

Pursuant to Article IV.4.a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina, in the 67th session of its House of Representatives, held on 28 May 2014, and the 38th session of its House of Peoples, held on 6 June 2014, adopted the following

LAW
ON PREVENTION OF MONEY LAUNDERING
AND FINANCING TERRORIST ACTIVITIES

CHAPTER I. GENERAL PROVISIONS

Article 1
(Subject matter of the Law)

This Law shall stipulate the following:

- a) Measures, activities and procedures in the financial and non-financial sectors, undertaken to prevent and detect money laundering and financing terrorist activities;
- b) Liable persons obliged to undertake the measures, steps and activities and to abide by this Law;
- c) Supervision of liable persons with regard to the implementation of measures, steps and activities in financial and non-financial operations, undertaken to prevent money laundering and financing terrorist activities;
- d) Duties and competences of the Financial-Intelligence Department of the State Investigation and Protection Agency (hereinafter: “the FID”);
- e) Inter-institutional cooperation of the competent authorities of Bosnia and Herzegovina (hereinafter: “BiH”), the Federation of Bosnia and Herzegovina (hereinafter: “the FBiH”), Republika Srpska (hereinafter: “RS”), the Brčko District of Bosnia and Herzegovina (hereinafter: “the BDBiH”) and other levels of the state organisation of Bosnia and Herzegovina in the prevention of money laundering and of financing terrorist activities;
- f) International cooperation in the field of prevention of money laundering and financing terrorist activities;
- g) Duties, competences and activities of other bodies and legal persons with public authorisations for the prevention of money laundering and of financing terrorist activities in BiH;
- h) Other tasks important for developing a system for the prevention of money laundering and financing terrorist activities.

Article 2
(Definitions of money laundering and financing terrorist activities)

For the purposes of this Law, definitions of the following terms shall be established as follows:

- a) *Money laundering* shall be understood to mean the following:
 - 1) Conversion or transfer of property, if such property is acquired through criminal activities, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person involved in such activity to evade the legal consequences of actions committed;

- 2) Concealment or disguise of the true nature, source location, disposition, movement, right to or ownership of property, if such property is acquired through criminal activities or by participating in such activities;
 - 3) Acquisition, possession or use of property originating from criminal activities or by participating in such activities;
 - 4) Participation in or association to commit, attempting to commit or aiding, abetting, facilitating and counselling the commission of any of the actions mentioned;
 - 5) The purpose, knowledge of or intent, required as elements of an act of money laundering, may be concluded on the basis of objective and factual circumstances.
- b) *Money laundering* shall also include activities of generating the property being laundered, undertaken in the territory of another state.
- c) *The financing of terrorist activities* shall be understood to mean the following:
- 1) Providing or collecting funds, in any manner, directly or indirectly, with the aim of using them or knowing that they are to be used, in full or in part, for perpetration of terrorist acts by individual terrorists and/or terrorist organizations;
 - 2) Incitement and assistance in providing and collecting property, regardless of whether a terrorist act was committed or whether the property was used for commission of a terrorist act.
- d) *Terrorist act* shall be understood to mean one of the following intentional acts which, given its nature or its context, may cause serious damage to a state or international organisation with the aim of seriously intimidating the population or unduly compelling the authorities in Bosnia and Herzegovina, the government of another state or international organization to commit or omit an activity, or with the aim of seriously destabilising or destroying the fundamental political, constitutional, economic or social structures of Bosnia and Herzegovina, another state or international organisation:
- 1) Attack upon a person's life, which may cause the person's death;
 - 2) Attack upon the physical integrity of a person;
 - 3) Unlawfully confining, keeping confined or in some other manner depriving another person of the freedom of movement, or restricting it in some way, with the aim to force the person or some other person to commit or to omit or to suffer something (kidnapping), or taking hostages;
 - 4) Causing great damage to facilities in Bosnia and Herzegovina, to the government of another state or to public facilities, the transport system, infrastructure facilities, including an information system, a fixed platform located on a continental shelf, in a public place or private property, likely to endanger human life or result in a major economic loss;
 - 5) Hijacking an aircraft, ship or other vehicle for public transport or transport of goods;
 - 6) Manufacture, possession, acquisition, transport, supply, use of or training for the use of weapons, explosives, nuclear, biological or chemical weapons or radioactive material, as well as research into and development of biological and chemical weapons or radioactive material;
 - 7) Releasing harmful substances or causing fire, explosion or floods, the effect of which is to jeopardise human life;
 - 8) Interfering with or disrupting the supply of water, power or any other fundamental natural resource the effect of which is to jeopardise human life;
 - 9) Threatening to perpetrate any of the acts referred to in Items 1) through 8) hereof.
- e) *Terrorist* shall be understood to mean a person who individually or with other persons:
- 1) Directly or indirectly, with the intent, commits or attempts to commit a terrorist act;
 - 2) Incites or assist in perpetration of a terrorist act;

- 3) With the intent or knowledge of the intent of a group of persons to commit a terrorist act, contributes or keeps contributing to perpetration of a terrorist act.
- f) *Terrorist organization* shall be understood to mean an organized group of persons which:
- 1) Directly or indirectly, with the intent, commits or attempts to commit a terrorist act;
 - 2) Incite or assist in perpetration of a terrorist act or in an attempt to perpetrate a terrorist act;
 - 3) With the intent or knowledge of the intent of a group of persons to commit a terrorist act, contributes or keeps contributing to perpetration of a terrorist act or an attempt to perpetrate a terrorist act.

Article 3 (Definitions of other terms)

For the purposes of this Law, definitions of other terms shall be the following:

- a) *Transaction* means any type of receiving, giving, keeping, exchanging, transferring, using or other way of handling money or property by liable persons, including cash transactions;
- b) *Suspicious transaction* is each transaction for which a liable person or a competent authority assesses that, with regard to the transaction or a person conducting the transaction, there are grounds for suspicion that criminal offences of money laundering or financing terrorist activities have been committed, or that the transaction involves funds derived from illegal activities;
- c) *Cash transaction* is each transaction in which a liable person physically receives or gives cash money from/to a client;
- d) *Connected transactions* are two or more transactions originating from or directed to an account or to a legal or natural person, where the amount of individual transactions is below the amount required for identification or reporting according to this Law, but which together exceed the amount referred to in Article 6 hereof and may be considered to be related to each other due to the time span in which they have been made, the recipient or the order-issuer of the transactions, the method of the transactions, the reason for which the transactions have been made or other factors due to which the transactions may be considered connected;
- e) *Property* means assets of any kind, whether material or immaterial, in items or in rights, movable or immovable, as well as any legal documents or instruments of any form, including electronic or digital, evidencing title to or property rights over the property, including but not limited to bank loans, traveller's cheques, bank cheques, money orders, shares, securities, bonds, promissory notes and letters of credit;
- f) *Reference to value in Convertible Marks (BAM)* means also the equivalent value in any foreign currency according to the official exchange rate in use at the time of the transaction;
- g) *Cash* means coins or banknotes representing the legal currency of Bosnia and Herzegovina or any other payment instrument (travellers' cheques, personal cheques, bank cheques, postal remittances or other means of payment in such form that the title thereto passes upon delivery);
- h) *Predicate offence* is a criminal offence the commission of which generates the property subject to the criminal offence of money laundering;
- i) *Risk of money laundering and of financing terrorist activities* is a risk that client might make use of the financial system or the activity of a liable person for committing criminal offences of money laundering or financing terrorist activities, or that a business relation, transaction, service or product may directly or indirectly be used for the aforementioned criminal offences;

j) *Business relationship* is any business or other contractual relationship established or concluded by a liable person with a client, which is linked to the business activity of the liable person;

k) *Correspondent relationship* is a relationship between a home bank or credit institution and a foreign bank or credit institution or another institution, established once a foreign credit institution opens an account with a home bank or credit institution, as well as once a home bank or credit institution opens an account with a foreign credit institution;

l) *Shell bank* is a foreign credit institution or another institution engaged in the same business, which is registered in a country where it does not perform any activity and is not linked to any financial group which is subject to supervision aimed to detecting and preventing money laundering or financing terrorist activities;

m) *Person providing entrepreneurial services (trust)* is any legal or natural person whose business activity is to provide third parties with the following services:

1) Establishment of a legal person;

2) Perform the duties of the president or a member of the management, or enabling other person to perform the duties of the president or a member of the management, manager or a partner, but without actually performing the managerial function, or without taking the business risk in relation to the capital investment within the legal person whose member or partner the above person formally is;

3) Providing a legal person with a registered seat for the legal person, or renting a business mailing address or administrative address including other related services;

4) Performing duties or enabling another person to perform duties of the manager of an institution, fund or another similar foreign legal person receiving, managing or distributing property assets for certain purposes, excluding companies that manage investment or pension funds;

5) Using or enabling another person to use other person's shares in order to exercise the voting right, except if it concerns a company whose financial instruments are subject to trade in stock markets or other regulated public market, to which, in accordance with the relevant international standards, requests for data publishing apply.

n) *Real owner* of a client is:

1) Real owner of a client and/or natural person on whose behalf the transaction or activity is conducted;

2) Real owner of a business company, or of another legal person, is:

- A natural person who, directly or indirectly, holds 20% or more of business share, stocks, voting right or other rights, based on which it participates in the management of a legal person, or participates in the capital of the legal person with 20% or more share or has a dominant status in property management of the legal person;

- A natural person who indirectly provides or keeps providing funds for a business company and is on this basis entitled to participate in decision making by managerial bodies of the business company on its financing and business dealings.

3) Real owner of a foreign legal person which receives, manages or distributes property for certain purposes is:

- A natural person who directly or indirectly utilizes more than 20% of property managed, provided that the future users are identified;

- A natural person or group of persons in whose interest the legal person is founded or is engaged in business operation, provided that the person or group of persons are identifiable;

- A natural person who directly or indirectly manages more than 20% of the property of a foreign legal person with no limitations.

- o) *Non-profit organizations* are associations, institutions, foundations, institutes and religious communities established in accordance with the law, engaged in activities not generating profit;
- p) *Factoring* is a purchase of receivables with or without recourse;
- r) *Forfeiting* is export financing based on discount purchase and without recourse with regard to undue long-term receivables, secured by means of financial instruments;
- s) *Foreign legal person* is a legal person the seat of which is outside BiH;
- t) For the purposes of this Law, political and public figures, both domestic and foreign, shall be understood to mean any natural person entrusted or having been entrusted with a prominent public office in the previous year, including the closest family members and close associates;
- u) Foreign political figure is a natural person entrusted or having been entrusted with a prominent public office:
- 1) Head of state, prime minister, minister, deputy minister and assistant to minister;
 - 2) Elected representatives in legislative bodies;
 - 3) Judges of supreme and constitutional courts, and other high judicial institutions;
 - 4) Members of the audit and the governing board of a central bank;
 - 5) Ambassadors and high-ranking officers of armed forces;
 - 6) Members of managing and supervisory boards, and managers of companies the majority owner of which is the state.
- v) Domestic political or public figure is a natural person entrusted or having been entrusted with a prominent public office:
- 1) Members of the Presidency of BiH, Chair of the Council of Ministers of BiH, ministers, deputy ministers and civil servants in managerial positions;
 - 2) Prime ministers, deputies, presidents of governments, ministers and their deputies or assistants at the level of the FBiH, RS, the BDBiH and cantons, as well as municipal and town mayors;
 - 3) Elected representatives in legislative bodies at the level of the FBiH, RS, the BDBiH and cantons;
 - 4) Members of the presidency of a party;
 - 5) Judges of the constitutional courts of BiH, the FBiH and RS, judges of the supreme courts the FBiH and RS, judges of the Appellate Court of the BDBiH, judges of the Court of BiH and members of the High Judicial and Prosecutorial Council of BiH;
 - 6) The Chief Prosecutor and prosecutors of the Prosecutor's Office of BiH, the Chief Prosecutor and prosecutors of the Prosecutor's Office of RS, the FBiH, the BDBiH and cantons;
 - 7) Members of the Governing Board, the Governor and Vice Governors of the Central Bank of BiH;
 - 8) Diplomatic representatives (ambassadors and consuls);
 - 9) Members of the Joint Staff of the Armed Forces of Bosnia and Herzegovina;
 - 10) Members of managing and supervisory boards, and managers of companies the majority owner of which is the state, entity or the BDBiH.
- z) Closest family members of the persons referred to in Items u) and v) hereof are: legal or common-law spouses, parents, siblings, children and their spouses;
- aa) Close associates of the persons referred to in Items u) and v) hereof are all natural persons having a share in the profit from property or having a business relation or having any business relation;
- bb) Personal identification document is any public document containing a photograph, issued by the competent domestic or foreign body, serving the purpose of identifying a person;

- cc) Competent bodies are all public bodies at all the levels of government in BiH with certain responsibilities for fighting against money laundering and/or financing terrorist activities, more precisely the FID, bodies with intelligence functions or functions related to investigation and /or prosecuting money laundering, predicate criminal offences and financing terrorist activities and/or temporary seizure/blocking and permanent seizure; bodies responsible for controlling and reporting on cross-border transfers of money, monetary instruments and other values across borders and bodies with supervisory competences in terms of compliance of the financial and non-financial sectors with legislation governing the prevention of money laundering and of financing terrorist activities;
- dd) Foreign financial-intelligence unit is the focal national point for receiving, analysing and forwarding information, data and documents on suspicious transactions concerning money laundering and financing terrorist activities.

