

LAW ON THE DEPOSIT INSURANCE AGENCY

I. GENERAL PROVISIONS

Article 1

The Deposit Insurance Agency (hereafter "The Agency") shall be founded.

Article 2

The Agency is a legal entity with rights, obligations and responsibilities as stipulated by this Law and the Statute of the Agency.

The Agency shall have a status of a public agency.

The head office of the Agency shall be in Belgrade.

Article 3

The Agency shall perform the operations regarding the statutory deposit insurance of natural persons in accordance with the law that regulates deposit insurance.

In addition to the operations referred to in Paragraph 1 of this Article the Agency shall carry out the function of bankruptcy or liquidation administrator in banks and insurance companies, participate in the management of the banks in which the Republic of Serbia is a shareholder, organize and perform the sale of shares of such banks, organize and implement the privatization of the socially-owned capital and the sale of the state-owned capital in insurance companies, and perform other activities in accordance with law.

Article 4

The Agency shall have its Statute, approved by the Government of the Republic of Serbia (hereafter "The Government").

The Statute of the Agency shall regulate:

1. organization and manner of performing the Agency activities,
2. scope of the activities of the Agency bodies,
3. representation and acting on behalf of the Agency,
4. data and documents considered as a business secret and the manner of dealing with such data and documents,
5. other matters important for the Agency's activities.

The Statute of the Agency shall be published in the "Official Gazette of the Republic of Serbia".

II. AGENCY OPERATIONS

1. Deposit Insurance of Natural Persons

Article 5

Banks are obliged to insure the deposits of natural persons with the Agency, under the terms and in the manner set out in the law that regulates deposit insurance.

2. Function of the Bankruptcy and Liquidation Administrator of Banks

Article 6

During bankruptcy and liquidation proceedings in the banks and insurance companies in which the bankruptcy and liquidation proceedings have been opened, the Agency acts as bankruptcy administrator or liquidation administrator, respectively, in accordance with the laws that regulate the bankruptcy and the liquidation of banks and insurance companies.

3. Performance of activities for the Republic of Serbia

Article 7

The Agency shall participate in the management of banks in which the Republic of Serbia is a shareholder by monitoring activities of those banks and its bodies as well as performing other activities in the name and on behalf of the Republic of Serbia, in accordance with the law and other regulations.

Article 8

The Agency shall organize and perform sale of shares of banks referred to in Article 7 of this Law, that are the property of the Republic of Serbia, in the name and on behalf of the Republic of Serbia, in accordance with the law and other regulations.

Article 9

The Agency may, in accordance with the act of the Government, carry out following measures in the banks from Article 7 of this Law:

1. cover potential losses;
2. take over, purchase or procure on some other way bad assets of a bank;
3. manage and sell bad assets of a bank.

In order to cover potential losses referred to in Paragraph 1, Item 1 of this Article, the Republic of Serbia may issue bonds.

Article 10

The Agency shall organize and implement the privatization of the socially-owned capital and the sale of the state-owned capital in insurance companies, in compliance with the law regulating insurance.

Article 11

The employees of the Agency that are involved in the Agency activities referred to in Articles 7 – 10 hereof cannot hold shares, initial capital and debt securities of the banks in which the Republic of Serbia is a shareholder.

II. THE ASSETS OF THE AGENCY

Article 12

The assets that the Agency uses for performing its activities shall consist of the deposit insurance fund assets (hereafter “The Fund”) as well as the assets that the Agency uses for the activities under Article 3, Paragraph 2 of this Law.

Article 13

The Agency shall provide the assets for Deposit Insurance Fund in accordance with the law that regulates deposit insurance.

Article 14

The Agency shall provide the assets for the activities under Article 3, Paragraph 2 hereof from the revenues earned through its operations, compensation in accordance with the law regulating the bankruptcy of companies, from donations, from the budget of the Republic of Serbia, and in another way in accordance with the law.

