

LAW ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

CHAPTER I. GENERAL PROVISIONS

Article 1 (Subject matter of the Law)

(1) This Law shall set out:

- a) Measures, actions and procedures in the financial and non-financial sectors taken to prevent and detect money laundering and terrorist financing on a risk-assessment basis;
- b) Entities under obligation to implement measures, actions and procedures and to act pursuant to this Law;
- c) Supervision of obliged entities regarding the implementation of measures, actions and procedures in their financial and non-financial operations which are undertaken to prevent money laundering and terrorist financing, based on risk assessment;
- d) Tasks and competences of the Financial Intelligence Department of the State Investigation and Protection Agency (hereinafter: FID);
- e) Powers vested in FID officers when acting pursuant to the provisions of this Law;
- f) Inter-institutional cooperation among the competent authorities of Bosnia and Herzegovina (hereinafter: BiH), the Federation of Bosnia and Herzegovina (hereinafter: FBiH), the Republika Srpska (hereinafter: RS), the Brčko District of Bosnia and Herzegovina (hereinafter: BDBiH) and other levels of the organization of government in Bosnia and Herzegovina in preventing money laundering and terrorist financing;
- g) International cooperation in the field of prevention of money laundering and terrorist financing;
- h) Tasks, competences and procedures of other authorities and legal persons exercising public authority in preventing money laundering and terrorist financing in BiH;
- i) Other tasks important for the development of the system for the prevention of money laundering and terrorist financing.

(2) This Law shall ensure conformity with the following:

- a) Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No. 1889/2005;
- b) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC;
- c) Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU.

(3) Citing provisions of the regulation and directives referred to under paragraph (2) of this Article is done solely for the purposes of monitoring and informing about the incorporation of the EU legal framework into the legislation of BiH.

Article 2 **(Gender usage)**

The terms used in one grammatical gender for the ease of reference shall apply to both men and women without discrimination.

Article 3 **(Money laundering and terrorist financing)**

- (1) For the purposes of this Law, money laundering shall be understood to mean:
- a) The conversion or transfer of property, knowing that such property was acquired through criminal activities or through an act of participation in such activities, with the aim of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activities for the purpose of evading legal consequences of that person's actions;
 - b) The concealment or disguise of the true nature, source, place of origin, disposition, movement, rights with respect to, or ownership of, property, knowing that such property was acquired through criminal activities or through an act of participation in such activities;
 - c) The acquisition, possession or use of property, knowing, at the time of receipt, that such property was acquired through criminal activities or through an act of participation in such activities;
 - d) Participation in, association to commit, attempts to commit, and otherwise aiding, abetting, facilitating and counselling the commission of any of the actions referred to in points a), b) and c) of this paragraph;
- (2) Money laundering shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another country;
- (3) For the purposes of this Law, terrorist financing shall be understood to mean:
- a) Provision or collection of funds or other assets, whether from a legitimate or illegitimate source, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, by terrorists or a terrorist organization for any purpose, including for committing the crime of terrorism, or by persons who finance terrorism in accordance with the criminal legislation in Bosnia and Herzegovina;
 - b) Attempting, participating in, abetting, aiding, organizing or directing others in any of the activities referred to in point a) of this paragraph, regardless of whether a terrorist act was committed and whether the property was used to commit a terrorist act.
- (4) For the purposes of this Law, a terrorist act shall mean actions defined by the criminal legislation in BiH.
- (5) For the purposes of this Law, the term terrorist shall be understood to mean any natural person who:
- a) commits or attempts to commit a terrorist act by any means, directly or indirectly, illegally and with premeditation;
 - b) participates as an accomplice in a terrorist act;
 - c) organizes or incites others to commit a terrorist act; or

- d) contributes to ensuring that a group of persons acting with a common goal commits a terrorist act, and this contribution is made knowingly, for the purpose of assisting in the commission of a terrorist act or while being aware of the intention of that group to commit a terrorist act.
- (6) For the purposes of this Law, a terrorist organization shall be understood to mean any group of terrorists that:
- a) commits or attempts to commit a terrorist act by any means, directly or indirectly, illegally and with premeditation;
 - b) participates as an accomplice in a terrorist act;
 - c) organizes or incites others to commit a terrorist act; or
 - d) contributes to ensuring that a group of persons acting with a common goal commits a terrorist act.
- (7) Criminal activity is any participation in the commission of a crime, as regulated by the criminal codes in BiH and other laws that regulate criminal offences.
- (8) For the purposes of this Law, proceeds of crime shall include any funds or other assets derived from or obtained, directly or indirectly, through the commission of a criminal offence.
- (9) For the purposes of this Law, funds or other assets shall mean any property, including but not limited to, financial funds, economic resources, property of any kind, whether physical or not, tangible or intangible, movable or immovable, acquired by any means, and legal documents or instruments in any form, including electronic or digital, evidencing ownership of, or an interest in, such property or other assets, including but not limited to, bank credit, traveller's cheques, banker's cheques, money orders, shares, securities, bonds, promissory notes or letters of credit, and any interest, dividends or other income from or value arising from or realized by such property or other property, and any other property that can potentially be used to obtain funds, goods or services.
- (10) Knowledge, intent or purpose required as an element of the activities referred to in paragraphs (1) and (3) of this Article may be inferred from objective factual circumstances.