Article 4

(Liable persons for implementation of measures)

Measures for detecting and preventing money laundering and financing terrorist activities under this Law shall be carried out by the following liable persons:

- a) Banks;
- b) Insurance companies, insurance brokers, licensed to deal with life insurance affairs;
- c) Leasing companies;
- d) Microcredit organisations;
- e) Authorised agents trading in financial instruments, foreign currencies, exchange, interest rates and index instruments, transferable securities and commodity futures;
- f) Companies engaged in electronic funds transfer;
- g) Investment and pension companies and funds, regardless of their legal form;
- h) Post offices;
- i) Casinos, gambling houses and other organizers of games of chance and special lottery games, particularly betting, slot machines, internet games of chance and games on other telecommunication means;
- j) Currency exchange offices;
- k) Pawnshops;
- l) Persons engaged in professional services:
 - 1) Public notaries,
 - 2) Lawyers,
 - 3) Accountants,
 - 4) Auditors,
 - 5) Legal or natural persons performing accounting services and tax counselling services.
- m) Real estate agencies;
- n) Legal and natural persons performing the following activities:
 - 1) Receiving and/or distributing money or property for humanitarian, charitable, religious, educational or social purposes,
 - 2) Transfer of money or values,
 - 3) Factoring,
 - 4) Forfeiting,
 - 5) Safekeeping, investing, administering, managing or advising in the management of property of third persons,
 - 6) Issuing, managing and performing operations with debit and credit cards and other means of payment,
 - 7) Issuing financial guarantees and other warranties and liabilities,

- 8) Giving loans, crediting, offering and brokering in the negotiation of loans,
 - 9) Organizing and performing auctions,
 - 10) Trade in precious metals and stones and products made of these materials,
 - 11) Trade in works of art, vessels, vehicles and aircrafts,
 - 12) Persons referred to in Article 3 Item m) hereof.
- o) Privatisation agencies.

CHAPTER II. TASKS AND DUTIES OF LIABLE PERSONS

Article 5 (Risk assessment)

- (1) A liable person shall make a risk assessment to determine the risk level of groups of clients or a single client, business relationship, transaction or product regarding possible abuse for the purposes of money laundering or financing terrorist activities.
- (2) The assessment referred to in paragraph 1 hereof shall be prepared according to the risk assessment guidelines established by the FID and competent supervisory bodies, pursuant to adopted bylaws which prescribe more detailed criteria for the development of guidelines (type of liable persons, scope and type of works, type of clients, products, etc.), as well as the types of transactions which are risk free regarding money laundering and financing terrorist activities, and therefore require simplified client identification procedure for the purposes of this Law.

Article 6 (Identification and tracking of clients)

- (1) A liable person shall carry out measures of identification and tracking of clients when:
- a) Establishing a business relationship with a client;
 - b) Making a transaction of BAM 30,000 or more, regardless of the number of operations, either one or a set of several obviously connected transactions;
 - c) Doubting the authenticity or adequacy of previously received information about the client or the real owner;
 - d) Suspecting money laundering or financing terrorist activities relating to the transaction or client, regardless of the amount of transaction.
- (2) During transactions referred to in paragraph 1 Item b hereof, conducted on basis of previously established business relationship with the liable person, the liable person shall, within measures of identification and tracking, only verify the client's identity, or the identity of persons conducting the transaction, and shall collect the missing data referred to in Article 7 hereof.

Article 7 (Elements of identification and tracking)

- (1) Unless otherwise prescribed by this Law, measures of identification and tracking shall imply the following:
- a) Establishing the identity of a client and validation of their identity based on documents, data or information obtained from reliable and independent sources;
 - b) Identifying the real owner;
 - c) Obtaining data on the purpose and intention of the nature of a business relationship or transaction, as well as other data prescribed by this Law;

d) Regular tracking of business relationships, including a control of transactions within the business relationship in order to ensure that transactions are made in accordance with the knowledge of the liable person about the client, business profile and risk rating and, if necessary, the source of funds, as well as ensuring that relevant documentation, information or data are updated.

(2) The liable persons shall define the procedures for implementing measures referred to in paragraph 1 hereof through internal regulations.

Article 8

(Declining a business relationship and a transaction)

(1) A liable person unable to implement measures referred to in Article 7 paragraph (1) Items a), b) and c) hereof shall not establish a business relationship or make a transaction, or shall discontinue a business relationship already established.

(2) In case of a situation referred to in paragraph (1) hereof, the liable person shall inform the FID on declining or discontinuing a business relationship and on the refusal to make a transaction, and shall submit to the FID all the previously collected data on the client or transaction under Articles 38 and 39 hereof.

Article 9

(Subsidiaries, branch offices and other organizational units of liable person)

(1) Liable persons shall fully apply provisions of this Law to the same extent in their head offices, all subsidiaries and other organizational units inside the country as well as in all subsidiaries or other organizational units, provided it is possible under the relevant laws and regulation of the given country.

(2) In case there is a difference in the minimum requirements in terms of the prevention of money laundering and financing terrorist activities defined by this law and by regulations of the country a branch office, subsidiary or other organisational unit of the liable person is located in, the branch office, subsidiary or other organisational unit of the liable person shall apply either this Law or the laws and regulations of the foreign country, depending on which set of rules ensures a higher standard in preventing money laundering and financing terrorist activities, as much as possible under the laws and regulations of the given country.

(3) If regulations of a foreign country do not allow the implementation of measures and activities on the prevention of money laundering and financing terrorist activities in the scope defined by this Law, the liable person shall immediately inform the FID accordingly and adopt relevant measures to eliminate the risk of money laundering and financing terrorist activities.

(4) Liable persons shall implement intensified measures of identification and tracking in subsidiaries and other organizational units abroad, particularly in countries which do not apply internationally accepted standards in the area of prevention of money laundering and financing terrorist activities, or which apply the standards to an insufficient extent, as much as allowed by the respective country legislation.

Article 10

(Establishing and verifying identity of natural person)

(1) Liable person shall verify and establish the identity of a client who is a natural person and his/her legal representative, as well as a client who is an entrepreneur or a person engaged in

another private business, by obtaining data referred to in Article 7 hereof from a valid identification document of the client in the presence of the client.

(2) If the available identification document does not contain all the required data, the missing data shall be obtained from other valid public documents provided by the client, or directly from the client, or in another way.

Article 11

(Establishing and verifying identity of legal person)

(1) The liable person shall verify and establish the identity of a client which is a legal person by obtaining data referred to in Article 7 hereof from an original or certified copy of documentation from the Court Registry or other public registry provided by a legal representative or authorised person on behalf of the legal person.

(2) Documentation referred to in paragraph 1 hereof shall be updated and accurate and reflect the true client's situation, when being submitted to the liable person.

(3) The liable person may establish and check the identity of legal person by collecting data referred to in Article 7 hereof directly from the court registry or another public registry. On the excerpt from the relevant registry, the liable person shall note down the date and time and the name of the person checking the registry. The registry excerpt shall be kept pursuant to the provisions of this Law referring to data protection and storing.

(4) With regard to other data referred to in Article 7 hereof, except the data on real owner, the liable person shall obtain these from originals or certified copies of documentation and other business documentation. If it is not possible to collect all the information referred to in Article 7 hereof from the above identification documents and documentation, except the data about real owner, a liable person shall collect the missing information directly from a legal representative or authorized person.

(5) If, during the identification and verifying of the legal person's identity, a liable person doubts the truthfulness of collected information or authenticity of identification documents from which the information was obtained, before establishing of a business relationship or making a transaction, the person shall also request a written statement from a legal representative or authorized person.

(6) If a client is a foreign legal person who performs business activities in Bosnia and Herzegovina through a subsidiary unit – branch office, a liable person shall establish and verify the identity of the foreign legal person and the branch office.

(7) If a foreign legal person, except international governmental organizations, is engaged in making transactions, a liable person shall undertake, at least once a year, repeated identification through collecting data referred to in Article 7 hereof and new authorization referred to in Article 13 hereof.

Article 12

(Establishing and verifying identity of legal person's representative)

(1) A liable person shall establish and verify the identity of a legal person's representative by obtaining data referred to in Article 7 hereof through inspecting a valid identification document of a legal representative, in their presence. If it is not possible to obtain the required data from the above document, the missing data shall be obtained from another valid public identification document suggested by the client or submitted by a legal representative.

(2) If, during the identification and verifying of the identity of the legal person's representative, a liable person doubts the truthfulness of collected information, the person shall request the representative's written statement.

Article 13

(Establishing and verifying identity of authorised person for legal person)

- (1) If a business relationship on behalf of legal person is established by an authorized person instead of the legal representative referred to in Article 12 hereof, a liable person shall establish and verify, in the presence of the above person, the identity of authorized person by obtaining the data referred to in Article 7 hereof through inspection of valid identification document of authorized person in their presence.
- (2) If it is not possible to obtain the required data from a document referred to in paragraph 1 hereof, the missing data shall be obtained from other valid public identification document submitted by the authorized person, or directly from authorized person. Based on the data from verified authorization, a liable person shall obtain data referred to in Article 12 hereof on the legal representative having issued the authorization on behalf of a legal person.
- (3) If the transaction referred to in Article 6 hereof on behalf of a client who is a legal person, natural person, tradesman or person engaged in private business is made by an authorized person, a liable person shall establishes and verify the identity of authorized person by obtaining the data referred to in Article 7 hereof.
- (4) Data referred to in Article 11 hereof about a client who is a legal person and on whose behalf the authorised person acts shall be obtained by a liable person based on information from a verified authorization.
- (5) If during the establishing and verifying the identity of an authorized person, a liable person suspects the truthfulness of the obtained data, the said person shall also request a written statement.

