

LAW ON MICROCREDIT ORGANIZATIONS

I-GENERAL PROVISIONS

Article 1.

This law defines: founding, activities, registration, management, status transformations and termination of microcredit organisation.

Article 2.

A microcredit organization in terms of this law is a non-deposit and non-profit organization which primary/basic activity is provision/disbursement of microcredits.

The microcredit in terms of this Law is credit defined by the separate decision of the RS Ministry of Finance (“Ministry”)

Article 3.

Microcredit organisation is a legal entity when it is enrolled in the Court register.
Microcredit organisation guarantees for its liabilities with its property.

II-FOUNDING AND ACTIVITIES

Founding

Article 4.

A microcredit organization may be founded by at least three domestic or foreign natural persons and at least one domestic or foreign legal person.
The founders of the microcredit organization have to provide a minimum of 5.000 convertible mark in cash for the start of the microcredit organization.

Article 5.

Microcredit organisation is founded by the decision or contract depending on the number of founders.

Article 6.

The contract or decision on founding of microcredit organization contains:

- the names, the names of firms of the founders including address and head quarter place
- founding capital amount
- the name and place of the microcredit organization
- activities of the microcredit organization

The decision or contract on founding may contain other provisions, too.

Statute of the microcredit organization

7. Article

Microcredit organization has a statute.

The statute of the microcredit organisation (the “Statute”) is adopted by the founders or other body in accordance with the decision or contract on the establishment of the microcredit organization.

Article 8.

The Statute of microcredit organisation describes particularly:

- The name and the head quarters
- The activities
- The governing and managing bodies, the manner in which these bodies will be elected, the conditions and the manner for their dismissal, the duration of the mandate, the manner in which the decisions will be made and responsibility
- Conditions for membership and termination of membership in the microcredit organisation and members’ rights and obligations
- Revenue generation and use of funds,
- The manner in which the Statute is adopted and amended
- Representation and advocacy of the microcredit organisation
- The stamp
- And other issues which are important for activities of microcredit organisation.

The name of the microcredit organisation

Article 9.

The name of a microcredit organisation must include the words: “Microcredit organisation”, name of the microcredit organization and headquarters’ place.

A microcredit organisation may have a short name, which must include abbreviation: “MCO”, name of the microcredit organisation and headquarters’ place.

Article 10.

Two or more microcredit organization cannot register in the Court register under the same name.

Article 11.

Microcredit organisations located in the Federation of Bosnia and Herzegovina may with an approval of the Ministry, open representative offices in the Republic of Srpska.

The establishment of the office will be enrolled/registered in the special/separate register maintained by the Ministry.

The Ministry will prescribe the documents to be attached to the request/application for an approval from previous paragraph of this article.

The Ministry is obligated to process the request/application within 30 days of its submission.

Activities and revenue

Article 12.

Fundamental activity of microcredit organization is disbursement of the microcredits.

In addition to the fundamental activity microcredit organizations can:

- provide credit consulting services, business advice, technical assistance and conduct other activities, which are in accordance with the fundamental activity of the microcredit organization.
- collect financial and other assets from any legal source including borrowing, membership fees, grants and donations for purpose of the disbursing microcredits

For the borrowed funds microcredit organisations can provide collateral.

Article 13.

The microcredit organisation shall adopt a decision on microcredit terms and conditions.

Article 14.

A microcredit organisation must use the excess of income over expenses for the microcredit activities.

Excess of income over expenses of microcredit organization is not taxable.

III-REGISTRATION OF MICROCREDIT ORGANIZATIONS

Article 15.

The Ministry promulgates/issues an approval for the (to the) founding of the microcredit organisation.

The Ministry shall proscribe the documentation to be attached to the request for approval of the founding of the microcredit organization.

The Decision regarding the request for approval of the founding of the microcredit organization has to be issued by the Ministry within 30 days of the request date.

Article 16.

The Ministry decision regarding the request for founding of the microcredit organization is final in the administrative procedure.

Article 17.

The founding of the microcredit organisation has to be enrolled into the Court register.

The enrolment form Paragraph 1 of this Article shall be done in accordance with the Law on enrolment into the Court register.

The Decision of the Ministry, which approves the founding of the microcredit organization has to be attached to the request for the enrolment of the microcredit organisation into the Court register.

With the enrolment into the register from Paragraph 1 of this Article the microcredit organisation is authorised to provide/disburse microcredits.

Article 18.

Microcredit organisation is obliged to deliver the decision on enrolment from Article 17 of this Law to the Ministry within the 15 days from its receiving.

IV-STATUS TRANSFORMATIONS OF MICROCREDIT ORGANIZATION

Merging, attaching and division

Article 19.

A certain number of microcredit organisations could merge in new microcredit organisation. With this action they stop to existing and new microcredit organisation becomes their legal successor.

Microcredit organisation could be attached to other microcredit organisation. With this action organisation stop to existing and microcredit organisation to which is attached become the legal successor.

Microcredit organisation can be divided in certain number of microcredit organisation. With this action organisation stop to existing and new microcredit organisations become their legal successors with united responsibility.

The decision on merging, attaching or division of microcredit organisation has to be made by the governing body of the microcredit organisation in a way and under the conditions determined by founding contract or Statute.

Termination

Article 20.

Microcredit organisation terminates its activities;

- in case of by law determined conditions for termination of microcredit organisation.
- In case of the decision from Article 19. Paragraph 4 of this Law.

The governing body of the microcredit organisation can at any moment and if determined that there is no more purpose of its establishment or in other cases, make a decision on termination of the microcredit organisation. In this way the microcredit organisation shall

stop operating in a way and under the conditions determined by the decision after the by law determined procedure is applied.

A decision from previous Paragraph of this article must contain the plan of division of assets of microcredit organisation.

V- SUPERVISION

Article 21.

The Ministry supervises microcredit organisations.

Article 22.

Microcredit organisation is obliged to act in accordance with the law, decisions of the Ministry of Finance RS and appropriate business and accounting standards.

Article 23.

The Ministry shall proscribe reporting obligations of the microcredit organisations.

VI – PENALTIES

Article 24.

The penalty in the amount from 1.700 to 17.000 convertible marks will be charged against the organisation in following instances:

1. if the organisation is engaged in carrying out activities for which it has not been authorised/registered.
2. if it does not submit the request for registration to the authorised body or does not inform the designated body about the changes of data.
3. If the organisation starts with its activities before enrolment into the Court register.
4. If the organisation has not adopted a decision on lending terms and conditions.

For activities described under section 1. of this Article, a penalty will be also charged against the responsible person of the microcredit organisation in the amount from 500 to 1.600 convertible marks.

VII - FINAL CLAUSES

Article 25.

The Ministry shall proscribe the regulations necessary for the implementation of this law within the 60 days after the law is adopted.

Article 26.

All the organizations involved in microcredit activities on the territory of the Republic of Srpska are obliged to register and adjust its activities with this Law in 90 days after this Law becomes effective.

Article 27.

This law becomes effective on the eighth day from the day it was published in the Official Gazette of the Republic of Srpska.