c) brokerage and dealership company, that is, the authorized bank that for the management company shall conduct intermediation business in securities trading.

d) stockholder of the management company and

e) related person with the persons from point a) to d) of this Article.

Article 45

(1) Voluntary pension fund property shall be invested in accordance with the investment limitations predicted by this law and prospectus.

(2) In the case of deviations from the investment limitations of this law and prospectus and due to the occurrence of circumstances which the managing company could not be able to foresee, that is, on which it could not effect, the managing company shall be obligated to immediately notify the Agency and that within six months of the day of deviations harmonize the property structure of the voluntary pension fund with investment limitations.

(3) In the case from Paragraph 2 of this Article, the managing company and the action plan in which it shall state the methods and deadlines of the investment harmonization deviations, with the respect of the principles of the maximization of yields and the preservation of the property value of the voluntary pension fund.

(4) during the deviations from investment limitations outside the case provided in Paragraph 2 of this Article, the Agency after it shall find out for that fact, immediately takes over the supervision measures in accordance with this law.

(5) Upon the request of the management company, submitted 30 days at the latest, of the day of occurrence of investment deviations, the Agency shall authorize and for the protection of interests of the voluntary pension fund members, the extension of the deadline from Paragraph 2 of this Article.

(6) With the property of the voluntary pension fund shall not be able to perform purchase transactions in which the seller, that is, the buyer is any of the persons from Article 44 of this law, the organizer of the pension plan and the management company authority members as well as the persons related to them, except if this is the word of the usual open market transaction on the stock exchange or other regulated public market.

(7) Management company shall not be able to give loan and warranty to the persons from Article 44 of this law.

(8) The management company shall invest and borrow money of the voluntary pension fund only on the money market. The overall amount of the invested and borrowed money of the voluntary pension fund on the money market shall not be bigger than 1% of the property value of the voluntary pension fund.

(9) The agreement or other business from Paragraph 8 of this Article which shall refer to placement and loan outside the money market is worthless.

(10) the other terms of property investment of the voluntary pension fund on the money market shall prescribe the Agency.

(11) Management company shall provide investment strategy and conduct its audit at least once in three years.

(12) Investment strategy shall include the methods of measurement of investment risks, the processes of management risks and the strategic allocation of assets.

Prospectus of the voluntary pension fund

Article 46

(1) The voluntary pension plan shall have a prospectus and short prospectus.

(2) the management company shall be obligatory to make a prospectus and the short prospectus for each voluntary pension fund that it shall offer on the market.

(3) the prospectus of the voluntary pension fund shall be delivered to the person before the acquiring membership in the voluntary pension fund.

(4) the short prospect shall be exclusively used for the advertising of the voluntary pension fund, it shall have to correspond to the content of the prospectus and to consist the notification on the way the prospectus shall be available and it shall be at the disposal of the intermediary with whom the management company shall have a concluded contract.

(5) Prospectus shall have to contain the information on the basis of which the interested persons shall acquire the clear image on the voluntary pension fund and to make a reasonable resolution on the membership in the voluntary pension fund.

(6) management company shall be obligated to make the prospectus available on the Internet sites of the company, that is, to deliver it to each interested person upon his request.

(7) management company shall be obligated due to the giving the consent to the Agency, to deliver the prospectus of the voluntary pension fund, to 31 March of the current year, with the data on the state, on 31 December of the previous year.

(8) When it shall occur the significant changes due to the data in the prospectus shall not match to the actual state, the management company is obligated that within eight days of the occurrence of such circumstances shall deliver to the Agency the modified prospectus of the voluntary pension fund, for approval.

(9) Management company shall be obligated within seven days of the day of receiving the approval to publicly announce the short prospectus at least in one daily newspapers which is available at the complete area of the Republic of Srpska, with a circulation which is not less than 5 000 copies and prospectus shall publish on their Internet site.

Prospectus content

Article 47

(1) Prospectus of the voluntary pension fund shall contain details on:

- a) voluntary pension fund,
- b) management company
- c) business name and the seat of the custodian bank and
- d) the date of issuing of the prospectus.

2) the data on the voluntary pension fund are:

- a) the title and the date of establishing the voluntary pension fund,
- b) investment policy and the main risks in connection to it
- c) minimal guaranteed yield of the voluntary pension fund expressed in the annual yield rate for which shall guarantee the management company,
- d) the provision that the voluntary pension fund member shall take the investment risk over the minimal guaranteed annual yield of the voluntary pension fund,
- e) tax treatment of the voluntary pension fund, that is the fund members - tax rate and basis and the method of their calculating,

f) business name and the seat of auditor that shall perform the external audit of the fund's financial report and the qualification of the auditor's opinion for the last fund's financial report with the information that the audit report in complete shall be published on the Internet site of the management company,

g) the property value of the voluntary pension fund on the day of issuing the prospectus,

h) present structure of the voluntary pension fund property, and:

1) percentage participation of the securities according to the type of securities, the title and the seat of the issuer and the name and the seat of the organized market at which it is traded by these securities, when these securities shall make more than 1% of the total property value of the voluntary pension fund,

2) percentage participation of the monetary deposits according to the title and the seat of the financial organization where the monetary assets are deposited, when the deposits in these organizations shall make more than 1 % of the overall property value of the voluntary pension fund and

3) percentage participation of the immovable property according to the type and the place where the immovable properties shall be found,

i) achieved net yield of the voluntary pension fund in accordance with the Article 56 of this law,

j) data on amount of fees and expenses, like:

1) fee on the payment of the pension contribution,

2) fee on the management of the voluntary pension fund to the management company for the previous year, expressed as the percentage of the property value of the voluntary pension fund,

3) expenses in connection with the purchase, sale and the transfer of securities, expenses of the custodian bank and other expenses for the previous year expressed as the percentage of the property value of the voluntary pension fund,

4) the amount of the fee for the management of the voluntary pension fund expressed as the percentage of the property value of the fund for the current year,

5) maximum amount of the expenses from sub point 3) of this point expressed as the percentage of the property value of the voluntary pension fund for the current year,

k) the fundamentals for the breach of the agreement on membership and the rights and obligations of the management company and the members of the voluntary pension fund in the case of breach of the agreement on membership,

l) time, place and method of payment of the pension contributions

m) time and place of publishing the data on the value of accounting units and the method of calculating of these units,

n) terms for withdrawing and disposal of accumulated assets and

o) dynamics and the method of calculation of the programmed disbursements.