Article 14

(Establishing and verifying identity of other legal persons)

- (1) For associations, foundations and other legal persons not engaged in business activities and for other operators not having the status of a legal person but acting independently in legal transactions, a liable person shall:
 - a) Establish and verify the identity of a person authorized to represent or to be representative;
 - b) Obtain a power of attorney for representation;
 - c) Collect data referred to in Article 11 hereof.
- (2) A liable person shall establish and verify the identity of a representative referred to in paragraph 1 hereof by collecting data referred to in Article 11 hereof through inspection of the representative's valid identification document, in their presence. If it is not possible to obtain the required data from the document, the missing data shall be collected from other valid public identification document submitted by a representative or directly from a representative.
- (3) Data referred to in Article 11 hereof about each natural person who is a member of an association or other subject referred to in paragraph 1 hereof shall be collected by a liable person from a power of attorney for representation which is submitted directly by a representative. If it is not possible to obtain the required data referred to in Article 11 hereof from the document, the missing data shall be obtained directly from a representative.
- (4) If, while establishing and verifying of the identity of a person referred to in paragraph 1 hereof, a liable person suspects the truthfulness of the collected data or credibility of identification documents from which the data is obtained, before establishing a business relationship or carrying out a transaction, the above person shall also request a written statement from a representative.

Article 15

(Specific cases related to verifying and establishing client's identity)

- (1) A liable person engaged in keeping safe deposit boxes shall establish and verify the identity of a client while setting up a business relationship with the client which is based on a safe deposit box renting. The client's identity shall also be established and verified each time the client accesses the safe.
- (2) While establishing and verifying the client's identity pursuant to paragraph 1 hereof, a liable person shall collect data referred to in Article 7 hereof.
- (3) Provisions hereof in relation to obligation to check client's identity during their access to the safe deposit box shall apply to each natural person actually accessing the safe, regardless of whether the person is the user of the safe or a legal representative or an authorized person.
- (4) Insurance companies and other legal and natural persons selling life insurance policies shall undertake measures of identification and monitoring of a client in life insurance operations in the cases when the total amount of one or several instalments of the premium which should be paid in one year is BAM 2,000 or more, or if payment of one premium is BAM 5,000 or more. Identification and monitoring measures shall also be undertaken when a single instalment or several instalments of the premium which should be paid within one year amount to or exceed BAM 2,000 or more.
- (5) Insurance companies and other legal and natural persons mediating in the sale of insurance policies shall also undertake measures of client identification and monitoring in matters of pension insurance if it is possible to transfer an insurance policy or use it as collateral for a loan or a credit.
- (6) Legal or natural engaged in organizing or conducting public sales or trade in works of art, vessels, vehicles or aircrafts shall establish and verify the client's identity during the cash transaction or several related transactions in the amount of BAM 30,000 or more.
- (7) Casinos, gambling houses and other organizers of games of chance and special lotteries shall establish and verify identity of each participant in the game who carries out transactions in amount of BAM 4,000 or more.
- (8) Casinos shall identify clients immediately upon their entry, regardless of the amount of chips they buy.
- (9) A liable person shall identify a bankbook holder during each transaction done based on the bankbook.
- (10) Legal and natural persons engaged in operations with precious metals and stones and products made of these materials shall identify the seller at each purchase.

Article 16

(Verifying and establishing identity of a real owner)

- (1) In order to establish identity of the real owner of a client being a business company or other legal person, branch office, subsidiary or other operator within the national or foreign law, a liable person shall collect the data referred to in Article 54 paragraph (1) Item m) hereof through access to originals and verified documents from the court registry or other public records which have to be updated and accurate and reflect the real situation of a client. A liable person may obtain the data through direct access to court or other public registry, acting in accordance with provisions of Article 11 paragraph 3 hereof.
- (2) If complete data about the real owner cannot be obtained from court or other public registry, a liable person shall collect the missing data by checking the original or verified documents and business records submitted by a legal representative or an authorized person.

When a liable person is objectively unable to obtain data as stipulated in this Article, the said person shall get them from a written statement by a legal representative or an authorized person.

(3) A liable person shall obtain data on the final real owners of a client referred to in paragraph (1) hereof. The liable person shall verify the data in a manner ensuring the knowledge of the ownership structure and client control to a degree that, depending on the risk assessment, matches the criteria for satisfactory knowledge about the real owners.

Article 17 (Third person)

(1) For the purposes of this Law, third persons shall be understood to mean organisations referred to in Article 4 Items a), b), c), d), e) and l) Line 4) hereof.

(2) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, may approve in a rulebook that the organisations referred to in paragraph (1) hereof, registered in a country on the list of countries defined in Article 85 paragraph (4) hereof perform affairs of a third person.

(3) Third persons referred to in paragraph 1 hereof shall not include outsourced service providers and agents.

(4) Regardless of paragraph 1 hereof, a liable person may not rely on third persons while carrying out the procedure of client identification and monitoring if a client is:

- a) Foreign legal person that does not practice or cannot practice trade, production or other activities in the country of registration;
- b) Fiduciary or other similar foreign legal person with unknown or clandestine owners or managers.

Article 18 (Identification and monitoring of clients through third persons)

(1) A liable person may, under conditions set forth in this Law and other regulations passed in accordance with this Law, while establishing a business relationship with a client, entrust a third person with establishing and verifying the client's identity, establishing the identity of the real owner of a client and collecting data about the purpose and planned nature of a business relationship or transaction.

(2) A liable person shall establish beforehand if the third person who will be entrusted with carrying out measures of identification and monitoring of a client meets the conditions prescribed by this Law.

(3) A liable person may not undertake to perform certain measures and activities of client identification and monitoring through a third person if the said person has established and verified the identity of the client without the liable person being present.

(4) By entrusting a third person with undertaking certain measures and activities of client identification and monitoring, the liable person shall not waive the responsibility for correct implementation of measures and activities of client identification and monitoring under this Law. The liable person shall still have the final responsibility for implementing the measures and activities of client identification and monitoring.

(5) The third person shall be responsible for fulfilling the obligations under this Law, including the responsibility for data and documentation safekeeping.

Article 19 (Obtaining data and documentation from third person)

(1) A third person that, pursuant to provisions of this Law, undertakes certain measures and activities of client identification and monitoring shall submit to the liable person the data on a client required for the liable person to be able to establish a business relationship under this Law.

(2) Upon a request by the liable person, the third person shall, without delay, submit copies of identification and other documents on the basis of which the third persons identified and monitored the client and obtained the required data on the client. The liable person shall keep the copies of identification and other documents in accordance with this Law.

(3) If the liable person doubts the credibility of the undertaken measures and activities of client identification and monitoring or the credibility of documentation or the truthfulness of the obtained client data, the above person shall request the third person to submit a written statement on the credibility of the undertaken measures and activities of client identification and monitoring and truthfulness of the obtained client data.

Article 20

(Prohibition of establishing a business relationship)

A liable person shall not establish a business relationship if:

- a) The measures and activities of client identification and monitoring were undertaken by a third person not referred to in Article 17 hereof;
- b) The third person verified the identity of a client in their absence;
- c) The third person failed to submit the data referred to in Article 19 paragraph (1) hereof;
- d) The third person failed to submit copies of identification and other documents about the client;
- e) The liable person doubts the credibility of the undertaken measures and activities of client identification and monitoring or the truthfulness of the obtained client data, without having received the required statement referred to in Article 19 paragraph (3) hereof.

Article 21

(Regular monitoring of client's business activities)

(1) A liable person shall monitor business activities undertaken by a client by carrying out identification and monitoring measures following the principle of knowing one's client, including also the origin of means used in business operations.

(2) The monitoring of business activities undertaken by a client through a liable person shall include the following:

- a) Identification of the client's business activities in accordance with purpose and aim of the business relationship established between a client and a liable person;
- b) Monitoring and identification of client's business activities in accordance with the scope of the client's activity.

(3) A liable person should identify the scope and frequency of measures referred to in paragraph 2 hereof which are consistent with the risk of money laundering or financing terrorist activities to which they are exposed during individual transactions or business activities of individual clients. A liable person shall evaluate such risk in accordance with Article 5 hereof.

(4) Activities of regular monitoring may not be delegated to a third person.

Article 22

(Forms of identification and monitoring)

During identification and monitoring of client's activities, a liable person may, depending on the risk related to each client, apply the following:

- a) Intensified identification and monitoring;
- b) Simplified identification and monitoring.

Article 23

(Intensified identification and monitoring of client)

(1) Intensified measures of identification and monitoring, in addition to the measures referred to in Article 7 hereof, shall include additional measures prescribed herein when:

- a) Establishing a correspondent relationship with a bank or other similar loan institution with its seat located abroad, which is not on the list referred to in Article 85 paragraph (4) hereof;
- b) Establishing a business relationship or carrying out a transaction referred to in Article 6 hereof with a client who is a political or public figure referred to in Article 27 hereof;
- c) A client was not present in person during the identification and verification of the identity while carrying out the identification and monitoring measures.

(2) The liable person may apply intensified identification and supervision measures in some other cases when, due to the nature of a business relationship or the manner of transaction, the client's business profile or other circumstances related to the client, on the basis of the risk assessment referred to in Article 5 hereof, there is or there may be a great risk of money laundering or financing terrorist activities.

Article 24

(Correspondence relations with credit institutions based abroad)

(1) When establishing correspondence business relations with a bank or similar credit institution based in a foreign country, which is not on the list referred to in Article 85 paragraph (4) hereof, the liable person shall apply the measures referred to in Article 7 hereof in relation to the procedure on identification and client monitoring and shall obtain the following data, information and documents:

- a) Data on issuing and the validity period of an authorization for offering banking services, the name and seat of the competent body issuing the authorization;
- b) A description of the implementation of internal procedures relating to detecting and preventing money laundering and financing terrorist activities, especially the procedures for identification and client tracking, the procedures determining the real owner, for data relating to reports on suspicious transactions sent to competent bodies, for keeping reports, internal control and other procedures adopted by the bank or similar credit institution meant for detection and prevention of money laundering or financing terrorist activities;
- c) A description of relevant legislation on detection and prevention on money laundering and financing terrorist activities applied in countries where the bank or other similar credit institution was founded or registered;
- d) A written statement that a bank or other similar credit institution has no business activities with shell banks;
- e) A written statement that a bank or other similar credit institution has not established or is not establishing any business relation with shell banks;
- f) A written statement that a bank or other similar credit institution is liable to administrative supervision in the country of origin or registration and is obliged,

pursuant to the relevant legislation of the given country, to act in accordance with the laws and provisions relating to detection and prevention of money laundering and financing terrorist activities.

(2) An employee of the liable person who establishes a relationship with the correspondence bank referred to in paragraph (1) hereof and implements the intensified identification and supervision procedure shall collect all written approvals of the highest-ranking management of the liable person before entering into such relationship and, in the relationship is already established, it shall not be maintained without a written approval of the highest-ranking management of the liable person.

(3) The liable person shall collect all the data referred to in paragraph (1) hereof by inspecting public or other available records or inspecting documents and business reports enclosed by the bank or other similar credit institution based in a foreign country.

(4) The liable person shall not enter into or continue relationship with the correspondence bank or other similar credit institution referred to in paragraph (1) hereof if:

a) Data referred to in paragraph (1) Items a, b, d, e and f hereof have not been previously collected;

b) An employee of the liable person has not previously received a written approval of the highest-ranking management of the liable person for entering into a correspondent relationship;

c) A bank or other similar credit institution based in a foreign country does not apply the system for detection and prevention of money laundering and financing terrorist activities or is not, under the relevant legislation of the given country, obliged to apply the laws and other relevant provisions relating to detection and prevention of money laundering and financing terrorist activities;

d) A bank or other similar credit institution based in a foreign country operates as a shell bank or enters a correspondence or other business relations and makes transactions with shell banks.

(5) A liable person shall, in the contract establishing a correspondent relationship, separately identify and document obligations of each party to the contract with regard to the detection and prevention of money laundering and financing terrorist activities..

(6) A liable person shall not establish a correspondent relationship with a foreign bank or other similar credit institution which the said institution may use as a basis for having an account with the liable person and thus enabling its clients to directly use the aforementioned account.

Article 25

(New technological advances)

(1) A liable person shall pay particular attention to the risk of money laundering and financing terrorist activities resulting from the application of new technological advances enabling client anonymity (e.g. electronic banking, cash machines, phone banking, etc.).