The Dinar assets referred to in Paragraph 1 of this Article shall be kept on a subaccount with the Public Payments Directorate and foreign currency assets on a special account with the National Bank of Serbia.

The assets referred to in Paragraph 1 of this Article the Agency may use for the purchase of short-term securities or deposit them with banks.

IV. AGENCY BODIES

Article 15

The Agency bodies are: Managing Board and General Manager of the Agency.

Article 16

Managing Board of the Agency (hereinafter: the Managing Board) shall consist of seven members, including the president.

The members of the Managing Board shall be appointed and acquitted by the Government.

The members of the Managing Board by function shall be: the Minister in charge of Finances, the Minister in charge of the Economy and the Vice-Governor of the National Bank of Serbia in charge of supervision of banks.

Other members of the Managing Board shall be appointed and acquitted by the Government, namely:

1. the president and one member shall be proposed by the Ministry in charge of Finances;
2. one member shall be proposed by the National Bank of Serbia;
3. one member shall be proposed by the representative association of banks.

The members of the Managing board must hold a university degree and have relevant professional experience in the fields of finance, banking and insurance.

The president and the member of the Managing Board under Paragraph 4, Item 1 of this Article may be appointed from the top management ranks.

The members of the Managing Board shall be appointed for a six years term, with the right of reappointment.

Article 17

The Managing Board shall:

1. enact the Statute and other general acts of the Agency;
2. enact regulations regarding insurance of deposits, in accordance with the law that regulates insurance of deposits,
3. make the decisions regarding realizations of claims of the Agency in bankruptcy and liquidation proceedings of banks,
4. adopt decisions on the investments of the funds under Article 14, Paragraph 3 of this Law;
5. adopt the financial plan of the Agency,
6. adopt the annual financial statements of the Agency,
7. choose the audit company to audit the financial statements of the Agency and review its reports,
8. adopt the report related to the Agency's activities,
9. supervise the legality of the General Manager work,
10. enact the operating manual,
11. perform other activities prescribed by the law and the Statute of the Agency.

The Managing Board's decisions shall be made with the majority vote of all its members.

The Managing Board can decide to invite independent experts to attend its meetings, without having voting rights.

The Managing Board shall report to the Government.

Article 18

The members of the Managing Board shall receive remuneration in accordance with the Statute of the Agency.

Article 19

The members of the Managing Board, as well as their family members, cannot hold shares, initial capital, debt securities in the banks, other financial organizations, audit companies or other legal entities that the Agency cooperates with in performing its activities, and he/she shall give written declaration to the Government, no later than the following day of the day of their appointment, as well as every following year during their term, no later than 31st January of the current year.

For the purposes of Paragraph 1 of this Article, the family members shall be the spouse, children and other descendants, the parents and other ascendants, connections up to 3rd degree, adoptive and adopter, as well as persons without full legal capacity under the custody of the members of the Managing Board.

The member of the Managing Board proposed by the representative association of banks cannot be the employee or a member of any body of a bank, nor its consultant.

Article 20

The function of a member of the Managing Board shall be terminated before the expiry of his/her term of office upon his/her request or when he/she reaches the age of retirement, and in the case of acquittal.

The function of a member of the Managing Board shall be terminated after the expiration of 30 days from the day of submitting the request for termination of appointment to the Government.

The member of the Managing Board shall be acquitted:

1. if he/she was convicted of a criminal offence to an unconditional penalty of imprisonment for no less than six months, or of a criminal offence which makes him/her unsuitable to perform his/her function,
2. if he/she performed his/her functions in an incompetent or imprudent manner,
3. if, on the basis of findings and opinions of the competent medical institution, it is established that, due to his/her health status, he/she has permanently lost his/her capacity to work and perform his/her duties,
4. if he/she fails to submit or submits a false statement regarding the information referred to in Article 19 hereof,
5. if it is established that he/she does not meet the requirements for appointment referred to in Paragraph 5 of the Article 16 hereof.