(3) data on the management company are:

a) business name, seat and the registration number of the management company,

b) name and the authorities of the members of the board of directors, directors and executive directors of the management company,

c) business name and the seat, that is the name and the address of the shareholders of the management company,

d) the amount of the share capital of the management company

e) the list and the type of all voluntary pension funds that it shall direct, if the management company shall manage with several voluntary pension funds,

f) business name and the seat of auditor that shall perform an external audit of the financial reports of the management company and qualification of the auditor's opinion for the last financial report of the management company with the information that the audit report in complete shall be published on the Internet site of the management company and

g) time and place that shall be performed the insight in the general acts of the management company and the financial reports of the management company.

(4) during organizing the voluntary pension fund, the prospectus shall not contain data from Paragraph 2, point f) to i) of this Article

(5) The closer content and standardized prospectus form and the short prospectus shall prescribe by the Agency, and it shall approve each of its subsequent modification.

Membership of the voluntary pension fund

Article 48

(1) Domestic or foreign adult natural person shall be the member of one or more of the voluntary pension funds.

(2) Before accessing the open voluntary pension fund the person from Paragraph 1 of this Article shall conclude the membership contract and shall sign the statement by which it shall confirm that he/she completely understands the prospectus and the fees, which are charged.

(3) When the same person is the member of more than one voluntary pension fund, he/she shall be obligated to conclude the special membership contract for each voluntary pension fund.

(4) If the voluntary pension fund membership shall cease to pay contributions, he/she shall still be a member of the voluntary pension fund.

(5) Management company shall have discretion right to refuse the reception to the membership in the voluntary pension fund which it directs, except in the case when the person shall join the voluntary pension fund by accession in the pension plan or the closed voluntary pension fund.

Contributor

Article 49

Pension contribution in the voluntary pension fund shall pay:

a) natural person or other person for the account of the natural person

b) organizer, in his/her name and for the employed account, that is, union member, in accordance with the pension plan and

c) employer, in the name and for the employed account, in accordance with the membership contract between the members of the voluntary pension fund and the management company.

Membership Contract

Article 50

(1) member of the open voluntary pension fund shall become by concluding the membership contract, by which the management company shall be obligated that for the account of the voluntary pension fund member invest the monetary assets collected on the basis of the pension contribution in the voluntary pension fund and to enable the withdrawal of accumulated assets in accordance with this law and the voluntary pension fund member shall be obliged to pay the pension contribution and fees of the management company and shall bear other expenses.

(2) Membership contract from the Paragraph 1 of this Article shall be concluded in the standardized written form for all the members, that shall at least consist of:

a) the name, that is, business name of the contributor,

b) minimal amount of the pension contribution and

c) date of the membership.

(3) closer content and the standardized form of the contract on membership shall prescribe by the Agency.

(4) Management company shall compulsory deliver the copy of the signed contract to the member of the open voluntary pension fund.

Individual account of the voluntary pension fund member

Article 51

(1) Management company shall be obligated to keep the individual accounts of the voluntary pension fund members.

(2) Individual accounts shall consist of at least the following data:

a) name, name of one parent and surname, and personal ID number of the voluntary pension fund member,

b) the number of the accounting units in the ownership of the voluntary pension fund member

c) records on the payments of pension contributions and programmed disbursements.

(3) The procedure of opening and keeping the individual accounts, as well as giving the excerpts of that accounts, keeping records on accounting units of the voluntary pension fund members and giving the data from these records shall prescribe the Agency.

(4) The accumulated amount of the individual account of the voluntary pension fund member shall not be the case of the court and other forced execution.

(5) the accumulated amount of the individual account of the voluntary pension fund member shall not be given as the security asset on any grounds and every claim on that ground shall be worthless.

Account transfer

Article 52

(1) the voluntary pension fund member that shall intend to perform the account transfer shall be obliged to submit the request for the account transfer in another voluntary pension fund to the management company that directs the voluntary pension fund where that person shall be a member (hereinafter: existing voluntary pension fund).

(2) Management company shall be obliged to within 15 days of the day of the receipt of the request from paragraph 1 of this article:

a) perform the account transfer in accordance with request, when the same company shall organize and manage the existing and other voluntary pension fund and

b) conclude the contract on the account transfer with the other management company

(3) Account transfer shall not be able to perform if previously all obligations are not settled on the basis of the membership in the existing voluntary pension fund.

(4) During the account transfer the voluntary pension fund member shall terminate the membership contract in the existing voluntary pension fund and shall conclude the membership contract in another voluntary pension fund.

(5) Assets on the account of the voluntary pension fund member shall not be able to transfer to the third person benefit, except in the case from Article 76 of this law.

(6) Management company and the management company mediator may not, instead of the voluntary pension fund member charge the fee for the transfer of his/her account.