(2) A liable person shall introduce procedures and undertake additional measures for eliminating the risks of and preventing abuse of new technological advances for the purpose of money laundering and financing terrorist activities.

Article 26

(Unusual transactions)

(1) A liable person shall pay particular attention to transactions characterised by complexity and unusually high amounts, unusual manner, value or connection among transactions that

have no economic or legal grounds and purpose, or are not in compliance with or are disproportionate to the usual or expected operation of the client, as well as to other circumstances related to the status or other characteristics of the client.

(2) A liable person shall identify the basis and purpose of transactions referred to in paragraph (1) hereof and, if establishing that the transaction is not suspicious, make an official written report to be kept in accordance with the law.

Article 27 (Political and public figures)

(1) Liable persons shall establish appropriate procedure to determine whether a client/client's real owner from BiH or from abroad is a political or public figure. They shall define such procedures by their internal acts following, at the same time, the guidelines of the FID and competent supervisory bodies referred to in Article 80 hereof.

(2) If a client and or client's real owner enters a business relationship or makes transaction or if a represented client/client's real owner, on whose behalf a business relationship or transaction is made, is a political or public figure, the liable person shall, beside the measures referred to in Article 23 hereof, undertake the following measures as part of the procedure for intensified identification and tracking of clients:

a) Collect information on the source of funds and property that is or will be a subject of business relationship or transaction from documents and from other documents submitted by the client/client's real owner. When the above data may not be obtained in the mentioned way, the liable person shall obtain them directly from a written statement of the client;

b) An employee of the liable person implementing the procedure for establishing a business relation with a client/client's real owner being a political or public figure shall obtain a written approval of the highest-ranking management before entering into such a relationship;

c) After commencement of the business relationship, the liable person shall trace transactions and other business activities of the political or public figure undertaken through the liable person, applying the identification and tracking procedure.

(3) If the liable person establishes that a client or client's real owner has become a political or public figure during the business relation, the liable person shall apply the activities and measures referred to in paragraph (2) hereof and shall obtain a written approval of the highest-ranking management for resuming the relation.

Article 28 (Verifying and establishing the identity without client's presence)

(1) When a client is not physically present at the liable person's premises during the process of verifying and establishing their identity, the liable person shall, beside the measures referred to in Article 7 hereof, as part of the identification and tracking procedure, undertake one or more measures referred to in paragraph 2 hereof.

(2) While verifying and establishing of the identity, liable person shall undertake the following measures:

a) Obtain additional documents, data or information to be used to check the client's identity;

b) Additionally check documents submitted or additionally confirm them by the credit or financial institution;

- c) Apply a measure that the first payment in a business activity is made through an open account opened on behalf of client with another credit institution.
- (3) Establishment of business relationship without client's presence is forbidden unless the liable person applies the measure referred to in paragraph 2 Item c hereof.

Article 29

(Simplified identification and tracking of client)

Procedure for simplified identification and tracking of clients shall be possible if a client is:

- a) An authority or institution in BiH or an institution with public authority;
- b) A bank, insurance company and other legal entity and natural person that acts as an intermediary in sales of insurance policies, investment and pension funds irrespective of their legal form, based in BiH or countries included in the list referred to in Article 85 paragraph (4) hereof;
- c) A clients that was categorised by a liable person into a group of clients with a low risk level.

Article 30

(Gathering and establishing of information on client within simplified procedure for identification and tracking)

- (1) Information on client that are gathered and checked within simplified identification and tracking prior to establishing a business relationship:
- a. Name, address and seat of legal entity that establishes business relationship i.e. legal entity that business relationship is to be established with;
 - b. Name and surname of legal representative or authorized party representing a legal entity that establishes a business relationship;
 - c. Purpose and assumed nature of business relationship and date of establishment of business relationship;
- (2) A liable person shall obtain information referred to in paragraph (1) hereof having inspection of original or verified copy of documentation from official public registry submitted by client i.e. by direct inspection of official public registry.
- (3) If it is not possible to obtain information as defined by paragraph 2 hereof, missing information shall be obtained from original or verified copies of identification and other business documentation submitted by client. If information still cannot be obtained, a liable person directly takes a written statement of representative or authorized party.
- (4) Documentation referred to in paragraph 2 and 3 hereof has to be updated and accurate and to reflect actual state of client.

Article 31

(Electronic transfer of money)

Credit and financial institutions, including companies providing the services of electronic funds transfer (hereinafter: "providers of payment services") shall obtain accurate and complete information on the payee and include them into a template or message that tracks electronic transfer of funds, sent or received in any currency. The above information shall trace a transfer throughout the payment process.

Article 32

(Data on person ordering electronic transfer)

(1) Providers of payment services shall obtain accurate and complete data on the person ordering a transfer and shall include them into a template or message that tracks electronic transfer of funds, sent or received in any currency. The above information shall trace a transfer throughout the payment process, regardless of whether there are intermediaries in the process and regardless of their number.

(2) The data referred to in paragraph (1) hereof shall be the following:

- a) Full name of the person ordering the electronic transfer;
- b) Address of the person ordering the electronic transfer;
- c) Account number of the person ordering the electronic transfer or a single identification sign.

(3) If it is not possible to obtain the data on the address of the person ordering the electronic transfer, the provider of payment services shall, instead of the said data, obtain some of the following data:

- a) Personal identification number or other single identification number;
- b) Place and date of birth of the person ordering the electronic transfer.

Article 33

(Establishing and verifying identity of person ordering electronic transfer)

(1) When an electronic transfer is made without opening an account and when the transfer is in the amount of BAM 2,000 or more, in addition to the data referred to in Article 32 hereof, the provider of payment services shall also establish and verify the identity of the person ordering the electronic transfer, pursuant to Articles 10 through 14 hereof.

(2) Pursuant to Article 38 paragraph (1) Item a) and paragraph (2) hereof, regardless of the amount of an electronic transfer, whenever there is a suspicion of money laundering or financing terrorist activities, the provider of payment services shall, in addition to the data referred to in Article 32 hereof, establish and verify the identity of the person ordering the electronic transfer, pursuant to Articles 10 through 14 hereof and shall inform the FID accordingly.

(3) If an electronic transfer does not contain accurate and complete data on the person ordering the electronic transfer, the provider of payment services shall, within three days from the reception of transfer, obtain the missing data or refuse to make the transfer in question.

(4) The provider of payment services shall consider discontinuation of business cooperation with another provider of payment services that frequently fails to meet the obligations referred to in Article 32 paragraph (1) hereof, but shall inform the latter about the discontinuation of a business relationship. The provider of payment services shall inform the FID on discontinuation of business cooperation.

(5) The provider of payment services shall consider whether a lack of accurate and complete data on the person ordering an electronic transfer gives rise to suspicion of money laundering or financing terrorist activities and, should it not establish the transaction as suspicious, the provider of payment services shall make an official written report accordingly, to be kept in accordance with the law, and shall, depending on the risk assessment, consider the application of intensified monitoring and tracing of the client.

(6) Provisions of Article 32 hereof shall apply regardless of whether an electronic transfer is made within the country or with a foreign country, and regardless of whether it is made by domestic or foreign providers of payment services.

(7) When collecting data referred to in Article 32 hereof, providers of payment services shall identify the payee using a valid identification document, as well as credible and reliable sources of documentation.

Article 34

(Exceptions from duty to collect data on person ordering electronic transfer)

(1) The provider of payment services shall not be obliged to collect data on the person ordering an electronic transfer in the following cases:

a) When a transfer is made from an account opened with the provider of payment services and when the measures of identifying and tracking the client have already been undertaken pursuant to this Law;

b) When using credit and debit cards, provided that:

1) The person ordering the transfer has a contract with the provider of payment services on the basis of which a payment for goods and services may be made,

2) Transfers of funds are made using a single identification mark on the basis of which the identity of the person ordering the transfer may be established.

c) Both the person ordering the transfer and the beneficiary of electronic transfer and providers of payment services act on their own behalf and of their own account.

CHAPTER III. RESTRICTIONS IN BUSINESS WITH CLIENTS

Article 35

(Prohibiting use of secret accounts)

A liable person shall not open, issue or have secret accounts, savings books or signatory savings books or saving books of the bearers or other goods enabling, directly or indirectly, the client's identity to be hidden.

Article 36

(Prohibiting business with shell banks)

A liable person shall not start or continue with connection of correspondent banking with correspondent banking that operates or can operate as shell bank or other similar loan institution known for allowing the use of accounts of shell banks.

Article 37

(Cash payments restrictions)

(1) Persons which are not liable persons referred to in Article 4 hereof and which perform the activities of sales of goods or services in Bosnia and Herzegovina shall not accept cash payment exceeding BAM 30,000 from their customers or third parties when selling single goods and services. Persons that sell goods shall also be understood to mean legal entities and natural persons that organize or do auctions, in relation to works of art, precious metal or precious stones or similar goods and other legal entities and natural persons that receive cash for goods and services.

(2) Cash payments restriction, referred to in paragraph 1 hereof, is also applied when payment is made through few linked cash transactions and its total value exceeds BAM 30,000.

(3) Persons which are not liable persons referred to in Article 4 hereof and which perform the activities of sales of goods and provide services shall receive a payment referred to in paragraphs 1 and 2 hereof from a client or third party at his/her transaction account unless differently defined by some other law.

CHAPTER IV. INFORMING THE FID ON TRANSACTIONS

Article 38
(Informing)

- (1) A liable person shall deliver to the FID the data referred to in Article 54 paragraph 1 hereof relating to the following:
- a) Any attempted or completed suspicious transaction and any suspicious client or person;
 - b) A cash transaction the value of which amounts to or exceeds BAM 30,000;
 - c) Connected cash transactions the overall value of which amounts to or exceeds BAM 30,000.
- (2) When a liable person is to report about a suspicious transaction to the FID, they shall also inform on the following:
- a) That a transaction by its characteristics relating to the status of a client or other characteristics of the client or funds or other characteristics evidently disagrees with usual transactions of the very client, as well as that it corresponds to the necessary number and types of indicators pointing to that there exist the reasons for a suspicion of money laundering or funding of terrorist activities;
 - b) That the transaction is directed at avoidance of regulations governing the measures of the prevention of money laundering and terrorist activity financing.
- (3) The Council of Ministers of BiH may prescribe through a bylaw the terms and conditions under which a liable person shall not be required to deliver to the FID the information about the cash transactions of a certain client in the amounts either equal or higher than those specified within paragraph 1 Items b) and c) hereof.

Article 39
(Deadlines for providing information on transactions)

- (1) In such cases as referred to in Article 38 paragraph 1 Item a) hereof, a liable person shall deliver to the FID the information, data and documentation immediately after a suspicion arises and prior to carrying out a transaction, specifying the period within which the transaction is expected to be carried out.
- (2) If in cases referred to in Article 38 paragraph (1) Item a) hereof, due to the nature of a transaction or due to the transaction not being completed or due to other justified reasons, a liable person is unable to act in accordance with the provisions of paragraph (1) hereof, the liable person shall deliver to the FID the information, data and documentation as soon as possible, explaining the reasons preventing them to act in accordance with the provisions of paragraph (1) hereof.
- (3) If in cases referred to in Article 38 paragraph (1) Items b) and c) hereof, the liable person shall deliver to the FID the information, data and documentation immediately upon completion of a transaction, or at the latest 3 days after the transaction was carried out.
- (4) The liable persons may deliver the information to the FID through the application software for electronic transaction reporting (hereinafter: “the AMLS”), through the persons authorised to handle the affairs of postal traffic, through a person authorised for documentation delivery – a courier.
- (5) The information referred to in paragraph 1 hereof may be also delivered by fax; however a copy needs to be delivered in a manner as prescribed by paragraph 4 hereof.
- (6) The information referred to in paragraph 1 hereof may also be given by telephone; however the FID shall be informed in a written form afterwards, at the latest by the following working day.