Article 4 **(Definitions of other terms)**

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

- a) "Transaction" shall be understood to mean any type of receiving, giving, safekeeping, exchanging, transferring, disposing, or any other sort of handling funds or other assets by an obliged entity, including cash transactions and providing a safe deposit box service;
- b) "Suspicious transaction" shall be understood to mean any attempted or completed cash or cashless transaction, regardless of its value and method of execution, if at least one of the following reasons has been met:
 - 1) Obligated entity knows, suspects or has justified reasons to suspect that the transaction includes proceeds of crime or is connected with terrorist financing;
 - 2) Indicators for identifying suspicious transactions, funds and persons referred to in Article 57 paragraph (1) of this Law indicate that there are reasons to suspect money laundering or terrorist financing;
 - 3) The transaction corresponds to typologies or trends of money laundering and terrorist financing; and/or

- 4) Obligated entity has assessed that in relation to the transaction, funds or the customer there are other reasons to suspect money laundering or terrorist financing;
- c) "Linked transactions" shall be understood to mean two or more transactions originating from an account or directed to an account of a legal or natural person, where the amounts of individual transactions are below the amount which triggers identification and reporting under the provisions of this Law, but which in sum exceed the amount of KM 30,000 and may be considered interrelated due to the time period in which they were performed, due to the beneficiary or the originator of the transactions, the manner of performing transactions, the reason for which the transactions were performed or other factors on the basis of which transactions may be considered linked;
 - d) "Occasional transaction" shall be understood to mean a transaction that is not performed as part of an established business relationship;
 - e) "Cash" shall be understood to mean domestic and foreign banknotes and coins that are in circulation as a legal tender;
 - f) "Cash transaction" shall be understood to mean any transaction in which the obliged entity physically receives or gives cash to the customer;
 - g) "Carrier" shall be understood to mean a natural person who carries cash across the BiH state border on his person, with him, in his luggage or his means of transport;
 - h) "Physical transportation of cash" referred to in Article 81 of this Law shall be understood to mean any event where cash is carried across the BiH state border to leave or enter the country, whether accompanied or not;
For the purposes of this point h), cash shall be understood to mean:
 - 1) Cash referred to under point e) of this Article;
 - 2) Bearer negotiable instruments that are not cash, which entitle their holders to claim a financial amount upon presentation of these instruments without having to prove their identity or entitlement to that amount, including such bearer negotiable instruments as traveller's cheques, cheques, promissory notes or money orders that are either in bearer form, signed but with the payee's name omitted, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that the title thereto passes upon delivery;
 - 3) Prepaid cards, i.e. cards without personal data that serve to store or provide access to monetary value or funds and can be used for payment transactions, acquisition of goods or services or exchanged for cash, and are not linked to any bank account;
 - i) "Physical transportation of accompanied cash" shall be understood to mean the physical transportation of cash under point h) of this Article that is part of a shipment accompanied by the carrier;
 - j) "Physical transportation of unaccompanied cash" shall be understood to mean the physical transportation of cash under point h) of this Article that is part of a shipment unaccompanied by the carrier;
 - k) Indication of the value in Convertible Marks (hereinafter: KM) shall also refer to the equivalent value in any foreign currency at the applicable official exchange rate at the time of transaction;

- l) "Predicate crime" shall be understood to mean any criminal offence that was committed to acquire the proceeds of crime that may be the subject of the criminal offence of money laundering;
- m) "Business relationship" shall be understood to mean a business, professional or commercial relationship which is connected with the professional activities of an obliged entity, and which is expected, at the time when the contact is established, to have an element of duration;
- n) "Correspondent relationship" shall be understood to mean a relationship between a domestic bank or another domestic financial institution and a foreign bank or another foreign financial institution, which means:
 - 1) The provision of banking services by one bank as the correspondent to another bank as the respondent, including providing a current or other liability account and related services, such as cash management, international funds transfers, cheque clearing, payable-through accounts and foreign exchange services;
 - 2) Relations between and within financial institutions, including when similar services are provided through a correspondent institution to a respondent institution, and including relations established for securities transactions or transfers of funds;
- o) "Payable-through account" shall be understood to mean an account maintained with a correspondent bank, which is directly available to a third party to carry out transactions on its behalf;
- p) "Beneficial owner of a customer" shall be understood to mean any natural person(s) who ultimately owns or controls the customer and/or the natural person(s) on whose behalf the transaction is being conducted and includes at least:
 - 1) In the case of a legal person:
 - 1. Natural person(s) who ultimately owns or controls the legal person through direct or indirect ownership of a sufficient percentage of shares or voting rights or equity interests in that entity, including through bearer shares or by exercising control in some other manner, with the exception of companies listed on regulated markets which are subject to disclosure requirements in accordance with BiH legislation which ensures adequate transparency of ownership information;
 - 2. A natural person who has indirectly provided or is providing funds to a company and on that basis has the right to significantly influence the decision-making by the management bodies of the company when taking financial and operational decisions;
 - 2) If no natural person from indent 1) of this point p) has been identified in that role, or if there is a suspicion that the identified natural person(s) is not the beneficial owner(s), and when all possible means have been exhausted to determine the beneficial owner, the natural person(s) in the most senior management position shall be considered the beneficial owner;
 - 3) The indicator of direct ownership from indent 1) of this point p) that a natural person holds in a legal person is ownership of 25% or more business shares, voting rights or other rights on the basis of which that person exercises the right to manage the legal person, or ownership of 25% or more stocks;