If the function of the member of the Managing Board is terminated before the expiry of his/her term of office, a newly appointed member shall perform the function only until the expiry of the previous member's term of office.

Article 21

The General Manager of the Agency (hereinafter: the General Manager) shall be appointed and acquitted by the Managing Board, with the approval of the Government. The General Manager shall be employee of the Agency.

The General Manager cannot be the official in accordance with the law that regulates prevention of the conflict of interests during performing public functions, official of political or union organizations, external associate or a member of bank bodies, other financial organizations, the audit companies or other legal entities that the Agency cooperates with in performing its activities.

The General Manager shall give to the Government written declaration referred to in Paragraph 1 of Article 19 hereof, and no later than the following day of the day of his/her appointment, as well as every following year during his/her term, not later than 31st January of the current year.

The General Manager shall report to the Managing Board.

Article 22

The General Manager shall:

1. represent and act on behalf of the Agency,
2. organize the activities of the Agency and govern activities,
3. propose the regulations issued by the Managing Board,
4. adopt the internal organization and organizational charts of the Agency;
5. carry out the decisions of the Managing Board and take the measures for the execution,
6. Be responsible for legality and efficiency of the Agency's work as well as for use of the assets of the Agency,
7. perform other activities prescribed by the law and the Statute of the Agency.

V. BUSINESS SECRET

Article 23

The members of the Managing Board, the employees of the Agency, as well as any persons engaged by the Agency in its work, shall be obliged to keep, as a business secret, all information that they have gained in their work.

The obligation under Paragraph 1 of this Article is also applicable after the cessation of the membership in the Management Board and the employment or engagement of the persons referred to in Paragraph 1 of this Article.

Exceptionally, the information under Paragraph 1 of this Article may be made accessible to the competent authorities, in accordance with the law.

VI. AGENCY REPORTS

Article 24

Not less than once a year, the Agency shall submit its performance report to the National Assembly of the Republic of Serbia, to the Government, to the National Bank of Serbia, and to the Ministry in charge of Finances.

Article 25

The Managing Board shall submit the annual financial statements of the Agency with the audit report to the Government and the National Bank of Serbia, not later than 15th July of the following year.

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 26

On the date of effectiveness of this Law, the Agency takes over all rights and obligations of the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks.

Article 27

The members of the Managing Board shall be appointed by the Government, within 30 days from the day of effectiveness hereof.

For the first term, the president of the Managing Board and the member of the Managing Board proposed by the Ministry in charge of Finances shall be elected for a six-year term, the member of the Managing Board proposed by the National Bank of Serbia for a four-year term, and the member of the Managing Board proposed by the representative association of banks for a two-year term.

The General Manager shall be appointed by the Managing Board, not later than 60 days from the day of effectiveness hereof.

The Council of the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks, founded by the Law on the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks, shall perform the Managing Board activities until the appointment of the persons referred to in Paragraph 1 of this Article.

The Executive Manager of the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks shall perform the activities of the General Manager of the Agency until the appointment of the person referred to in Paragraph 3 of this Article.

Article 28

The Agency shall enact the Statute and other general acts within 60 days from the day of effectiveness hereof.

Until such time the acts referred to in Paragraph 1 of this Article are enacted, the Statute and other general acts of the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks shall stay in force, if not opposite to this Law.

Article 29

On the date of effectiveness of this Law, the Law on the Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks ("Official Gazette SFRY", No. 84/89, 63/90, 21/91 and "Official Gazette of FRY", No. 53/01), the Law for Providing the Assets for Founding and Activities of the Federal Agency for Deposit Insurance and Bank Rehabilitation ("Official Gazette SFRY", No. 84/89), and the Decision on Beginning the Activities of the Federal Agency for Deposit Insurance and Bank Rehabilitation ("Official Gazette SFRY", No. 18/90) shall cease to be valid.

Article 30

This Law shall come into force on the eight day following its publication in the "Official Gazette of the Republic of Serbia".