CHAPTER V. AUTHORISED PERSON, PROFESSIONAL TRAINING, LIST OF INDICATORS AND INTERNAL CONTROL

Article 40 (Authorised persons)

(1) For the purpose of delivering the information to the FID as well as in order to carry out other duties in accordance with the provisions of this Law, a liable person shall appoint an authorised person and shall also appoint one or several deputies to the authorised person (hereinafter: “the authorised persons”) on which they shall inform the FID within 7 days from the day of the appointment or change of details about the authorised persons.

(2) IN case of liable persons with four or less employees, if no authorised person is appointed, the authorised person shall be a legal representative or another person managing the liable person’s affairs, or the responsible person of the legal person under relevant legislation.

Article 41 (Conditions pertaining to authorised persons)

A liable person shall ensure that the duty of an authorised person is entrusted exclusively to an individual who fulfilling the following conditions:

- a) Occupying a position within the posts classification categorised high enough as to enable a prompt, quality and timely fulfilment of the tasks as prescribed by this Law and the provisions arising thereafter;
- b) Having got no previous convictions by a legally binding verdict or any current criminal proceedings conducted against, excluding offences relating to traffic security;
- c) Having obtained the corresponding professional qualifications for the tasks in detection and prevention of money laundering and funding of terrorist activities and possessing the characteristics and experience necessary to carry out the functions of an authorised person;
- d) Good knowledge of the nature of business activities of the liable persons in the fields exposed to the risk of money laundering and funding of terrorist activities.

Article 42 (Duties of authorised persons)

- (1) An authorised person stipulated in Article 40 hereof shall carry out the following tasks:
- a) Ensure the establishment, functioning and development of the system of the liable person for detection and prevention of money laundering and funding of terrorist activities;
 - b) Ensure correct and timely reporting towards the FID in accordance with this Law and the provisions arising thereafter;
 - c) Take part in defining and changing of the operational procedures as well as in preparation of internal provisions pertaining to prevention and detection of money laundering and funding of terrorist activities;
 - d) Take part in drafting of the guidelines to implement the control referring to prevention of money laundering and funding of terrorist activities;
 - e) Follow and coordinate the activities of the liable person in the area of detection and prevention of money laundering and funding of terrorist activities;

- f) Take part in the establishment and development of the information support relating to the activities of the liable person pertaining to detection and prevention of money laundering and funding of terrorist activities;
- g) Make proposals for the management or other administrative bodies of the liable person in the aim to improve the system of the liable person for detection and prevention of money laundering and funding of terrorist activities;
- h) Take part in preparation of a professional education and training programme for the employees in domain of prevention and detection of money laundering and funding of terrorist activities.

(2) The deputies shall replace the authorised person in their absence to carry out all of the tasks as stipulated in paragraph 1 hereof and carry out all the other tasks as prescribed herein.

Article 43 (Duties of liable person)

(1) A liable person shall provide an authorised person with the following:

- a) Unlimited access to data, information and documents required to perform the latter's duties;
- b) Adequate staffing, material, IT and other working conditions;
- c) Adequate spatial and technical capacities ensuring an adequate degree of protection of confidential data the authorised person has access to;
- d) Continuous professional training;
- e) Substitute during a leave of absence;
- f) Protection in terms of the prohibition of disclosing information on the above person to unauthorised persons, as well as protection from other actions that may interfere with smooth performance of the above person's duties.

(2) Internal organisational units, including the highest-ranking management of the liable person, shall provide the authorised person with assistance and support in performing their duties and shall regularly inform the above person on facts that are or may be related to money laundering or financing terrorist activities. The liable person shall define the manner of cooperation between the authorised person and other organisational units.

Article 44 (Integrity of employees)

A liable person shall define a procedure ensuring that, while concluding an employment contract for a position to which provisions of this Law and regulations arising therefrom apply, ensuring that a candidate for such a position is checked in terms of sentences for criminal offences resulting in proceeds from crime or criminal offences related to terrorism.

Article 45 (Professional training)

(1) A liable person shall ensure a regular professional education, training and specialisation of the employees carrying out the duties in prevention and detection of money laundering and funding of terrorist activities;

(2) Professional education, training and specialisation shall refer to familiarisation with the provisions of the Law and the regulations brought based on the former, as well as the internal official documents, profession related literature on prevention and detection of money

laundering and funding of terrorist activities with a list of indicators to recognise a client and transactions relating to which there exist the grounds for suspicion of money laundering and funding of terrorist activities.

(3) A liable person shall draft an annual programme of professional education, training and specialisation of the employees working on the duties in prevention and detection of money laundering and funding of terrorist activities, at the latest by end of March of a current year.

Article 46

(Internal control and auditing)

(1) A liable person shall ensure a regular internal control and auditing of the duties conducted in prevention and detection of money laundering and funding of terrorist activities;

(2) Compliance of business activities of a liable person with the provisions of this Law shall be the subject of the internal control and auditing activity, which includes an evaluation of adequacy of the policies and procedures of the liable person and training of the authorised and responsible persons from the standpoint of the standards defining the prevention of money laundering and funding of terrorist activities.

Article 47

(List of indicators)

(1) The liable persons referred to in Article 4 hereof shall draft a list of indicators for identification of clients and transactions in relation to which there are grounds for suspicion of money laundering and funding terrorist activities, in cooperation with the FID and other supervising bodies.

(2) The list referred to in paragraph 1 hereof shall be delivered to the FID within three months from the date of this Law entering into force.

CHAPTER VI. DUTIES AND TASKS OF LAWYERS, LAWYERS' ASSOCIATIONS, NOTARIES, AUDITORS' ASSOCIATIONS AND INDEPENDENT AUDITORS, LEGAL AND NATURAL PERSONS PROVIDING ACCOUNTING SERVICES AND TAX ADVISORY SERVICES

Article 48

(General provisions)

A lawyer, lawyers' association, notary as well as auditors' association and independent auditor, legal and natural persons providing accounting services and tax advisory services (hereinafter: "persons conducting professional activities"), while carrying out the duties falling under their respective domains of activity, as described in other laws, shall carry out the measures of prevention and detection of money laundering as well as funding of terrorist activities and act according to the provisions of this Law and the regulations arising on the basis of this Law, which regulate the tasks and obligations of other liable persons, unless stipulated otherwise in this Law.

Article 49

(Tasks and obligations of the persons conducting professional activities)

Persons conducting professional activities referred to in Article 48 hereof shall act in accordance with Article 6 hereof when:

- a) They assist in planning or carrying out the transactions for a client in relation to:
 - 1) A purchase or sale of a real-estate or a share, i.e. stocks of an economic society;
 - 2) Management of financial means, financial instruments or other assets owned by a client;
 - 3) Opening and managing the bank accounts, savings deposits or the accounts for dealings with financial instruments;
 - 4) Gathering the means necessary for foundation, functioning and management of an economic society;
 - 5) Foundation, functioning and management of an institution, fund, economic society or other similar legal and organisational form.
- b) They carry out on behalf and for the account of a client a financial transaction or transactions relating to the real-estate.

Article 50

(Procedure of identification and monitoring of a client)

- (1) The persons conducting professional activities as part of the procedures of identification and monitoring of a client when establishing business relations referred to in Article 6, paragraph 1, item a, and when carrying out the transactions referred to in Article 6, paragraph 1, item b) hereof, gather the data referred to in Article 7 hereof.
- (2) The persons conducting professional activities as part of the procedures of identification and monitoring a client shall collect data as referred to in Article 7 hereof in case when there is a suspicion in credibility and truthfulness of previously collected data on clients or true owner and whenever there are reasons for suspicion of money laundering or funding of terrorist activities in relation to certain transaction or client as referred to in Article 6 paragraph 1 item d) hereof.
- (3) While identifying a client, persons performing professional activities shall verify the identity of a client or his legal representative or authorized person and collect data as referred to in Article 7 hereof by getting an inspection of the valid identification document of a client, i.e. original document, verified copy of the document or verified documentation from a court or other public registry, which shall be updated, accurate and which present the real state of a client.
- (4) Persons performing professional activities shall establish the true owner, client that is a legal entity or other similar legal subject based on data referred to in Article 7 hereof by inspecting the original or a verified copy of the documentation from a court or other public registry which shall be updated, accurate and which present the real state of a client. If, based on an extract from a court or other public registry, it is not possible to collect all data, the missing data shall be collected by getting an inspection of the original or verified copies of documents and other business documentation which legal representative or authorized person of the legal entity present.
- (5) Persons performing professional activities shall collect other data as referred to in Article 7 hereof by getting an inspection of the original or verified copies of documents and other business documentation.
- (6) If it is not possible to collect all data on the manner determined in this Article, the missing data shall be collected directly based on a written statement of a client or his legal representative.

(7) Persons performing professional activities shall carry out procedure of identification and monitoring of a client as referred to in paragraphs 1 to 6 hereof in a degree and extent corresponding to their scope of work.

Article 51

(Obligation of persons performing professional activities to inform the FID)

(1) When persons performing professional activities detect that, with regard to a transaction or a client, there are reasons to suspect money laundering or funding of terrorist activities, they shall inform the FID without delay, in accordance with provisions of Articles 38 and 39 hereof.

(2) Each time a client requests an advice in reference to money laundering or funding of terrorist activities, persons performing professional activities shall inform the FID immediately and no later than three working days from the day a client requested such advice.

(3) A notary public shall submit information to the FID on each purchase agreement relating to purchase or sale of immovable property where there are grounds to suspect money laundering or financing terrorist activities, as well as on each verified contract on loan the amount of which is BAM 30,000 or more, within eight days from the date of contract verification.

Article 52

(Exceptions from notification)

(1) Persons engaged in law practice activities shall not be subject to provisions of Article 51 hereof in relation to data they receive from a client or collect from a client acting as the client's defending counsel in accordance with relevant codes of criminal procedure in Bosnia and Herzegovina.

(2) In case as referred to in paragraph 1 hereof, persons engaged in law practice activities are not obliged to deliver data, information and documentation at request of the FID, as pursuant to Article 56 hereof. In the above case, they shall explain in writing form the reasons due to which they did not act upon the request of the FID without delay, and not later than fifteen days from the day the request was received.

(3) Persons performing professional activities shall not be obliged to:

- a) Inform the FID on transactions referred to in Article 38 paragraph 1 Items b) and c) hereof;
- b) Carry out internal audit of the implementation of tasks on the prevention of money laundering and funding terrorist activities.

Article 53

(List of indicators for recognizing suspicious clients and transactions)

(1) Persons performing professional activities shall develop a list of indicators for recognising suspicious transactions and clients in cooperation with the FID and other supervisory bodies.

(2) When developing a list as referred to in paragraph 1 hereof, persons performing professional activities shall take into consideration the complexity and unusually high amounts, unusual manner, value or connection among transactions that have no economic or legal grounds and purpose, or are not in compliance with or are disproportionate to the usual or expected operation of the client, as well as to other circumstances related to the status or other characteristics of the client.

(3) Persons performing professional activities shall submit the list referred to in paragraph (1) hereof to the FID no later than three months from the date of entry into force of this Law.