- 4) The indicator of indirect ownership from indent 1) of this point p) is ownership or control by the same natural person(s) over one or more legal persons or trusts that individually or together have 25% or more business shares, voting or other rights based on which they exercise the management rights, or 25% or more stocks of that legal person;
- 5) In the case of legal arrangements as defined in point oo) of this Article, the beneficial owner means a natural person who holds the following positions:
 1. Settlers;
 2. Trustees;
 3. Protectors, if any;
 4. Beneficiaries, or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
 5. Any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means.
- 6) In the case of legal persons such as foundations and legal arrangements similar to trusts, natural person(s) performing equivalent or similar functions to those from indent 2) of this point p);
- r) "Politically exposed person" shall be understood to mean any natural person who is entrusted with a prominent public function or who was entrusted with such a function in the previous 12 months, including both domestic and foreign politically exposed persons;
- s) "Domestic politically exposed person" shall be understood to mean a natural person who is or has been entrusted with a prominent public function in the previous 12 months, including:
 - 1) Members of the BiH Presidency, Chair of the BiH Council of Ministers, ministers and deputy ministers and other heads of public institutions or agencies;
 - 2) Presidents, deputies, prime ministers, ministers and their deputies at the level of FBiH, RS, BDBiH and cantons, and mayors of cities and municipalities;
 - 3) Elected representatives in legislative bodies at the level of BiH, RS, FBiH, BDBiH and cantons;
 - 4) Members of the presidencies of political parties and members of the governing bodies/organs of political parties;
 - 5) Judges of the Constitutional Courts of BiH, FBiH and RS, and judges of the Supreme Courts of RS and FBiH, judges of the BDBiH Court of Appeals, judges of the Court of BiH and members of the High Judicial and Prosecutorial Council of BiH;
 - 6) Chief Prosecutor and prosecutors of the Prosecutor's Office of BiH, Chief Prosecutor and prosecutors of the Prosecutor's Offices of RS, FBiH, BDBiH and cantons;
 - 7) Members of the Governing Board and the Governor of the BiH Central Bank;
 - 8) Diplomatic representatives, including ambassadors, consuls and charges d'affaires;
 - 9) Members of the Joint Staff of the Armed Forces of BiH;

10) Members of management, supervisory boards and CEOs of enterprises that are majority owned by the State, the Entities, BDBiH, cantons, cities or municipalities;

11) Heads/directors of international organizations, their deputies and members of administrative bodies or holders of equivalent offices in international organizations;

Public functions referred to in this point s) shall not include middle-ranking or junior officials;

t) "Foreign politically exposed person" shall be understood to mean a natural person who is or has been entrusted with a prominent public function in the previous 12 months, including:

1) Heads of state, heads of government, ministers and deputy and assistant ministers;

2) Elected representatives in legislative bodies;

3) Judges of supreme courts, constitutional courts or other high-level judicial bodies whose decisions are not subject to further appeals, except in extraordinary circumstances;

4) Members of courts of auditors or central banks' boards;

5) Ambassadors, chargés d'affaires or high-ranking officers in the armed forces;

6) Members of administrative, management or supervisory bodies of state-owned enterprises;

7) Members of the governing bodies/organs of political parties;

8) Heads/directors of bodies of international organizations, their deputies and members of administrative bodies or holders of equivalent offices in international organizations;

Public functions referred to in this point t) shall not include middle-ranking or junior officials;

u) "Closest family members" of the persons referred to in points s) and t) of this Article shall include spouses or common law partners, parents, children and their spouses or common law partners;

v) "Close associates" of the persons referred to in points s) and t) of this Article shall include:

1) Natural persons who are known to share beneficial ownership of legal entities or legal arrangements, or have any other close business relationship with a politically exposed person;

2) Natural persons who are the sole beneficial owners of a legal entity or a legal arrangement known to have been set up for the de facto benefit of a politically exposed person;

z) "Personal identification document" shall be understood to mean any public document with a photograph issued by a competent domestic or foreign authority, for the purpose of identifying a person;

aa) "Competent authorities" shall be understood to mean all public authorities at all levels of government in Bosnia and Herzegovina that have specific AML/CFT responsibilities, namely: the FID, the authorities that have an intelligence function or a function of investigating and/or prosecuting money laundering, predicate crimes and terrorist financing and/or seizing/freezing and confiscating, the authorities that control and report on cross-border transportation of cash, and the authorities with supervisory powers regarding the compliance of the financial and nonfinancial