(7) the Agency shall prescribe the mode of account transfer from the existing voluntary pension fund in another voluntary pension fund

Obligation of the management company during the account transfer

Article 53

(1) management company that directs the existing voluntary pension fund shall be obligated to:

a) before the conclusion of the contract from Article 52 of the Paragraph 2, point b) of this law shall deliver to the company that manages the other voluntary pension fund:

1) contract proposal of the account transfer and

2) the report of the overall assets of the member of the existing voluntary pension fund,

b) within eight days of the day of the conclusion of the contract from Article 52, Paragraph 2, point b) of this law shall be delivered to the custodian bank the order for the account transfer.

(2) in the case of the dispute between the management company and the voluntary pension fund member, the management company shall be obliged to secure the copies of all important documents to the other management company.

Net value of the voluntary pension fund property

Article 54

(1) the value of the voluntary pension fund property shall make the sum of values:

a) of securities from the voluntary pension fund portfolio

- b) real estates in the ownership of the voluntary pension fund,
- c) deposits of the monetary assets of the voluntary pension fund at the banks and
- d) claims.

(2) the value of the voluntary pension fund property shall be calculated according to the market value.

(3) the net value of the voluntary pension fund property shall represent the value of the property reduced for the liability amount.

(4) net value of the voluntary pension fund property shall be daily calculated by the management company and it shall deliver the data to the custodian bank at which the voluntary pension account shall be kept.

(5) custodian bank shall perform control and confirmation of the calculated net value of the voluntary pension fund property, on which it shall deliver the data to the Agency.

(6) The mode and the frequency of calculating the market value by the types of property and calculating net value of the voluntary pension fund property shall prescribe the Agency, in accordance with the internationally recognized standards.

Accounting units

Article 55

(1) Overall value of all calculating units of the voluntary pension fund shall be equal to the net value of the voluntary pension fund property.

(2) Paid pension contributions shall convert into accounting units of the same day when they are paid, by recording the units on the individual account of the voluntary pension fund member.

(3) Accounting units shall be expressed in parts.

(4) Unique initial value of the accounting units for all the voluntary pension funds shall establish the Agency.

(5) On the basis of the acquired accounting units, the voluntary pension fund member shall have the following rights:

- a) the right of withdrawal and disposition of the accumulated assets,
- b) the right on the proportional part of the investment yield,
- c) the right on the proportional part of the voluntary pension fund property in the case of dissolution of the voluntary pension fund and
- d) other rights in accordance with this law.

(6) voluntary pension fund member shall not have the right to vote on the basis of the accounting unit.

(7) the accounting unit shall be recorded on the individual account of the voluntary pension fund member in the form of electronic record in the information system of the management company.

(8) Management company shall publish daily the value of the accounting units on the Internet site of the management company or the voluntary pension fund and at least once a month in the newspapers that is distributed on the complete area of the Republic of Srpska with the circulation that is not less than 5000 copies.

(9) the Agency in detail shall prescribe the mode of calculating and publishing the data of accounting unit.

Voluntary pension fund yield

Article 56

(1) Management companies shall be obliged to publish the voluntary pension fund yield four times per year, at the end of every quarter.

(2) The yield shall be calculated for the last 12 months to the publishing day, that is, cumulatively for the period of five years and from the beginning of business.

(3) the yield shall be calculated separately for every calendar year.

(4) the yield shall be calculated as net yield, that is, after the deduction of fees and expenses.

(5) Exceptionally from the Paragraph 1 of this Article, the investment yields during the whole first year of business of the voluntary pension fund shall not advertise.

(6) the yield shall be published at least once in the daily newspapers, which is distributed over the whole area of the Republic of Srpska, with the circulation which is not less than 5 000 copies as well as on the Internet site of the management company or the voluntary pension fund.

(7) the Agency shall prescribe the mode of calculating the yield of the voluntary pension fund, including the principles of the rounding off the value.

Voluntary pension fund marketing

Article 57

(1) Management company shall offer the privileges with the aim of concluding the membership contract in the voluntary pension fund.

(2) The privileges from the Paragraph 1 of this Article shall not involve the conveniences that the management company offers by renouncing the part or the whole of its incomes that it achieves, that is, on which it has the right.

(3) Management company shall not offer the privileges to the employer or the related person of the employer with the aim that they shall encourage their employees to join certain pension plan.

(4) Management company shall not offer the privileges to the union or other form of organizing the employees or the professional association with the aim of encouraging of its members to join certain pension fund.

Article 58

(1) Management company, with related persons, mediators or the employed in the management company and with related persons shall exclusively advertise the voluntary pension fund that the company manages and publicly invites on the conclusion of the membership contract in the voluntary pension fund, with the previous consent of the Agency on the text of that type of advertisement, that is, public advertisement.

(2) The text of the advertisement, that is, the invitation may not contain false information, that is, the information that can create misconception on the terms of investment and business of the voluntary pension fund.

(3) the Agency shall bring resolution on granting the consent for the publishing of the advertisement, that is the public invitation, when it establishes that the terms established by law are fulfilled, and at latest within 15 days of the day of the receipt of the request. Unless the Agency shall not grant the consent in due time, it shall be considered that the consent is granted.

(4) Advertising by comparing shall be allowed only if it is concrete, objective, true and complete.

(5) During the comparing with the other voluntary pension funds, management company shall have to provide the clear picture on the voluntary pension fund that it advertises in connection to other voluntary pension fund.

(6) the Agency shall prohibit the publishing of the promotional material if it considers that that material shall lead to misconception, to cause damage to the voluntary pension fund or to contain false data.

(7) the Agency shall prescribe the mode of advertising of the voluntary pension funds and the standardized text during the advertising.

Mediators

Article 59

(1) the management company shall indirectly or through the mediators perform services of providing information on membership in the voluntary pension fund, other actions by which the interested persons inform on business of the voluntary pension fund, as well as the division of prospectus.

(2) Types of the financial institutions that shall be mediators shall determine the Agency.

(3) Management company and the mediators shall be able with the special contract engage the natural persons that shall have to own permit for conducting business from Paragraph 1 of this Article, issued by the Agency.