CHAPTER VII. RECORDS

Article 54 (Content of records)

(1) The records on the applied procedure for identification and monitoring of clients and transactions referred to in Article 7 paragraph 1 hereof shall as a minimum include the following information:

- a) The name, seat and identification number of a legal entity having a business relationship or conducting the transaction, i.e. legal entity on behalf of which a permanent business relationship is to be established or on behalf of which a transaction is to be carried out;
- b) Full name, address, date and place of birth, personal identification number of an employee or authorized person who establishes a business relationship or carries out a transaction on behalf of a legal entity, as well as the name of the authority that issued a valid identification document;
- c) Full name, address, date and place of birth, personal identification number of a natural person who establishes a business relationship, enters in the premises of a casino, gaming house or in the premises of an organizer of games of chance, or who carries out a transaction, i.e. a natural person for whom a business relationship is to be established or for whom a transaction is to be carried out, as well as the number and name of the authority that issued a valid identification number;
- d) Reasons for establishing of a business relationship or execution of transaction and information about the client's occupation;
- e) Date of establishing a business relationship or execution of a transaction;
- f) Time of execution of transaction;
- g) Amount of a transaction and the currency used in execution of a transaction;
- h) The purpose of transaction, as well as the full name and address, i.e. name and seat of a legal entity which the transaction was directed to;
- i) Method of the execution of a transaction;
- j) Full name, or name and seat of the person sending money order from abroad;
- k) Data about the origin of money or property which is the subject of a transaction;
- l) The reasons due to which a transaction, person or client is suspicious;
- m) Full name, address, date and place of birth of each natural person who directly or indirectly possesses at least 20% of business share, stocks, i.e. other rights based on which he/she participates in legal entity management i.e. the funds thereof.

(2) For their own needs, liable persons leave copies of the documents based on which identification of a client was made, on which they are going to confirm that an inspection of original document was realized.

(3) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall give guidelines with regard to the manner in which the information referred to in paragraph (1) hereof are included in the records of the conducted identification of clients and transactions.

(4) Records as well as information referred to in Article 71 hereof, on transfer of cash and property across the state border shall contain the following data:

- a) Full name, permanent address, date and place of birth and the personal identification number of a natural person who transfers a cash or property across the state border;

- b) Name, seat and registration number of a legal entity or full name, address and the personal identification number of a natural person for whom a transfer of cash or property is carried out across the state border, amount, currency, type and purpose of transaction and place, date and time of the state border crossing;
 - c) Data on whether the transaction was reported to the customs authorities.
- (5) All data, information and documentation from the record on identification of a client shall be delivered to the FID without any fee.

CHAPTER VIII. TASKS AND COMPETENCE OF THE FID

Section A. Activities of the FID

Article 55 (General provisions on FID)

- (1) The FID, under the supervision of director of the State Investigation and Protection Agency, shall perform the tasks related to prevention, investigation, detection of money laundering and funding of terrorist activities in accordance with the provisions of the Law on the State Investigation and Protection Agency, this and other laws, promotion of cooperation between competent authorities of BiH, the FBiH, RS and the BDBiH in the area of the prevention of money laundering and the funding of terrorist activities, as well as promotion of cooperation and exchange of information with competent bodies of other states and international organizations in charge for the prevention of money laundering and of funding terrorist activities
- (2) The FID shall be the central financial-intelligence unit receiving, collecting, recording and analysing data, information and documentation.
- (3) The FID investigates and forwards results of analyses and/or investigations, data, information and documentation to competent prosecutor's offices, authorities investigating offences of money laundering and/or financing terrorist activities, and/or to other competent authorities pursuant to provisions of this Law.

Article 56 (Request sent to liable persons to forward data on suspicious transactions or persons)

- (1) If, while carrying out its duties, including acting on requests of the authorities referred to in Articles 57, 62, 66 and 67 hereof, the FID suspects money laundering or funding terrorist activities in reference to a certain transaction or person, the FID may send a written request to a liable person and ask for information referred to in Article 54 hereof, information on ownership and bank transactions of the person, as well as other information, data and documentation, necessary for carrying out the tasks of the FID pursuant to the provisions of this Law. In urgent cases, the FID may request information, data and documentation verbally, and may inspect documentation in the premises of a liable person; however, the FID shall submit a written request to the liable person on the following working day at the latest.
- (2) Liable person shall forward information, data and documentation referred to in paragraph 1 hereof to the FID without a delay, or within 8 working days from the day the FID received the request.
- (3) In cases of extensive documentation or due to other justifiable reasons the FID may extend in writing the deadline determined in paragraph 2 hereof upon a written request and it may, in such cases, inspect the documentation in the premises of the liable person.

Article 57

(Informing prosecutor and acting on prosecutor's request)

- (1) When the FID establishes there are grounds to suspect that a criminal offence of money laundering or financing terrorist activities has been committed, it shall *ex officio* submit a report to the competent prosecutor's office on grounds for suspicion regarding the perpetrated offence and its perpetrators, containing relevant data, information and documentation.
- (2) The FID shall inform the competent prosecutor's office on a temporary suspension of transaction pursuant to Article 58 hereof which is assessed as requiring an extension by a decision of the competent court, as well as on other information requiring assessment by the prosecutor's office.
- (3) Upon an explained request or order by the prosecutor's office, the FID shall submit the available and collected data, information and documentation.
- (4) An explained request referred to in paragraph (3) hereof shall contain the following: legal grounds for making the request, main personal data on the natural person or the name and seat of the legal person, description relating to suspecting a criminal offence of money laundering, predicate criminal offence or that of financing terrorist activities.
- (5) The FID may reject a request submitted by the authority referred to in paragraph (3) hereof if the said request fails to meet the conditions defined in Article (4) hereof, on which the authority making the request shall be informed in writing.
- (6) In the cases referred to in paragraphs (1), (2) and (3) hereof, the FID shall not include data on the liable person's employee(s) having submitted information pursuant to this Law or having otherwise been involved in making the transaction on behalf of the liable person, unless the competent prosecutor assesses there are reasons to suspect that the said liable person or its employee have committed a criminal offence, or if such information is required for establishing facts during criminal proceedings.

Article 58

(Temporary suspension of transactions)

- (1) If, while carrying out its duties, including acting on requests of the authorities referred to in Articles 57, 62, 66 and 67 hereof, the FID suspects money laundering or funding terrorist activities in reference to a certain transaction, account or person, the FID may issue a written order for a temporary suspension of the transaction or transactions for no longer than 5 working days, and the period of temporary suspended transaction shall be counted from the moment of issuing the order for suspension by the FID, or from the moment of reporting on the suspicious transaction, when the reporting was made before the transaction and was confirmed by the FID. The FID may give additional instructions to a liable person as regards that transaction, suspension of transaction, execution of transaction as well as communication with the person or persons who are connected with the transaction or transactions.
- (2) In urgent cases the FID may issue a verbal order for temporary suspension of a transaction or transactions referred to in paragraph (1) hereof but shall forward a written order to a liable person on the following working day at the latest.
- (3) An order for temporary suspension of a transaction or transactions shall include:
 - a) Date and time the period of temporary suspension is counted from;
 - b) Transaction account number;
 - c) Data about the owner of account;
 - d) Name of liable person and his other data;
 - e) Amount of financial transaction or transactions to be temporarily suspended or suspended from being made;
 - f) Other data related to a liable person and a suspicious transaction or transactions.

(4) After the period referred to in paragraph 1 hereof expires, a financial transaction may be temporarily suspended only by a decision of the competent court pursuant to the code of criminal procedure of BiH, the FBiH, RS and the BDBiH.

(5) The FID shall inform the authorities referred to in Articles 57, 62, 66 and 67 hereof on issued written orders or on reasons for rejecting requests for temporary suspension of a transaction or transactions.

Article 59

(Termination of orders for temporary suspension of transactions)

(1) Should FID, after issuing the order for temporary suspension of transaction(s) within the deadline stipulated in article 58 paragraph 1 hereof, assess that there is no further suspicion regarding money laundering or financing terrorist activities, it shall without delay notify the liable persons who then may immediately perform the transaction.

(2) If FID does not take actions described in paragraph 1 hereof, the liable person may immediately perform the transaction.

(3) The termination of an order for temporary suspension of transactions referred to in paragraphs (1) and (2) hereof, as well as failure to issue an order for temporary suspension of a suspicious transaction shall not necessarily imply that a suspicion of money laundering or financing terrorist activities does not exist.

Article 60

(Order to liable person for continuous monitoring of financial businesses of client)

(1) FID may order the liable person in writing to continually monitor the financial operations of a client with regard to which there are grounds to suspect money laundering or financing terrorist activities, or other persons where it could be reasonably concluded that such persons aided or took part in transactions or affairs of the suspicious persons, and order regular reporting to the FID on transactions or affairs that these persons perform or intend to perform with the liable person. The FID shall set deadlines for liable persons to deliver the information sought.

(2) If the FID does not set the deadline, the liable person shall forward to the FID the data referred to in paragraph 1 hereof before the transaction or before establishing a business relationship; should it not be possible, due to the nature of transaction and business relationship or due to other justified grounds, the liable person shall submit to the FID a report stating reasons for such actions.

(3) Implementation of measures referred to in paragraph 1 hereof shall last no longer than three months; in justified cases the duration may be extended for another month each time, having in mind that the total duration of measures may not exceed six months in total.

Article 61

(Requests for and submission of data by other authorities)

(1) The FID may request authorities and institutions of BiH, the FBiH, RS and the BDBiH and other bodies with public authorizations to provide information, data and documentation needed to discharge the duties of FID in accordance with provisions of this Law.

(2) The authorities and institutions referred to in paragraph (1) hereof shall urgently submit to the FID the requested data, information and documentation.

(3) In case of extensive documentation or other justified reasons, the FID may inspect the documentation in the premises of authorities and institutions with public authorisations referred to in paragraph (1) hereof.

(4) The authorities and institutions referred to in paragraph (1) hereof shall, without compensation, submit to the FID the requested data, information and documentation. Data may be exchanged by electronic means, in accordance with the agreed procedure.

Article 62

(Informing competent authorities and acting on their requests)

(1) Upon an explained request, the FID shall submit to the competent authorities in Bosnia and Herzegovina available or collected data, information and documentation that may be of importance for the above institutions and authorities when making decisions within their competence relating to investigating criminal offences of money laundering, predicate criminal offences and financing terrorist activities.

(2) An explained request referred to in paragraph (1) hereof shall contain the following: legal grounds for making the request, main personal data on the natural person or the name and seat of the legal person, description relating to suspecting a criminal offence of money laundering, predicate criminal offence or that of financing terrorist activities, as well as a degree of urgency in acting on the part of the FID.

(3) The FID may reject a request submitted by the authority referred to in paragraph (1) hereof if the said request fails to meet the conditions defined in Article (2) hereof, on which the authority making the request shall be informed in writing.

(4) When acting on requests made by the authorities referred to in paragraph (1) hereof, the FID shall proceed in chronological order or according to its own assessment, considering the importance and urgency thereof.

(5) If, during its activities, the FID establishes that certain data and information collected pursuant to this Law may be of importance for the authorities referred to in paragraph (1) hereof when making decisions within their competence relating to investigating criminal offences of money laundering, predicate criminal offences and financing terrorist activities, the FID shall inform them accordingly, on its own initiative and in writing, and shall submit the relevant data, information and documentation.

(6) When acting pursuant to paragraphs (1) and (5) hereof, the authorities the relevant data, information and documentation were submitted to shall separately inform the competent prosecutor's office on undertaken activities and legal grounds for taking action, within 15 days.

(7) In the cases referred to in paragraphs (1) and (5) hereof, the FID shall not include data on the liable person's employee(s) having submitted information pursuant to this Law or having otherwise been involved in making the transaction on behalf of the liable person, unless the competent prosecutor assesses there are reasons to suspect that the said liable person or its employee has committed a criminal offence, or if such information is required for establishing facts during criminal proceedings.

(8) Any further forwarding of data, information and documentation submitted to another authority pursuant to this Article shall require a previous written approval by the FID, except in the cases referred to in paragraph (6) hereof.

(9) The authorities referred to in paragraphs (1) and (5) hereof shall inform the FID on the results arising from the forwarded data, information and documentation.

Article 63

(Feedback)

(1) With regard to results of analysing received data pertaining to a transaction or person related to reasons to suspect money laundering or financing terrorist activities, the FID shall accordingly inform the liable persons referred to in Article 4 hereof having reported a transaction, unless it assesses that this may be prejudicial for the further course and outcome of proceedings, so as to:

- a) Confirm the notification on a reported transaction;
- b) Submit information on a decision or results of the case if the case was closed or completed upon receiving the notification, and the relevant data are available;
- c) At least once a year, submit to the liable person statistical data on the received notifications relating to transactions and outcome of undertaken activities.