- sectors with AML/CFT legislation, as well as other authorities that have a role in the fulfilment of obligations prescribed by international AML/CFT standards;
- bb) "Foreign financial intelligence unit" shall be understood to mean a central national authority of another country responsible for receiving, analysing and disseminating information, data and documents on suspicious transactions related to money laundering and terrorist financing;
 - cc) "Authorized person" shall be understood to mean a person entrusted with the performance of certain tasks at the obliged entity in connection with the management, administration and business operation that enable him to swiftly, efficiently and timely perform the tasks provided by this Law and the provisions arising from it;
 - dd) "Senior management" shall be understood to mean a person or a group of persons who, in accordance with the law, manage and organize business operations of an obliged entity and are responsible for ensuring compliance with the law;
 - ee) "Risk assessment of money laundering and terrorist financing in BiH" shall be understood to mean a comprehensive analysis, made in accordance with this Law, which provides an overview of the risks of money laundering and terrorist financing in BiH;
 - ff) "Risk assessment by an obliged entity" shall be understood to mean an analysis made by an obliged entity, which provides an overview of the risks of money laundering and terrorist financing associated with groups of customers or with individual customers, business relationships, countries or geographic areas, services, transactions, products or delivery channels;
 - gg) "Virtual currency" shall be understood to mean a digital representation of value that has not been issued and the value of which is not guaranteed by a central bank or another public authority, which is not necessarily attached to a legal tender and does not possess a legal status of money or currency, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored, bought, sold, exchanged, electronically;
 - hh) "Provider of services related to virtual currencies" shall be understood to mean a legal or natural person that provides one or more of the following services for or on behalf of another natural or legal person:
 - 1) Safekeeping and/or management of virtual currencies or instruments enabling control over virtual currencies (custodian wallet provider);
 - 2) Organizing a platform for trading virtual currencies,
 - 3) Exchange of virtual currencies for a currency that is a legal tender;
 - 4) Exchange of virtual currencies for another virtual currency;
 - 5) Transfer of virtual currency, i.e., receiving and executing virtual currency orders on behalf of third parties;
 - 6) Participation in or provision of financial services related to an issuer's offer and/or sale of a virtual currency;
 - ii) "Electronic money" shall be understood to mean an electronically, including magnetically, stored monetary value that constitutes a monetary claim on the issuer of that money, which is issued on receipt of funds for the purpose of making payment transactions and is accepted by a natural or legal person who is not the issuer of that money, in accordance with the Entity legislation governing electronic money, issuers of electronic money and their supervision, whereby electronic money does not include

a digital representation of a currency that was not issued and whose value is not guaranteed by a central bank or another public authority and that does not have the legal status of money or currency;

- jj) "AMLS" shall be understood to mean the software for the prevention of money laundering and terrorist financing, completely independent and autonomous in relation to other information systems within and outside the FID, established for the purposes of performing the tasks and duties of the FID as laid down by the Law;
- kk) "Customer" shall be understood to mean a person who establishes or has already established a business relationship with the obliged entity or conducts an occasional transaction;
- ll) "Gambling services" shall be understood to mean services in accordance with the laws governing games of chance;
- mm) "Legal person" shall be understood to mean anyone who is not a natural person and can establish a permanent client relationship with a financial institution or can own assets in some other way. This may include companies, corporations, foundations, associations, anstalt, partnerships or business associations;
- nn) "Foreign legal person" shall be understood to mean a legal person that is not equivalent to a legal person as defined in point mm) of this Article and is not registered in BiH;
- oo) "Legal arrangement" shall be understood to mean a legal form of organization for the purpose of managing and disposing of assets such as: express trusts, fiducie, treuhand, and fideicomiso;
- pp) "Financial institutions" shall be understood to mean legal persons in the financial sector, especially including: banks, development banks, insurance companies, microcredit organizations, authorized participants in the securities market, investment fund management companies, voluntary pension fund management companies, financial leasing companies, life insurance brokerages, as well as other legal persons predominantly engaged in financial activities in the country or abroad;
- rr) "Shell bank" shall be understood to mean a financial institution or an institution engaged in equivalent activities, which has no physical presence in the country or the territory in which it is incorporated and has no management body there, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision;
- ss) "Trust and company service provider" shall be understood to mean a person governed by foreign law and it means any person providing any of the following services to third parties by way of its business:
 - 1) Forming companies or other legal persons;
 - 2) Acting as or arranging for another person to act as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
 - 3) Providing a registered office, business address, correspondence or administrative address and other related services for a company, a partnership or any other legal person or arrangement;
 - 4) Acting as or arranging for another person to act as a trustee of an express trust;

- 5) Acting as or arranging for another person to act as a nominee shareholder for a person other than a company whose securities are listed on a regulated market to which data disclosure requirements apply in accordance with BiH legislation and international standards;
- tt) "Factoring" shall be understood to mean a legal transaction of buying and selling a current or future short-term accounts receivable, arising from a contract for the sale of goods or provision of services;
- uu) "Forfeiting" shall be understood to mean export financing based on purchasing long-term accounts receivable, secured by a financial instrument, at a discount and without recourse.