(4) Persons from Paragraph 3 of this Article shall not receive monetary payments due to the purchase of the accounting units.

(5) For the procedures and damages which shall be done the mediators and natural persons during the providing of services from Paragraph 1 of this Article, besides them, answers also the management company.

(6) The Agency shall keep the register of mediators and more closely regulate terms for issuing and revoking the permit.

Informing the voluntary pension fund members

Article 60

(1) Management company shall be obligated that once a year, and no later than 31 March of the current year for the previous year shall deliver to each member of the voluntary pension fund with the state on the last day of the previous year the announcement on:

- a) dates and the amount of the executed payments of the pension contribution,
- b) number of the accounting units in the member ownership and their individual value at the moment of payment of the pension contribution,
- c) fees for services paid from the account of the voluntary pension fund member and
- d) the value of the voluntary pension fund property.

(2) announcement from the Paragraph 1 of this Article, the management company shall be obligated to deliver and upon the request of the voluntary pension fund member within seven days of the day of submitting the request, with the charge of the fee that shall not cross over the amount of the actual expense for the service of providing information.

(3) If the employer shall sign the contract with the management company on the payment of the pension contribution for his/her employees, the data from the Paragraph 1 of this Article shall be delivered to the employer, instead of the employee. In that case, the employer shall be liable for forwarding the information to the employees which are the members of the voluntary pension fund within the shortest possible time.

Termination of the management company

Article 61

(1) Management company shall cease to manage the voluntary pension fund in the case of:

- a) revoking the work permit,
- b) initiation of bankruptcy and liquidation of the management company and
- c) making the decision of the management company authorities that shall cease to work.

(2) In the cases of the Paragraph 1, point a) and b) of this Article, the management company shall immediately cease to operate the voluntary pension fund, and the custodian bank shall be obligated to perform only the urgent businesses in connection with the management of the voluntary pension fund.

(3) Urgent businesses from the Paragraph 2 of this Article shall be the businesses that should be done in order it should not cause damage for the voluntary pension fund.

Public Invitation

Article 62

(1) With the termination of the management of the voluntary pension fund from the management company, in the sense of the Article 61 of this law, the Agency shall direct the public invitation to the existing management companies that within 15 days submit offer for the management, that is the merging of the voluntary pension fund.

(2) Within 30 days of the day of the expiration date from the Paragraph of this Article, the Agency shall issue a decision on the most suitable offer of the management company.

(3) The terms for the selection of the most suitable offer of the management company shall closer prescribe the Agency.

Unsuccessful public invitation

Article 63

(1) if on the public invitation shall not submit the offer any of the management companies, the Agency shall inform the members of the voluntary pension fund and deliver the authorization to the custodian bank to cash the property of the voluntary pension fund and to transfer the accounts of the voluntary pension fund in the another voluntary pension fund.

(2) Custodian bank within six months of the day of receipt authorities shall cash the voluntary pension fund property in the best interest of the voluntary pension fund members.

(3) Within 30 days of the day of the receipt of the notification from Paragraph 1 of this Article, the voluntary pension fund members shall select the other voluntary pension fund and notify the custodian bank on their selection.

(4) Business expenses in connection with the management, that is, in the connection with the monetizing the voluntary pension fund property and the transfer of the account from the Paragraph 1 of this Article shall be borne by the management company, and if it is not possible – on the burden of the voluntary pension fund property, which is dissolving.

(5) the Agency shall closer prescribe the procedure of dissolution of the voluntary pension fund.

Custodian Bank Obligations

Article 64

(1) Custodian bank shall submit to the Agency the report on the monetizing the voluntary pension fund property and on the transfer of the account in the sense of the Article 63, Paragraphs 1 and 2 of this law.

(2) On the basis of the report from the Paragraph 1 of this Article, the Agency shall delete the voluntary pension fund from the registry of the voluntary pension funds.

(3) Custodian bank shall keep at least five years business books and the documentation of the disbanded voluntary pension fund, in accordance with the regulations by which it is regulated archives records.

IV- PENSION PLANS

Article 65

(1) the employer, employers associations, professional association and the union (hereinafter: plan organizer) shall be able to organize the pension plan and to conclude the contract with one or more management companies, by which the organizer shall be obligated to perform payments of the pension contributions for the employees account, that is, the union members or the association (hereinafter: plan member), and the management company shall be obligated to invest the collected monetary assets and to

enable the withdrawal and the disposal of the accumulated assets of the plan members, in accordance with this law.

(2) Plan organizer shall organize the pension plan in the way that it shall perform the payment of the pension contribution established by the contract on organizing the pension plan for the benefit of their employees or the members, which have involved themselves in the pension plan.

(3) the organizer shall take over the obligation to, besides the payments of the pension contribution for the employees account pay the service fees to the management company.

(4) the employer shall be able, as the requirement for the achievement of the rights to be included in the pension plan establish that the employee has to be employed at the employer for a certain period, that shall not be longer than one year.

(5) the contract on organizing of the pension plan shall conclude the employer and the union in accordance with the law on labor, by the collective contract, that is, employer and the employee, if the collective contract is not concluded.

(6) Several plan organizers shall be able to organize or approach one pension plan.

(7) Pension plan shall be the integral part of the open voluntary pension fund, managed by the management company, that has a concluded contract on accession to the voluntary pension fund.

(8) The member of the pension plan shall simultaneously be the member of an open voluntary pension fund, with the rights and obligations established by law and contract on organizing the pension plan.

(9) Terms and the procedure of organizing and functioning of the pension plans shall prescribe the Minister competent for the labor and pension insurance businesses.

(10) The organizer of the pension plan shall deliver to the competent Ministry for labor and pension insurance businesses signed contract on organizing the pension plan, for the assessing the fulfillment of the terms, granting the consent and recording.