(2) In accordance with the relevant assessment and in cooperation with the supervisory bodies, the FID shall adequately inform liable persons on the current techniques, methods and trends of money laundering and financing terrorist activities.

Article 64 (Other duties of the FID)

In addition to the commitments previously mentioned in this Law, the FID shall have the following obligations in relation to money laundering and financing terrorist activities:

- a) Proposing amendments of regulations governing the prevention and detection of money laundering and financing terrorist activities, towards the competent bodies;
- b) Taking part in developing list of indicators used to identify suspicious transactions and list of countries applying internationally recognized standards in the prevention and detection of money laundering and financing terrorist activities;
- c) Taking part in professional training of employees and authorised persons of liable persons, competent authorities in Bosnia and Herzegovina and institutions with public authorisations;
- d) Publishing, at least once a year, statistics on money laundering and financing terrorist activities and, in other appropriate ways, informing the public on types of money laundering and financing terrorist activities;
- e) Submitting annual reports on general FID activities, activities related to prevention of money laundering and financing terrorist activities to the Director and Minister. These reports shall be submitted even more frequently upon their request.

Section B. International cooperation

Article 65 (Request to foreign body to submit data, information and documentation)

(1) The FID may request foreign law enforcement bodies, prosecutorial or administrative bodies, financial-intelligence units and international organizations involved in the prevention of money laundering and of financing terrorist activities to submit data, information and documentation required for carrying out FID tasks in accordance with provisions of this Law.

(2) The FID may not submit or show data, information and documentation obtained in accordance with paragraph 1 hereof to third natural or legal persons, or other bodies, nor use them for other purposes in contravention of the conditions and restrictions set by a body, unit or organization referred to in paragraph 1 hereof, which a request is sent to.

Article 66

(Submission of data, information and documentation to financial-intelligence units of other countries)

(1) The FID may submit data, information and documentation obtained in BiH to financial-intelligence units from other countries as per their request or as per self-initiative in accordance with provisions of this Law, provided that similar confidentiality protection is ensured.

(2) Prior to submission of data to financial-intelligence units of other countries, the FID shall request a written warranty stating that data, information and documentation will be used only for purposes defined by provisions of this Law. In order to forward data, information and documentation to police and judiciary bodies abroad, a prior written approval of the FID shall be necessary.

Article 67

(Submission of data to foreign bodies involved in prevention of money laundering and financing terrorist activities)

(1) The FID may submit data, information and documentation obtained in Bosnia and Herzegovina and other foreign law enforcement agencies only when an explanation for suspicion and concrete links with money laundering and financing terrorist activities are stated, provided that similar protection of confidentiality is ensured.

(2) Prior to submission of data to financial-intelligence units of other countries, the FID shall request a written warranty stating that data, information and documentation will be used only for purposes defined by provisions of this Law.

Article 68

(Proposal for temporary postponement of transaction to foreign financial-intelligence unit)

While undertaking measures and actions to prevent and detect criminal offences of money laundering and financing terrorist activities, in accordance with provisions of this Law, the FID may submit a written proposal for temporary postponement of certain transaction of transactions to a foreign financial-intelligence unit if there is a suspicion with regard to money laundering or financing terrorist activities in relation to certain person or transaction(s).

Article 69

(Temporary postponement of transaction upon a proposal by foreign financial-intelligence unit)

(1) Upon an explained written proposal from a foreign financial-intelligence unit, the FID may issue a written order to a liable person to temporary postpone suspicious transaction(s). In relation to issuing the order to temporary postpone transaction(s), provisions of Articles 58 and 59 hereof shall apply.

(2) The FID shall immediately inform the competent prosecutor's office in BiH about the issued order referred to in paragraph 1 hereof.

Section C. Record Keeping by FID

Article 70

(Types of records)

The FID shall keep the following records:

a) Records of information and notifications under provisions of Article 57 hereof, including the following information:

- 1) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person with regard to which the FID submitted a notification or information;
- 2) Information on the amount, currency, date or period when the transaction was made, with regard to which there are reasons to suspect a criminal offence;
- 3) Reasons to suspect a criminal offence.

b) Records of issued orders for temporary suspension of transaction or transactions, containing the data referred to in Article 58 paragraph (3) hereof.

c) Records of data forwarded abroad pursuant to provisions of Articles 65, 66, 67, 68 and 69 hereof, including the following information:

- 1) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person whose data are sent abroad;
- 2) The name of country and competent authority the data are sent to.

d) Records of measures undertaken with regard to a liable person referred to in Article 81 paragraph (2) Item c) hereof shall contain the following:

- 1) Number and date of the warrant issued or an order to institute proceedings, and the name of the court it was submitted to;
- 2) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person suspected of having committed an offence;
- 3) Place, time and manner of committing an activity having elements of offence;
- 4) Data on sanctions issued.

CHAPTER IX. DUTIES OF OTHER AUTHORITIES UNDER THIS LAW

Article 71

(Indirect Taxation Authority of BiH)

(1) The Indirect Tax Authority of BiH shall submit data to the FID on any transfer of cash, cheques, securities to the bearer, precious metals and stones across the state border in the amount of BAM 10,000 or more, no later than three days from the date of transfer.

(2) The Indirect Tax Authority of BiH shall submit the FID information and notifications on measures and activities undertaken against persons with regard to whom a request for instigating proceedings was submitted.

Article 72

(Submission of statistics by prosecutor's offices, courts and law enforcement agencies)

(1) In order to consolidate and analyse all data relating to money laundering and financing terrorist activities, the competent prosecutor's offices shall, twice a year, submit to the FID the following information on cases in which an indictment was confirmed:

- a) Full name, date of birth and place of residence of a natural person, or the name and seat of a legal person with regard to which an indictment for money laundering or financing terrorist activities is confirmed;
- b) Place, time and manner of committing an activity having elements of criminal offence;
- c) Stage of proceedings;

- d) Amount of temporary seized money or property value and date of issuing the decision on seizure.
- (2) Competent courts shall, twice a year, submit the following information to the FID:
 - a) Legal and binding decisions in cases relating to criminal offence of money laundering and financing terrorist activities;
 - b) Offences under provisions of Article 83 hereof.
- (3) Upon submitting a report on the perpetrator and grounds to suspect the commission of a criminal offence of money laundering, predicate criminal offence, criminal offence of financing terrorist activities or criminal offence resulting in significant proceeds, law enforcement agencies shall submit the following data to the FID:
 - a) Number and date of the report;
 - b) Prosecutor's office the report was submitted to;
 - c) Brief description of the criminal offence and the amount of money laundered, material damage caused and amount of proceeds.

CHAPTER X. DATA PROTECTION AND STORAGE

Article 73 (General provisions)

The FID shall use information, data and documentation obtained in accordance to this Law only for the purposes defined by this Law.

Article 74 (Protection of data confidentiality)

- (1) Liable persons and their employees, including the management, supervisors, other executives and other personnel who have access to protected data shall not reveal to the client or third persons the fact that the information, data or documentation about the client or transaction were forwarded to FID nor that the FID, in accordance with Article 58 hereof, has temporarily suspended transaction or instructed the liable person to take an action.
- (2) Information about FID requests, information, data or documentation forwarded to FID, temporary suspension of a transaction or instruction given in accordance to paragraph (1) hereof shall be treated as protected data.
- (3) The FID, other authorised person or prosecutor may not give information, data and documentation collected in accordance with this Law to the person it is related to.
- (4) The FID shall decide on lifting the protection from the data.

Article 75 (Exceptions to principle of data protection)

- (1) When data, information and documentation are forwarded to the FID, in accordance with the provisions of this Law, the obligation to protect the secrecy of banking, business, official, lawyer, notary or other professional secret shall not apply to the liable person, government authorities of BiH, the FBiH, RS and the BDBiH, institutions with public authorisations, prosecutors, courts and their personnel, unless otherwise stipulated by this Law.
- (2) The liable person or its personnel shall not be liable for any damage caused to clients or third parties, nor shall they be subject to criminal or civil proceedings for forwarding information, data or documentation to the FID, for temporary suspension of transactions upon

FID orders nor for instructions given pursuant to the order and in accordance with this Law or bylaws based on this Law.

Article 76
(Use of collected data)

The FID, liable persons specified in Article 4 hereof, government authorities, legal persons with public authority and other subjects and their employees shall use the data, information and documentation obtained in accordance with this Law only an intelligence data for the purpose of prevention and detection of money laundering and financing terrorist activities and other cases as stipulated by this Law.

Article 77
(Duration of period for storage of data by liable person)

- (1) Liable persons shall keep the information, data and documentation on clients, established business relations with clients and transactions made, obtained in accordance with this Law, for at least 10 years after the termination of a business relation, completion of a transaction, client identification in a casino, premises for games of chance or the client's access to a safe.
- (2) Liable persons shall keep the information and relevant documentation on authorised person referred to in Article 32 hereof, the professional training of employees and conducted internal controls for at least 4 years after the date of appointment of authorised persons, completion of professional training and conducting internal control.

Article 78
(Duration of period for storage of data by Indirect Taxation Authority of BiH)

The Indirect Taxation Authority of BiH shall keep the information of transfer of cash, cheques, securities to the bearer, precious metals and stones across the state border for 10 years from the date of transfer. This information and data shall be destroyed after the above period expires.

Article 79
(Duration of period for storage of data by FID)

The FID shall keep the information, data and documentation obtained and forwarded in accordance with this Law for 10 years from the date of reception or forwarding, and shall destroy them after the above period expires.

CHAPTER XI. SUPERVISION

Article 80
(General provisions)

- (1) The supervision over the work of liable persons in relation to the implementation of this Law and other laws which regulate the application of measures for the prevention of money laundering and financing terrorist activities shall be conducted by special agencies and bodies (hereinafter: "the supervisory bodies") pursuant to the provisions of this and special laws regulating the work of certain liable persons and authorised agencies and bodies, as follows:

- a) Supervision over the work of liable persons referred to in Article 4 Items a), c) and d) hereof shall be performed by the FBiH Banking Agency and RS Banking Agency;
 - b) Supervision over the work of liable persons referred to in Article 4 Item j) hereof shall be performed by the FBiH Banking Agency, RS Banking Agency and Foreign Exchange Inspectorate, each within their respective competences;
 - c) Supervision over the work of liable persons referred to in Article 4 Item n) Lines 2), 3), 4), 5), 6), 7) and 8) hereof, unless when the above tasks are performed by a bank within its activity, shall be performed by the competent entity ministries of finance, or the BDBiH Finance Directorate;
 - d) Except for liable persons referred to in Item c) hereof, the competent entity ministries of finance, or the BDBiH Finance Directorate, shall also perform supervision over the work of liable persons referred to in Article 4 Items f), i), k), Item l) Lines 3), 4) and 5), Item m), Item n) Lines 9), 10) and 11) and Item o) hereof;
 - e) The competent ministries of justice shall perform supervision over the work of liable persons referred to in Article 4 Item l) Lines 1) and n) Line 1) hereof;
 - f) The bar chambers of the FBiH i RS shall perform supervision over the work of liable persons referred to in Article 4 Item l) Line 2) hereof;
 - g) The FBiH Insurance Supervisory Agency and RS Insurance Agency shall perform supervision over the work of liable persons referred to in Article 4 Item b) hereof. The supervision over the work of organisations for managing voluntary pension funds referred to in Article 4 Item g) hereof shall be performed by the RS Insurance Agency in the territory of RS;
 - h) The FBiH Securities Commission, RS Securities Commission and BDBiH Securities Commission shall perform supervision over the work of liable persons referred to in Article 4 Items e) and g) hereof;
 - i) The competent entity ministries or authorities, within their respective competencies, shall perform supervision over the work of liable persons referred to in Article 4 Item h) hereof;
 - j) The FID shall supervise the application of provisions of this Law on the part of liable persons referred to in Article 4 Item n) Line 12) hereof.
- (2) The competent entity ministries of finance and bodies thereof, or the BDBiH Finance Directorate, shall supervise the application of provisions of Article 37 hereof (Cash payments restrictions) with regard to persons not included liable persons referred to in Article 4 hereof but engaged in sales of goods and services in BiH.
- (3) The FID shall directly supervise the application of provisions of this Law on the part of all the liable persons referred to in Article 4 hereof by gathering and verifying information, data and documentation submitted in accordance with provisions of this Law.
- (4) The FID and supervisory bodies, within their respective competencies, shall cooperate in the supervision of application of provisions of this Law.