Article 5
(Entities under obligation to implement measures)

- (1) Entities under obligation to implement measures for detection and prevention of money laundering and terrorist financing in accordance with this Law shall include:
 - a) banks;
 - b) microcredit organizations;
 - c) leasing companies;
 - d) electronic money institutions;
 - e) authorized currency exchange offices;
 - f) insurance companies licensed for life insurance business;
 - g) insurance brokers and agents engaged in the activity of brokering life insurance contracts and other investment related insurance contracts, with the exception of insurance agents engaged in the activity of life insurance agency on behalf and for insurance companies;
 - h) companies that manage voluntary pension funds;
 - i) stock brokers;
 - j) custodian banks;
 - k) investment fund management companies;
 - l) factoring companies;
 - m) providers of services related to virtual currencies;
 - n) organizers of games of chance, in accordance with the legislation regulating the system and conditions of organizing games of chance;
 - o) persons who perform professional activities, namely:
 - 1) auditing firms;
 - 2) companies and individual entrepreneurs registered to provide bookkeeping and accounting services;
 - 3) tax advisers and all other persons who undertake to provide, directly or with the help of persons with whom these other persons are connected, material assistance, support or advice on tax matters as their main business or professional activity;
 - 4) notaries, lawyers and law firms, if they participate, whether acting on behalf of their client or for their client, in any type of financial transaction or transactions involving real estate or provide assistance in planning or conducting transactions for their clients in connection with:
 - 1. buying or selling real estate or business entities;
 - 2. managing the client's money, securities or other assets;

3. opening or maintaining bank accounts including banking accounts, savings accounts, and securities accounts;
 4. collecting funds necessary for the establishment, operations and management of companies;
 5. establishment, operation and management of a company, managing of trusts, foundations and similar structures;
- p) legal persons and entrepreneurs who are not banks, and/or who are not subject to supervision by the authorities responsible for the financial sector, and who carry out one or more activities or operations for the benefit of the client, such as:
- 1) money or value transfer services;
 - 2) issuance of other means of payment and their management, such as traveller's cheques and bank promissory notes, if this activity is not a payment service under the law governing payment systems;
 - 3) issuance of guarantees;
 - 4) investing, administering or managing funds for another person, and giving advice in this regard;
 - 5) leasing safe deposit boxes;
 - 6) forfeiting;
 - 7) granting loans, lending, offering and mediating in loan negotiations;
- r) post offices if they perform payment transaction services;
- s) trust and company service providers, if these services are not provided by the entities referred to in paragraph (1) point o) of this Article;
- t) Legal persons and entrepreneurs registered for trading in vessels, vehicles or aircraft.
- (2) Notwithstanding the provisions of paragraph (1) of this Article, the following persons also shall be regarded as obliged entities:
- a) Traders in precious metals and traders in precious stones when they engage in any cash transaction with a customer equal to or above KM 20,000;
 - b) Art traders and persons acting as intermediaries in the trade of works of art, *inter alia* when this is carried out by art galleries and auction houses, where the value of the transaction or a series of linked transactions amounts to KM 20,000 or more, as well as persons storing, trading or acting as intermediaries in the trade of works of art, when this is carried out in free ports, provided that the value of the transaction or a series of linked transactions amounts to KM 20,000 or more;
 - c) Intermediaries in real estate transactions, including leasing of real estate, but only in connection with transactions in which the monthly rent is equal to or more than KM 20,000.

Article 6
(Cooperation and coordination)