(11) The organizer shall perform the selection of management company and the voluntary pension fund in the best interest of the employees, i.e., the members

Article 66

Contract on organizing the pension plan shall be concluded in written form and it shall compulsory consist of:

- a) the name of the contracted parties,
- b) the name of the voluntary pension fund in which it is included the pension plan and the name of the company that manages that fund,
- c) the amount and the mode of paying the pension contribution that the employer shall pay for his/her employees,
- d) terms for acquiring rights for the inclusion in the pension plan, in accordance with this law,
- e) mode of inclusion in the pension plan,
- f) information on the rights and obligations of the persons included in the pension plan,
- g) mode of amendments of the contract and
- h) date and the place of the conclusion of the contract and the signature of the contracted parties.

Article 67

The contract on accession to the open voluntary pension fund shall be concluded in the written form and it shall compulsory consist of:

- a) the name of the organizer,
- b) name of the management company,
- c) name of the voluntary pension fund in which the pension plan shall be included,
- d) mode and the frequency of payments of the pension contribution,
- e) mode of determining the amount of the pension contribution by the plan member,
- f) protection mode of the personal data of the member
- g) membership terms
- h) obligations of the organizer as the contribution payer
- i) the ownership right of the voluntary pension fund member on the amount accumulated on the individual account,
- j) limitations for the voluntary pension fund members for the use of the assets in accordance with the provisions of this law
- k) the mode of determining the fees that the organizer shall pay to the management company,
- l) mode of reporting of the voluntary pension fund members
- m) terms and the procedure for the termination of the membership in the voluntary pension fund and the transition in the other voluntary pension fund

n) date and place of the conclusion of the contract and the signatures of the contracted parties.

Article 68

(1) Inclusion in the pension plan shall be performed by signing the accession statement.

(2) After the conclusion of the accession contract to the voluntary pension plan, the organizer shall deliver to the management company the list of members of the pension plan and a copy of the accession statement for each member.

(3) The organizer regularly shall report to the management company of each change of the list.

(4) the Minister competent for the labor and pension insurance businesses shall prescribe the content of the statement from Paragraph 1 of this Article.

Article 69

(1) the organizer of the pension plan shall be obligated that with the pension plan and all the modifications of the pension plan to inform and notify the pension plan member.

(2) the modification of the pension plan shall be the modification of the contract of organizing the pension plan and the accession contract to the voluntary pension fund.

(3) The termination of the pension plan shall not have the modification of the rights of the voluntary pension fund member as the consequence on the amounts that are accumulated on their individual pension account.

(4) With the proposal of modification of the pension plan the organizer of the pension plan shall be obliged to inform and notify each member of the pension plan at least 30 days before its application.

(5) On the modifications of the pension plan from Paragraph 2 of this Article shall be applied the provisions of Article 65, Paragraphs 10 and 11 of this law.

Article 70

The employer shall be obliged to deliver to the management company the notification on the termination of the employment relationship of the pension plan member.

Article 71

(1) Pension plan member whom ceases the employment relationship shall stay the member of the same voluntary pension fund, but he/she shall have to conclude a new membership contract or he/she shall perform the transfer of the account in accordance with the provisions of this law.

(2) the management company shall not refuse the request of the voluntary pension fund member to enter into contract from Paragraph 1 of this Article.

Article 72

(1) The organizer of the pension plan shall have to enable to each employee who fulfills the terms from Article 65, Paragraph 4 of this law the access to any of the pension plans.

(2) The organizer from Paragraph 1 of this Article shall be able to organize different pension plans for certain groups of employees, i.e. members, under the specific terms.

Article 73

(1) Pension contribution for the pension plan shall not be deducted from the earnings without the approval of the employees.

(2) pension plan membership shall not be the condition for employment or the union membership and other forms of organizing.

V- WITHDRAWAL AND DISPOSAL OF THE ACCUMULATED ASSETS

Article 74

(1) the right of the voluntary pension fund member on withdrawal and disposal of the accumulated assets (additional pension) shall be acquired with at the age of 58, no matter the period of accumulation of assets, i.e. with 58 and at least five years of continual accumulating or 60 monthly payments in the period of accumulation of the assets.

(2) Withdrawal and disposal of the accumulated assets of the voluntary pension plan member shall have to start at the age of 70, at the latest.

(3) Notwithstanding the Paragraph 1 of this Article, the right on withdrawal and disposal of the accumulated assets shall be able to achieve and before the acquiring the terms from Paragraph 1 of this Article in the case of extraordinary expenses of the treatment or the permanent work incapability.

(4) Closer terms for realization of rights on the disposal and withdrawal of the accumulated assets in the cases from Paragraph 3 of this Article shall prescribe the Minister competent for labor and pension insurance businesses.

Article 75

(1) Accumulated assets shall be withdrawn by the single disbursement, programmed disbursement, purchase of annuities or the combination of these modes.

(2) If the amount of the accumulated assets of the voluntary pension fund member in the moment of realization of rights to withdrawal and disposal of accumulated assets shall be smaller than the amount that the Agency determines, the overall amount shall have to be onetime disbursed.

(3) Programmed disbursement shall be performed on the basis of the contract which is concluded between the member of the voluntary pension fund and the management company in the standardized form prescribed by the Agency.

(4) Programmed disbursement shall cease when the complete amount is paid off which shall be accumulated on the account of the voluntary pension fund member.

(5) Agency, with the special regulation shall regulate in detail the programmed disbursements.

(6) Withdrawing and disposing of the accumulated assets by purchasing annuity, the management company according to the order and the account of the voluntary pension fund member shall perform transfer of the assets of the voluntary pension fund member in the insurance company and shall buy the annuity.