Article 81

(Actions of supervisory bodies in case of irregularities in work of liable person)

- (1) The supervisory bodies shall, pursuant to provisions of this Law and laws governing operations of individual liable persons and supervisory bodies, regularly supervise the harmonisation of operations of liable persons on site.
- (2) With regard to performed supervision over the harmonisation of operations of liable persons, the supervisory bodies shall submit the following to the FID:
 - a) Records on supervision performed;

- b) Decisions on issued orders for eliminating the lack of harmonisation (irregular and illegal activities) identified through supervision;
- c) Report on warrants issued or procedures instituted, containing the data referred to in Article 70 paragraph (1) Item d9 hereof;
- d) Records on the supervision of implementation of measures ordered by a decision.

Article 82
(Informing supervisory body)

- (1) The FID shall inform the supervisory bodies on measures undertaken on the basis of information and documentation submitted by the above bodies relating to suspicion of money laundering and financing terrorist activities, pursuant to provisions of Article 81 hereof.
- (2) The FID shall inform the supervisory bodies on measures undertaken with regard to a liable person, irrespective of the supervision performed by the above bodies.

CHAPTER XII. PENAL PROVISIONS

Article 83
(Fining legal persons and responsible persons of legal persons for minor offences)

- (1) A legal person referred to in Article 4 hereof shall be fined for a minor offence in the amount of BAM 20,000 to 200,000 if the said person:
 - a) Fails to make a risk assessment pursuant to provisions of Article 5 paragraph (1) hereof;
 - b) Fails to make a risk assessment in accordance with risk assessment guidelines referred to in Article (5) paragraph (2) hereof;
 - c) Fails to undertake the measures for identification and monitoring of clients when establishing a business relation with a client referred to in Article 6 paragraph (1) Item a) hereof;
 - d) Fails to undertake the measures for identification and monitoring of clients when making a transaction amounting to or exceeding BAM 30,000 KM, pursuant to Article 6 paragraph (1) Item b) hereof;
 - e) Fails to collect data referred to in Article 7 hereof and missing data referred to in Article 54 paragraph (1) Items a), b), c), e), f), g), i) and m) hereof when making a transaction Article 6 paragraph (1) Item b) hereof, without having previously established a business relationship;
 - f) Fails to fully apply provisions of Article 9 paragraph (1) hereof in the seat, branch offices, subsidiaries and other organisational units in the country and abroad;
 - g) Fails to implement measures of intensified identification and monitoring referred to in Article 9 paragraph (4) hereof in branch offices, subsidiaries and other organisational units abroad, particularly in countries not applying internationally recognised standards in the field of prevention of money laundering and financing terrorist activities, or not applying them to a sufficient degree;
 - h) Fails to obtain data required for identification pursuant to provisions of Article 7 hereof or fails to perform the identification as stipulated in Articles 11, 12, 13, 14, 15, 16 and 18 hereof;
 - i) Fails to establish and verify the identity of a natural person by directly inspecting a valid identification document of the client in their presence in accordance with Article 10 paragraph (1) hereof;

- j) Fails to identify a client or fails to perform the identification pursuant to provisions of Article 7 hereof;
- k) Fails to collect data on final real owners as stipulated in Article 16 paragraph (3) hereof;
- l) Delegates the implementation of certain activities and measures of identification to a third person from a country on the list of countries not applying the standards in the field of prevention of money laundering and financing terrorist activities referred to in Article 17 hereof;
- m) Agrees to measures of identification and monitoring of clients through a third person in case that the said person has established and verified the identity of clients in the absence of the said person in accordance with Article 18 paragraph (3) hereof;
- n) Fails to monitor business activities undertaken by a client in accordance with Article 21 paragraph (2) hereof;
- o) Fails to implement measures of intensified identification and monitoring when establishing a correspondent relation with a bank or similar credit institution based abroad, in accordance with Article 24 paragraph (2) hereof;
- p) Establishes a business relation if the client is not present at the identification and identity verification when implementing measures of identification and monitoring in accordance with Article 28 paragraph (3) hereof;
- r) Fails to obtain data, information and documentation referred to in Article 24 paragraph (1) Items a) through f) hereof when establishing a correspondent relation with a bank or similar credit institution based in a foreign country not on the list referred to in Article 85 paragraph (4) hereof;
- s) A liable person's employee establishes a relation with a correspondent bank referred to in Article 24 paragraph (2) hereof without a prior written approval by the highest-ranking management of the liable person;
- t) Establishes or resumes a correspondent relation with a bank or similar credit institution referred to in Article 24 paragraph (2) hereof without having met the conditions stipulated in paragraph (4) Items a) through d) hereof;
- u) Fails to develop an adequate procedure for identifying a political figure in accordance with Article 27 paragraph (1) hereof;
- v) Fails to undertake measures of intensified identification and monitoring of clients and/or fails to obtain their approval referred to in Article 27 paragraphs (2) and (3) hereof;
- z) Fails to obtain data on clients within the simplified identification and monitoring procedure in accordance with Article 30 hereof;
- aa) Fails to obtain data on persons ordering electronic transfers in accordance with Article 32 hereof;
- bb) Fails to establish and verify the identity of a person ordering electronic transfer in accordance with Article 33 paragraphs (1) and (2) hereof;
- cc) Opens, issues or enables a client to have a hidden account and other services referred to in Article 35 hereof;
- dd) Establishes business relations with shell banks referred to in Article 36 hereof;
- ee) Fails to inform the FID or to deliver to the FID information, data and documentation stipulated in Articles 38 and 39 hereof;
- ff) If persons performing professional activities fail to comply with provisions of Article 49 paragraph (1) Item a) or b) hereof;
- gg) If persons performing professional activities, while implementing procedures of client identification and monitoring during a transaction or establishing a business relation, fail to act in accordance with provisions of Article 50 hereof;

- hh) If persons performing professional activities fail to inform the FID pursuant to Article 51 hereof;
 - ii) Records of a liable person fail to include the minimum of information referred to in Article 54 paragraph (1) hereof;
 - jj) Fails to submit to the FID the stipulated information or fails to submit the above in a way stipulated by provisions of Article 56 hereof;
 - kk) Fails to act on an order by the FID on a temporary suspension of transaction or fails to comply with instructions given by the FID with regard to the above order, in accordance with provisions of Article 58 hereof;
 - ll) Fails to keep information, data and documentation in accordance with provisions of Article 77 paragraph (1) hereof.
- (2) A legal person referred to in Article 37 hereof allowing cash payments in the amount exceeding BAM 30,000, in contravention of provisions of Article 37 hereof, shall be fined with the sanction referred to in paragraph (1) hereof.
- (3) The responsible person of a legal person shall be fined in the amount of BAM 5,000 to 20,000 for committing an offence referred to in paragraphs (1) and (2) hereof.
- (4) A natural person engaged in private business shall be fined in the amount of BAM 3,000 to 10,000 for committing an offence referred to in paragraphs (1) and (2) hereof.
- (5) A legal person referred to in Article 4 hereof shall be fined in the amount of BAM 10,000 to 100,000 if the said person:
- a) Fails to obtain the missing data from other valid public documents under provisions of Article 10 paragraph (2) hereof;
 - b) Fails to perform repeated identification of foreign legal persons at least once a year in accordance with provisions of Article 11 paragraph (7) hereof;
 - c) Fails to obtain all the data referred to in Article 24 paragraph (3) hereof by inspecting public or other available registers or by inspecting documents and business reports submitted by a bank or other similar credit institution based abroad;
 - d) Fails to introduce internal control or develop a list of indicators for recognising suspicious transactions within the defined deadline or in the manner defined by provisions of Articles 46, 47 and 53 hereof;
 - e) Fails to appoint authorised persons or fails to inform the FID on such appointment pursuant to provisions of Article 40 hereof;
 - f) Delegates the duties of authorised person and deputy authorised person to a person not meeting the criteria referred to in Article 41 paragraph (1) Items a) through d) hereof;
 - g) Fails to provide professional training for its staff pursuant to provisions of Article 45 hereof;
 - h) Fails to keep data on the authorised person and deputy authorised person, professional training of its staff and implementing internal control at least four years after the appointment of authorised person and deputy authorised person, upon professional training or implementation of internal control, pursuant to provisions of Article 77 paragraph (2) hereof.
- (6) The responsible person of a legal person shall be fined in the amount of BAM 1,000 to 5,000 for committing an offence referred to in paragraph (5) hereof.
- (7) A natural person engaged in private business referred to in Article 4 hereof shall be fined in the amount of BAM 2,000 to 10,000 for committing an offence referred to in paragraph (5) hereof.

Article 84

(Fining supervisory body and responsible person of supervisory body)

(1) A supervisory body failing to act in accordance with provisions of Article 81 hereof shall be fined in the amount of BAM 5,000 to 50,000.

(2) The responsible person of a supervisory body shall be fined in the amount of BAM 1,000 to 5,000 for committing an offence referred to in paragraph (1) hereof.

CHAPTER XIII. COMPETENCE FOR PASSING BY-LAWS

Article 85

(By-laws for implementation of this Law)

(1) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall pass by-laws referred to in Article 38 paragraph (3) hereof.

(2) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall issue rulebooks, decisions and instructions referred to in Articles 17 and 54 hereof, and in accordance with the international standards for the prevention of money laundering and financing terrorist activities, within three months from the date of entry into force of this Law.

(3) The Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, may prescribe additional instructions for matters referred to in paragraph (2) hereof or with regard to the application of provisions of this Law.

(4) In accordance with data released by relevant international organisations, the Council of Ministers of BiH, upon a proposal by the Ministry of Security of BiH, with previous consultations with the FID, shall make a list of countries applying internationally recognised standards in terms of preventing and detecting money laundering and financing terrorist activities.

CHAPTER XIV. TRANSITIONAL AND FINAL PROVISIONS

Article 86

(Application of other regulations)

(1) Matters not regulated by this Law shall be governed by relevant provisions of other regulations.

(2) All other regulations governing this subject matter shall be harmonised with this Law within one year from the date of entry into force of this Law.

Article 87

(Representing BiH in international, European and regional bodies)

The Council of Ministers of BiH shall, within 30 days from the date of entry into force of this Law, appoint delegations representing BiH international, European and regional bodies that adopt binding standards within the scope of this Law or supervise their implementation, in accordance with the constitutional set-up of BiH (representatives of BiH, the entities, cantons and BDBiH), and in accordance with the statutes, rulebooks and procedures of the aforementioned bodies, as well as with legal competences.

Article 88

(Cessation of application)

On the date of entry into force of this Law, the Law on Prevention of Money Laundering and of Financing Terrorist Activities (*Official Gazette of BiH* No. 53/09) shall cease to apply.

Article 89
(Entry into force)

This Law shall enter into force on the eight day from the date of its publishing in the *Official Gazette of BiH*.

No. 01,02-02-1-24-1/14

6 June 2014

Sarajevo

Speaker
Of the House of Representatives
Of the Parliamentary Assembly of BiH
Dr. Milorad Živković

Speaker
Of the House of Peoples
Of the Parliamentary Assembly of BiH
Dr. Dragan Čović