- (1) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers shall set up a permanent coordination body comprising representatives of competent authorities referred to in Article 4 point aa) of this Law.
- (2) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers shall regulate in more detail the composition of the permanent coordination body, the method of communication and decision-making, the composition of individual working groups, and direct performance of complex activities and other specific tasks or activities aimed at promotion, coordination and cooperation in certain areas or other activities related to the scope of this Law or the fulfilment of international commitments of BiH regarding prevention of money laundering and terrorist financing. When drafting the proposal referred to in this paragraph, the Ministry of Security shall consult the Governments of FBiH, RS and BDBiH.
- (3) The tasks of the coordination body and individual working groups shall include:
 - a) Performing a comprehensive risk assessment of money laundering and terrorist financing, and a risk assessment of WMD proliferation financing in BiH in accordance with international standards;
 - b) Preparing a report on the performed risk assessment referred to in point a) of this paragraph;
 - c) Preparing a summary of the report referred to in point b) of this paragraph for public information purposes;
 - d) Preparing an action plan to prevent and mitigate the identified risks and developing a strategy for documents referred to in point a) of this paragraph;
 - e) Monitoring, analysing, promoting and improving cooperation that falls within the scope of the application of this Law, international standards related to prevention of money laundering and terrorist and proliferation financing, between the competent authorities in Bosnia and Herzegovina and at the international level, and preparing recommendations based on the performed analyses;
 - f) Monitoring the adoption of new binding international standards or amendments to the existing ones which fall within the scope of this Law and informing thereof the BiH Council of Ministers and the Governments of FBiH, RS and BDBiH;
 - g) Monitoring and coordinating the process of assessing the compliance of BiH with binding standards of relevant international bodies falling within the scope of this Law;
 - h) Assessing the adequacy of measures, including laws and implementing regulations, related to non-profit organizations, for the purpose of determining the proportionate and effective action to eliminate or mitigate the identified risks;
 - i) Proposing to the BiH Council of Ministers to adopt an implementing regulation on the method of establishing, updating and publishing of the list of public functions referred to in Article 4 points).
- (4) The BiH Ministry of Security shall support the bodies referred to in paragraph (2) of this Article.
- (5) The body and the working groups referred to in paragraph (2) of this Article shall inform the BiH Council of Ministers as well as the Governments of RS, FBiH and BDBiH through the BiH Ministry of Security, about the activities carried out by them.

Article 7

(Risk assessment of money laundering and terrorist and proliferation financing)

- (1) The risk assessment of money laundering and terrorist and proliferation financing referred to in Article 6 paragraph (3) point a) shall be made with the aim of:
 - a) identifying, assessing, understanding and mitigating the risk of money laundering, terrorist and proliferation financing;
 - b) identifying specific sources of risk of money laundering and terrorist and proliferation financing;
 - c) assessing the level of risk of money laundering and terrorist and proliferation financing.
- (2) The risk assessment referred to in paragraph (1) of this Article shall be made as needed when there are changes in the risk context, i.e., in accordance with the assessment of the permanent coordination body, or at least every four years.
- (3) A summary of the risk assessment referred to in Article 6 paragraph (3) point c) shall be made available to the public without disclosing confidential information.

Article 8

(Purpose of the risk assessment of money laundering and terrorist and proliferation financing)

- (1) Results of the risk assessment referred to in Article 6 paragraph (3) points a) and b) of this Law shall be used for the following:
 - a) Improving the legislation in BiH that defines detection and prevention of money laundering and terrorist and proliferation financing;
 - b) Identifying the areas in which obliged entities must apply enhanced measures and, as needed, determining the measures that obliged entities are required to take;
 - c) Assisting the obliged entities referred to in Article 5 of this Law to make their own risk assessments of money laundering and terrorist and proliferation financing.
- (2) Results of the risk assessment referred to in Article 6 paragraph (3) point a) of this Law shall be made available to obliged entities, competent authorities, other bodies and to the public in the manner and to the extent determined by the permanent coordination body.
- (3) Competent authorities referred to in Article 4 point aa) and supervisory authorities referred to in Article 93 of this Law shall, when planning and implementing their activities within the scope of this Law, take into account the identified risks of money laundering and terrorist and proliferation financing.

CHAPTER II. TASKS AND OBLIGATIONS OF OBLIGED ENTITIES

Article 9

(Measures, actions and procedures to be undertaken by obliged entities)

- (1) Obligated entities referred to in Article 5 of this Law shall be required to implement measures, actions and procedures for the prevention and detection of money laundering

and terrorist and proliferation financing before, during and after a transaction or the establishment and duration of a business relationship.

- (2) The measures, actions and procedures referred to in paragraph (1) of this Article shall include:
 - a) Making a risk assessment of money laundering and terrorist financing;
 - b) Putting in place policies, controls and procedures;
 - c) Monitoring the implementation of policies, controls and procedures referred to in point b) of this paragraph and their upgrading when needed;
 - d) Taking enhanced measures to manage and mitigate risks where a higher level of risk is identified;
 - e) Taking simplified measures to manage and mitigate risks where a lower level of risk is identified;
 - f) Performing customer due diligence in the manner and under the conditions provided by this Law;
 - g) Submitting information, data and documentation to the FID about transactions, funds and persons;
 - h) Designating the authorized person and his deputy to carry out obligations under this Law on behalf of the obliged entity, and providing conditions for their work;
 - i) Regularly providing professional development, education and training of employees;
 - j) Ensuring regular internal controls and internal and external auditing of the fulfilment of obligations under this Law;
 - k) Developing and regularly updating a list of indicators to identify suspicious transactions, customers and clients;
 - l) Keeping records and storing and protecting data;
 - m) Implementing other measures and actions pursuant to this Law and its implementing regulations.
- (3) In connection with paragraph (1) of this Article, the obliged entity shall develop appropriate policies and procedures which shall include, for the purpose of effectively managing the risks of money laundering and terrorist and proliferation financing, the measures defined in this Article.
- (4) Policies and procedures referred to in paragraph (3) of this Article shall be proportionate to the nature and size of the obliged entity and shall be approved by the highest supervisory body or the management body of the obliged entity, in accordance with its statutes.