(7) Terms which the insurance company has to fulfill from the Paragraph 6 of this Article shall be regulated by law by which it is regulated insurance company businesses.

Article 76

In the case of death of the voluntary pension fund member, assets on his/her account shall be transferred in accordance with the law of inheritance.

VI-CUSTODIAN BANK

Article 77

(1) Custodian bank of the voluntary pension fund shall be the bank which fulfills the terms from the law by which it is regulated market of securities.

(2) the Agency shall prescribe the business rules and additional terms the bank has to meet from Paragraph 1 of this Article.

(3) Custodian bank shall not be a connected person with the management company of the shareholders of the management company.

(4) the Agency shall be able to prescribe the maximum amount of the fees for the performing of the custodian services for the voluntary pension funds.

(5) Unless by this law has otherwise been determined, on the custodian bank shall apply provisions of the law by which it is regulated market of securities.

Custodian bank Contract

Article 78

(1) The management company shall be obligated that within five days of the day of receiving the permit for organizing and managing the voluntary pension fund to conclude the contract with the custodian bank on performing the custodian services, separately for each voluntary pension fund which it manages.

(2) Consent on the contract from Paragraph 1 of this Article as well as all of its amendments shall grant the Agency.

(3) With the contract from Paragraph 1 of this Article, the custodian bank shall be obligated to open and keep the account of the voluntary pension fund and to perform businesses in accordance with the Article 80 of this law, and the management company shall be obligated to pay the fee to the custodian bank.

(4) Custodian services for the voluntary pension fund shall be ex (5) Custodian bank shall perform businesses for several voluntary pension funds, under the terms that the property, activity and the records of every voluntary pension fund shall be completely separated, also from the custodian bank exclusively lead by one custodian bank,

Article 79

(1) Contract on performing custodian businesses shall be compulsory to contain the provisions on:

- a) custodian bank business and liabilities
- b) mode on which the obligations are performed,
- c) fees for custodian businesses and the mode of calculating the expenses
- d) terms and mode of the breach of the contract and
- e) other elements that shall prescribe the Agency

(2) Custodian bank shall bear the liabilities for the damage caused as the consequence of not performing or irregular performing of the contracted businesses.

(3) The liability from Paragraph 2 of this Article shall not be able to limit or to exclude by the contract on custodian businesses or entrusting the custodian businesses to another person.

Custodian Bank Services

Article 80

(1) Custodian Bank shall perform the following services:

- a) open and keep the securities accounts which make the voluntary pension fund property at the Central Registry of securities in their name, and for the account of the voluntary pension fund members (collective custodian account),
 - b) open a monetary account of the voluntary pension fund, perform collecting of the pension contributions, perform the transfer of the monetary assets which make the voluntary pension fund property in the monetary deposits and perform the disbursements of the accumulated assets for each member of the voluntary pension fund.
 - c) inform the management company on necessary corporative activities in relation to the voluntary pension fund property.
 - d) perform the management company orders for the purchase and sale of the property unless they are in contrary to law and prospectus of the voluntary pension fund,
 - e) control, confirm and report the Agency every day on the net value of the property of the voluntary pension fund and the value of the accounting unit, calculated of the management company,
 - f) control the voluntary pension yield calculated of the management company,
 - g) inform the Agency on the detected irregularities in the management company business,
 - h) inform the management company on executed orders and other actions taken in relation to the voluntary fund property,
 - i) submit, in the name of the voluntary pension fund, to the Agency and other competent authorities submissions against the management company for the damage caused to the voluntary pension fund and
- (2) the Agency shall prescribe the incidence, mode and the standardized form of reporting of the custodian bank, as the way of harmonizing in the case of differences between the calculated net property value of the voluntary pension fund and the value of the accounting unit of the management company and the custodian bank from Paragraph 1, point e) of this Article, i.e. calculated yield of the management company and the custodian bank from Paragraph 1 point f) of this Article.

Breach of the Contract with Custodian Bank

Article 81

- (1) the party that intends to breach the contract from Article 78, Paragraph 1 of this law shall be obligated to inform the other contracted party within 60 days at least before the breach of the contract, except in the cases from Article 82, Paragraph 1 of this law.
- (2) the party that wants the breach of the contract shall be obligated that at the same time with the delivery of the notification to the other party on the breach and the reasons for the breach notify the Agency.
- (3) Before the selection of the new custodian bank, management company shall be obligated to deliver to the Agency the information on suggested custodian bank and to submit the contract on the approval.
- (1) In the case of revoking the permit for the custodian businesses of the supervisory authority or the initiation of the bankruptcy proceedings or the liquidation proceedings over the custodian bank, the management company shall be obligated to immediately terminate the contract and to deliver to the Agency for approval the contract with the other custodian bank.
- (2) unless the management company does not act in accordance with the Paragraph 1 of this Article, the Agency shall issue a decision by which it determines the other custodian bank.
- (3) the Agency shall be able to instruct the management company the change of the custodian bank if due to its businesses the interests of the voluntary pension fund members are significantly threatened.

Article 83

- (1) Custodian bank shall be able to engage the sub depositories on the basis of the written approval of the Agency and the contract with the management company for managing in the cases of investment outside BiH and this kind of contract shall not limit the liability of the custodian bank.
- (2) the Agency shall prescribe conditions that it must meet the sub depository from Paragraph 1 of this Article.

Article 84

- (1) The voluntary pension fund property which is entrusted on safekeeping to the custodian bank in accordance with this law shall not enter in the bankruptcy estate of the custodian bank and it shall not be the subject of executing in relation to the obligations of the custodian bank.
- (2) Custodian bank shall be obligated that the businesses for which it is authorized by the contract with the management company shall perform with care of a good businessman and an expert.

