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LAW ON MICROCREDIT ORGANIZATIONS OF THE FEDERATION OF BIH

I-GENERAL PROVISIONS

Article 1.

This law defines: founding, the purpose, activities, registration, merging, attaching, spin-off, and termination of microcredit organisations.

Article 2.

A microcredit organization in terms of this law is a non-deposit and non-profit organization whose primary purpose is to provide microcredits to socially vulnerable persons for the development of microbusinesses.

II-FOUNDING AND ACTIVITIES

1. Founding

Article 3.

A microcredit organization may be founded by domestic and foreign natural persons and legal persons.

A minimum of three natural persons or one legal entity can be the founder of a microcredit organization.

Article 4.

A microcredit organisation becomes a legal entity as the date it is enrolled in the register of microcredit organizations at the Federal Ministry for social affairs, displaced persons and refugees of the Federation Bosnia and Herzegovina / referred to further as Ministry /

Article 5.

The founding document may be a contract or a decision, depending of how many founders there are.

Legal entities may found a microcredit organisation by concluding a founding contract or by a decision on founding adopted by the their assembly.

Article 6.

Microcredit organisation may be founded by the founders contract if there are two or more natural person or legal entities, founders signatores must be certified in accordance with the law .

If a microcredit organisation is founded by only one legal entity founder then the founding act serves as the decision on founding.-

The contract or decision on founding contains:

- the names of the founders
- the head quarter place
- the name of the microcredit organization
- activities
- the amount of founders capital and/or evidence of available financing

7. Article

A microcredit organization must have a statute.

The statute of the microcredit organisation is determined in the founding document.

2. Statute of Microcredit Organisation

Article 8.

The Statute of microcredit organisation describes particularly:

- The name and the head quarters
- The purpose of founding and activities
- The governing and managing bodies, the manner in which these bodies will be elected, the conditions and the manner for their dismissal, the duration of the mandate, the manner in which the decisions will be made and responsibility
- Conditions for membership and termination of membership in the microcredit organisation if the organisation is founded by the decision of an assembly
- Members' rights and obligations
- The manner in which the assembly may delegate its rights to other governing bodies
- Revenue generation and use of funds,
- The manner in which the statute is adopted and amended
- The stamp
- Representation and advocacy of the microcredit organisation
- And other things which are important for activities of microcredit organisation.

3. The name of the microcredit organisation

Article 9.

The name of a microcredit organisation must specify the words: "Microcredit organisation"

An organisation may have a short name, the short name of the organisation is obligated abbreviation: "Micro"

Article 10.

The Ministry which will maintain the register of microcredit organizations cannot register two or more microcredit organization with the same name.

Article 11.

A microcredit organisations located outside the Federation of Bosnia and Herzegovina may, with an approval of the Ministry , open offices in the Federation of Bosnia and Herzegovina.

The Ministry will prescribe an application form for such an approval from paragraph no.1 of this article,within determine 60 days of adoption of this law.

The ministry is obligated to proces application within 30 days of its submission application from paragraph no.2. this article..

4. Activities and revenue

Article 12.

Activities of microcredit organization are:

- loan disbursment to socially vulnerable categories
- providing of credit consultant services, business advice and tehcnical assistance that is in accordance with the promotion of credit activities of the microcredit organization
- the collecting of financial and other assets from any legal source including membership fees, grants and donations for purpose of the disbursing microcredits

Article 13.

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

The conditions of paragraph no.1. of this article may have provisions mortgage rights or the rights of microcredit users .

A decision from the previous paragraph may include provisions for taking any real or personal property as collateral for loans made.

Article 14.

A microcredit organisation may borrow the funds from other legal entities and give its own assets, including disbursed loans, as collateral.

Article 15.

A microcredit organisation must used its realised difference, the excess of income over expenses, for the purpose of microcredit activities.

Article 16.

A microcredit organisations shall keep their business books in accordance with the appropriate law.

III-REGISTRATION OF MICROCREDIT ORGANIZATIONS

2. Register

Article 17.

There will be one register for all microcredit organisations and it shall be maintained by the Ministry .

Article 18.

The founder shall be enrolled in the register of microcredit organisations upon request .

With the request for registration, the organisation shall submit:

- The founding contract or decision on founding, statute, the list with names of founders and members of governing bodies and names of persons authorised to represent the organisation.

A request for enrollment in the register of microcredit organisations must be submitted within 15 days of adopting a decision on founding or after such a decision was made at the assembly of the organisation.

2. Decision for enrollment

Article 19.

Decision for enrollment will be issued on the base of request for enrollment in the register Ministry is obliged to issue the decision within 30 days of the date upon which the request was received.

Article 20.

If the request for enrollment of a microcredit organization does not meet the requirements of this law the Ministry may return the request and ask for corrections and determine a deadline for such corrections.

Article 21.

A decision on the request for enrollment in the register contains:

- date of registration and the number of file under which enrollment has been done,
- the name of the organisation and principal place of business
- branches if any,
- organization purpose, and activities,
- provision that the organisation has the status of a legal entity and the names of persons authorised to represent the organisation.

Article 22

The Ministry decision for enrolment in court register and the decision on refusing request for enrollments final in administrative procedure

, No complaints, can be brought against any decision of paragraph no.1. this article but administrative charges to the Supreme court of the Federation of Bosnia and Herzegovina within 30 days of receiving a decision.

IV-MARCHING; ATTACHING; MERGING AND TERMINATION OF MICROCREDIT ORGANIZATION

1. The concept of marching, attaching and merging

Article 23.

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

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

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

2. Decision about marging, attaching and spin-off

Article 24.

Governance body in microcredit organisation, which doesn't have assembly must adopt a decision about , attaching and merging, or assembly of microcredit organisation on the manner established by statute or decision about founding

The same decision must be adopted by all microcredit organisation for marching, microcredit organisation which are going to attach and microcredit organisation to which will be attach.

3. Termination

Article 25.

Microcredit organisation terminates with its activities when there is no purpose for which is established or in other cases, on the base of decision of governance body of microcredit organisation.

A decision from paragraph no.1. of this article must contain the plan of contribution of assets of microcredit organisation.

IV -PENALTIES

Article 26.

The penalty in the amount from 1,000 to 10,000 KM will be charged against the organisation in following instances:

1. if the organisation is engaged in carrying out activities for which it has not been authorised/registered or if it does not act in accordance with its purpose.
2. if it does not file the request for registration /Article 17./ or does not inform the designated body about the changes of data as provided in the Article 27 of this law.
3. If the organisation starts with its activities before enrollment.
4. If the organisation has not adopted a decision on lending terms and conditions.

For activities described under section 1. of this Article, a penalty will be also charged against the responsible person of the microcredit organisation in the amount from 200 to 1,000 KM.

V- FINAL CLAUSES

Article 27.

Federation Minister of Finance shall prescribe a form, content and the manner in which the register of microcredit organisations will be maintained, within 90 days of adoption of this law.

Within the same time frame, the Ministry will promulgate regulations necessary to implement the provisions of this law.

Article 28.

Microcredit organisation must submit to Ministry request for recording changes such as: marging, attaching, merging and termination of microcredit organisation, changing of name and principal place, and changing of names of authorised representative, within 15 days after adoption of that changes .

Article 29..

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