Article 10

(Obliged entity's risk assessment of money laundering and terrorist and proliferation financing)

- (1) The obliged entity referred to in Article 5 of this Law shall carry out risk assessment of money laundering and terrorist and proliferation financing in order to identify, assess, understand and mitigate the risks of money laundering and terrorist and proliferation financing, while taking into account risk factors related to:
 - a) Customers;
 - b) Countries or geographical areas;
 - c) Products, services or transactions;
 - d) Distribution channels.

- (2) The risk assessment referred to in paragraph (1) of this Article shall be documented and proportional to the size of the obliged entity, the type, volume and complexity of its operations, and the obliged entity shall update it at least once a year and submit it to the competent supervisory authority referred to in Article 93 of this Law.
- (3) The risk assessment referred to in paragraph (1) of this Article shall also include the policies, measures, actions and procedures undertaken by the obliged entity referred to in Article 5 of this Law in order to prevent and detect money laundering and terrorist and proliferation financing.
- (4) The FID and the competent supervisory authorities referred to in Article 93 of this Law may prescribe by virtue of guidelines that separate documented risk assessments referred to in paragraph (1) of this Article are not required for a particular sector of obliged entities if certain sector-specific risks are clear and understood by that sector of obliged entities.
- (5) The obliged entity shall align the risk assessment referred to in paragraph (1) of this Article with rulebooks and decisions or guidelines issued by the competent authority, and it shall also take into account the risk assessment of money laundering and terrorist financing in BiH.
- (6) Prior to all significant changes in business processes and business practices which could have an impact on the measures taken to prevent money laundering and terrorist financing, and when introducing a new product, an outsourced activity or a distribution channel, as well as when introducing new technologies for existing and new products, the obliged entity shall make a risk assessment to identify and assess how the above changes affect the exposure to money laundering or terrorist financing risk, and take appropriate measures to mitigate and effectively manage that risk.

Article 11

(Due diligence measures)

- (1) Due diligence measures shall include:
 - a) Identifying the customer and verifying his identity on the basis of documents, data or information obtained from reliable and independent sources, or by means of electronic identification or by directly accessing a public register in BiH, in accordance with this Law;
 - b) Identifying the beneficial owner of the customer and taking reasonable measures to verify that person's identity, by using relevant information or data obtained from a reliable source, such that the obliged entity is satisfied that it knows who the beneficial owner is, including taking measures necessary to understand the nature of the customer's business, the ownership and control structures of the customer when the customer is a company, another legal person and an entity equal to it, or a trust and an entity equal to it under foreign law;
 - c) Obtaining and assessing information about the purpose and the intended nature of the business relationship or transaction, and other information in accordance with this Law;
 - d) Conducting ongoing monitoring of business relationships, including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the obliged entity's knowledge of the customer, the business profile and the risk profile, and, as needed, the source of funds, including an assessment of credibility of information on the origin of assets that are or

will be the subject of the business relationship or the transaction, as well as ensuring that the documents, data and information maintained are kept up-to-date;

- e) Determining whether the customer is a politically exposed person.
- (2) Obligated entities shall define in their bylaws the procedures for the implementation of the measures referred to in paragraph (1) of this Article.
- (3) When implementing the measures referred to in paragraph (1) points a) and b) of this Article, an obliged entity shall be required to verify whether the person purporting to act on behalf of the customer is so authorized, and establish and verify the identity of that person in accordance with the provisions of this Law.
- (4) The obliged entity shall apply all due diligence measures from paragraph (1) of this Article in accordance with the provisions of this Law, whereby the scope of application of measures should depend on the risk assessment conducted in accordance with Article 10 of this Law.
- (5) The obliged entity shall implement the due diligence measures referred to in paragraph (1) point d) of this Article for the duration of the business relationship with the customer based on risk assessment and when the relevant customer's circumstances change or when it is required to do so pursuant to other provisions of this Law.
- (6) The obliged entity shall ensure that the required due diligence measures are approved by senior management.
- (7) The obliged entity shall provide the supervisory authorities referred to in Article 93 of this Law, upon their request, with appropriate analyses, documents and other data proving that the measures taken are appropriate in relation to the identified risks of money laundering and terrorist financing.

Article 12

(Obligation to apply measures of customer due diligence)

- (1) Obligated entities shall undertake customer due diligence measures when:
 - a) Establishing a business relationship with a customer;
 - b) Carrying out a transaction amounting to KM 30,000 or more, regardless of whether the transaction was carried out as a single operation or as a series of several transactions that appear linked;
 - c) Carrying out an occasional transaction that constitutes a transfer of funds in the amount of KM 2,000 or more;
 - d) There is a doubt regarding the veracity or adequacy of the previously obtained information about the customer or the beneficial owner;
 - e) There is a suspicion of money laundering or terrorist financing, regardless of the amount of the transaction or funds, regardless of any derogation, exemption or threshold.
- (2) The obliged entity shall continuously undertake measures of customer due diligence for all its current customers on the basis of materiality and risk, and conduct due diligence on those relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.
- (3) With respect to the transaction referred to in paragraph (1) point b) of this Article, which is carried out on the basis of a previously established business relationship with the obliged entity, the obliged entity shall within the CDD measures only verify the identity of the

customer and/or persons performing the transaction and collect the missing data specified in Article 11 of this Law.