VII - SUPERVISION

Competence of the Agency

Article 85

(1) the Agency shall perform supervision over the enforcement of this law, issue regulations for execution of this law for which it is authorized and keep the registry of the management company and the registry of the voluntary pension funds.

(2) the Agency shall protect the interests of the voluntary pension fund members, educate the public and enhance the voluntary pension insurance.

(3) the Agency shall issue and revoke the permits for performing the voluntary pension fund activity, it shall control and supervise the legality of the management company businesses and perform other businesses and take measures in accordance with this law.

(4) Unless by this law has otherwise been determined, in dealing with administrative affairs, the Agency shall apply the provisions of the law, which is regulated the administrative procedure.

(5) Administrative acts of the Agency shall be final and against which shall not be initiated the administrative dispute before the competent court in accordance with the provisions of the law, which are regulated administrative disputes.

Article 86

By supervising, in accordance with the provisions of this law, the Agency shall have the right of insight in the business books and other documentation, including electronic records of the voluntary pension funds and the management companies, as well as the legal entities which are connected to the management company by the property, management or business relations.

Article 87

(1) the Agency shall cooperate with the foreign institutions competent for the supervision of voluntary pension funds business and domestic authorities and institutions competent for the supervision in the area of the financial businesses, for the improvement of the supervisory function of the Agency.

(2) The Agency shall be able to exchange the data obtained in performing the supervisory function with the foreign and domestic authorities and institutions from Paragraph 1 of this Article.

Supervision

Article 88

(1) the Agency shall perform supervision:

a) with the indirect control, i.e. by collecting, tracking and by checking the reports and notifications that in accordance with this law and regulations adopted on the basis of this law shall be delivered to the Agency and

b) by direct control, i.e. insight in the business books and other documents in the premises of the management company or at the third person to whom the management company has entrusted the performing administrative and marketing businesses.

(2) On the basis of the executed supervision, the Agency shall impose supervisory measures, in accordance with this law and shall submit the applications to the competent authorities in the cases of the reasonable doubt that the established illegalities and irregularities contain features of the criminal offence or a misdemeanor.

(3) the Agency shall prescribe the rules in the relation with the execution of supervision of the businesses of the management company and the voluntary pension funds, as well as the rules of identifying, measurement, control and risk management in their businesses and forming the reserves.

(4) If by performing its function, the Agency determines that there are legal entities which perform the management company activity or are doing businesses as the voluntary pension funds and that they do not have the permit or they are not registered on the basis of this law, shall prohibit their work and take over other measures, in accordance with the law.

(5) the authorized person in the Agency shall be able in the procedure of indirect supervision of businesses review the general acts, business books, account excerpts, information systems, data bases and other documents of the management company and the custodian bank and make copies of the documents and demand information and statements on individual issues important for the businesses of the management company and the custodian bank.

(6) the authorized person of the Agency shall compile minutes on the executed direct supervision of the management company businesses.

Supervision Measures

Article 89

(1) If in the supervision procedure of the management company and the custodian bank shall establish illegalities, i.e. irregularities or non-compliance with the rules on the risk control, the Agency, depending on the weight of the established irregularities and the degree of endangerment of the interests of the voluntary pension fund members, shall undertake one or more measures which :

- a) shall impose written warning,
- b) issue the order for the removal of the established irregularities within the time that shall not be longer than 60 days of the day of the receipt of the order,
- c) initiate the proceedings for the appointment of the member of the board of directors, directors and executive directors of the management company,

(2) the mode of performing the supervision, the procedure of issuing the order and taking measures as well as the deadlines for executing the orders and the duration of measurements prescribed by the Agency.

Written reprimand

Article 90

(1) the written reprimand shall refer to the management company authority due to the less important irregularities with the nature that importantly and directly does not effect the company's businesses, i.e. the voluntary pension fund that it manages.

(2) the written reprimand shall consist of the order and the deadline in which the management company shall be obliged to notify the Agency on the activities which it has undertaken due to the eliminating irregularities from Paragraph 1 of this Article.

Revocation of the work permit of the management company

Article 91

(1) the Agency shall issue a decision on revoking the work permit of the management company, if:

- a) the management company does not perform the management of the voluntary pension fund longer than six months,
- b) the work permit of the management company is given on the basis of the false or incorrect data,
- c) management company ceases to meet the terms prescribed for gaining the work permit,
- d) management company does not meet the terms concerning the amount and the structure of the capital, in the deadlines established by this law,
- e) the management company from the unjustified reasons shall not conclude the contract with the custodian bank within the time from Article 78, Paragraph 1 of this law,
- f) the management company shall commit a serious violation of the provisions of this law and the provisions of the law by which it is regulated the market of securities,
- g) management company within the deadline established by the order for removing irregularities or by written reprimand shall not act by the given order and
- h) the management company does not notify the Agency on the termination of the management of the voluntary pension fund and shall submit the request for deleting from the registry of the issued permits.

(2) By issuing the decision from Paragraph 1 of this Article shall terminate the validation of all the issued permits for the management of the voluntary pension fund.

(3) the decision from Paragraph 1 of this Article shall be final.

(4) Against this decision from Paragraph 1 of this Article shall be able to initiate the administrative dispute.

VIII – TAX TREATMENT

Article 92

The tax benefits and the exemptions from the payment of the contributions for the members and the employers which finance the pension contributions shall be regulated by laws which regulate the area of tax and contributions.

Article 93

Tax benefits from Article 92 of this law shall achieve the employer in whose pension plan or the closed voluntary pension fund is included at least 51% of the employees.

Article 94

(1) In the case of the membership of the natural person in several voluntary pension funds directly and through pension plan or the closed voluntary pension fund, the priority in achieving rights on tax benefit shall have the employer that finances the payment of the pension contribution.

(2) In the case of the membership of the several voluntary pension funds, the member of the voluntary pension fund shall be able to achieve the right on the tax benefit only in one voluntary pension fund (active fund).

IX PENAL PROVISIONS

Criminal offences

Article 95

(1) Anyone in the intention of misleading the public in the prospectus of the voluntary pension fund, short prospectus, in the annual and semiannual report shall publish false data on the legal and financial position of the voluntary pension fund or on its business possibilities and other untruths which are relevant for issuing investment decision or shall not publish the complete data on that facts, shall be punished by imprisonment up to three years.

(2) Anyone in the intention of misleading the public shall not publish the prospectus supplement or the report on important events that can more significantly influence the decision on the membership shall be punished by imprisonment up to three years.

Misdemeanors of the management company and other legal entities

Article 96

(1) A fine of BAM 10,000.00 to BAM 200 000.00 shall be punished for the misdemeanor the management company, i.e. other legal entity if:

a) it uses the name in legal transactions: “management company of the voluntary pension fund” or other similar name, and it did not received the work permit of the management company (Article 6, Paragraph 2 of this law),

b) does not obtain the consent of the Agency for the transactions of the stocks in the management company

c) it carries out the merger with the annexation without the permit of the Agency (Article 20, Paragraph 2 of this law).

d) it calculates the fees contrary to the Article 23 of this law

e) does not compile and deliver the financial and other reports in accordance with Article 27 of this law

f) does not keep the documentation and data on the prescribed mode (Article 27, paragraph 8 of this law,

g) it uses the name: “voluntary pension fund” or the notion derived from that notion opposite the Article 29, Paragraph 3 of this law,

h) it starts to manage the voluntary pension fund before the issuing of the permit from the Agency for the management of the fund (Article 30 of this law).

i) it acts in the contrary to the Article 41, Paragraph 5 and 6 of this law.

j) it invests the voluntary pension fund property in the contrary to the provisions of the Articles 42, 43, 44 and 45 of this law,

k) it does not deliver the prospectus, within the stipulated time, i.e. the short prospectus of the voluntary pension fund for the granting of the consent of the Agency (Article 46, Paragraph 7 and 8 of this law)

l) it does not publish the short prospectus on the mode prescribed in the Article 46, Paragraph 9 of this law,

m) it does not keep the individual accounts of the members of the voluntary pension fund in accordance with the Article 51 of this law,

n) it does not conduct the transfer of the account in accordance with the Article 52, Paragraph 2 and 5 and Article 53 of this law.

o) it does not calculate daily the net value of the voluntary pension fund property and does not deliver the data to the custodian bank where the account of the voluntary pension fund is kept (Article 54, Paragraph 4 of this law).

p) it offers privileges in the contrary to the Article 52, Paragraph 6 and Article 57, Paragraphs 1,3 and 4 of this law,

q) it does not publish the advertisement ,i.e. invitation to tender or give information in contrary to the Article 58, Paragraphs 1,2, 5 and 6 of this law.

r) it engages natural persons without the permit of the Agency

s) it does not deliver the notifications to the members of the voluntary pension fund in accordance with the Article 60 of this law,

t) it does not execute the contract regarding the withdrawal and disposal of the accumulated assets by the programmed disbursements

u) it does not conclude the contract with the custodian bank in the keeping of the account of the voluntary pension fund in the prescribed period (Article 78, Paragraph 1 of this law),

v) it disables the supervision of legalities of the management company and voluntary pension fund businesses from the Agency (Article 86 of this law) and

w) it does not act in accordance with the written reprimand imposed by the Agency (Article 90, Paragraph 2 of this law)

(2) For the actions from Paragraph 1 of this Article shall be also punished for the misdemeanor the liable person of the management company i.e. other legal entity with the fine from BAM 1, 000.00 to 20, 000.00

Misdemeanors of the Custodian bank

Article 97

(1) By the fine from BAM 10, 000.0 to 200, 000.00 shall be punished for misdemeanor the custodian bank if:

a) it does not notify the management company on necessary corporative activities in relation with the property of the voluntary pension fund (Article 80, Paragraph 1, point c) of this law.

b) it does not execute the orders of the management company which are in accordance with the law and prospectus of the voluntary pension fund, i.e. executes the orders of the management company for the purchase and sale of the property in the contrary to the law and the prospectus of the voluntary pension fund (Article 80, Paragraph 1, point g) of this law).

c) it does not control, confirm and notify daily the Agency on the calculated net property value of the voluntary pension fund and the value of the accounting units (Article 80, Paragraph 1, point e) of this law),

d) it does not control the voluntary pension fund yield (Article 80, Paragraph 1, point f) of this law),

e) it does not notify the Agency on the identified irregularities on the management company businesses immediately after the identifying of that kind of irregularities (Article 80, Paragraph 1, point g) of this law),

f) it does not submit, in the name of the voluntary pension fund to the Agency and other competent authorities submissions against the management company, for the damage caused to the voluntary pension fund (Article 80, Paragraph 1, point i) of this law) and

g) it does not notify the Agency on the breach of the contract and the reasons for the breach of the contract (article 81, Paragraph 2 of this law).

(2) for the actions from Paragraph 1 of this Article shall be also punished for the misdemeanor the liable person of the custodian bank with the fine from BAM 1, 000.00 to 20, 000.00.

X-TRANSITIONAL AND FINAL PROVISIONS

Article 98

The Agency shall be obligated to issue regulations for the implementation of this law to the day of its application.

Article 99

This law shall enter into force on the eight day of the day of publishing in "Official Gazette of the Republic of Srpska", and it shall apply after the expiry of the six months of the day of its entering into force.

Number: 01-132/09
30 January 2009
Banja Luka

Speaker
of the National Assembly
MSc **Igor Radojičić**, m.p.