Article 13
(Exemption of certain services from customer due diligence)

- (1) Electronic money issuers shall not be required to carry out customer due diligence actions and measures if, in accordance with the risk analysis, it has been assessed that there is a low risk of money laundering and terrorist financing and if all of the following conditions have been met:
 - a) The payment instrument is not reloadable or has a maximum monthly payment transactions limit of KM 300 which can be used only in BiH;
 - b) The maximum amount of stored electronic money does not exceed KM 300;
 - c) The payment instrument is used exclusively to purchase goods or services;
 - d) Anonymous electronic money cannot be stored on the payment instrument;
 - e) The issuer carries out sufficient monitoring of the transactions or business relationship to enable the detection of unusual or suspicious transactions.
- (2) The provisions of paragraph (1) of this Article shall not apply if there is a suspicion of money laundering or terrorist financing, as well as in the case of redemption of electronic money in cash or in the case of a cash withdrawal of the monetary value of electronic money, where the amount redeemed exceeds KM 100, or in the case of a payment transaction initiated online or through a device that can be used for remote communication where the amount exceeds KM 100 per transaction.

Article 14
(Timing of customer's and beneficial owner's identity verification, declining to establish a business relationship and to carry out a transaction)

- (1) The obliged entity referred to in Article 5 of this Law shall verify the identity of the customer and the beneficial owner referred to in Article 11 of this Law before establishing a business relationship or performing a transaction.
- (2) Notwithstanding paragraph (1) of this Article, the obliged entity may verify the identity of the customer and the beneficial owner during the establishment of a business relationship, if that is necessary in order not to interrupt the usual business operations and where the risk of money laundering and terrorist financing is low. In such situations, the mentioned procedures are carried out as soon as possible after the first contact.
- (3) Notwithstanding paragraph (1) of this Article, the obliged entity that is a financial institution may open accounts provided that there are appropriate protective mechanisms in place which ensure that customers or someone on their behalf would not carry out transactions until there is full compliance with the customer due diligence requirements referred to in Article 11 paragraph (1) points a), b) and c).
- (4) The obliged entity which is unable to comply with the customer due diligence measures referred to in Article 11, paragraph (1) points a), b) or c) and paragraph (3) of the same Article of this Law shall not establish a business relationship or carry out a transaction, it shall terminate a business relationship and consider making a suspicious transaction report to the FID in accordance with Article 42 of this Law.
- (5) The obliged entity may terminate the already established business relationship if it is unable to implement the measures referred to in Article 11 paragraph (1) points d) and e) of this

Law, or if the obliged entity assesses that it cannot effectively manage the risk of money laundering and terrorist financing in relation to the customer.

- (6) The provisions of paragraphs (4) and (5) of this Article shall not apply to the obliged entities referred to in Article 5 paragraph (1) point o) only to the strict extent that those persons ascertain the legal position of their clients, or perform the tasks of defending or representing those clients in judicial or administrative proceedings, including providing advice on instituting or avoiding such proceedings.

Article 15 **(Data collection during customer due diligence)**

- (1) The obliged entity referred to in Article 5 of this Law shall collect the following data when performing the customer due diligence measures referred to in Article 11 of this Law:
- a) for natural persons: name and surname, place of residence, date of birth, unique master citizen number or another personal identification number of the customer, type and number of the identification document, name of the issuing authority and the country of issuance, and citizenship;
 - b) for the natural person to whom the transaction is intended: name and surname, place of residence and information on the unique master citizen number of the natural person or another personal identification number of the customer if this information is available;
 - c) for crafts and other self-employment activities:
 - 1) the name, registered address and unique identification number of the craft and of the person engaged in another type of self-employment activity, when a business relationship is established or a transaction is carried out for the purpose of operating a craft business or another type of self-employment activity;
 - 2) the name, registered address of the craft and of the person engaged in another type of self-employment activity for which the transaction is intended and the unique identification number of the craft and of the person engaged in another type of self-employment activity, only if this information is available;
 - d) for the legal person for which a business relationship is established or a transaction is performed, or for a legal person on whose behalf a business relationship is established or a transaction is performed: the name, legal form, address of the registered office and the unique identification number of the legal person;
 - e) for the legal person for which the transaction is intended, the obliged entity shall obtain data on the name and address of the registered office of that legal person, as well as information on the unique identification number of the legal person if this information is available;
 - f) for the beneficial owner of the customer: name and surname, country of residence, date of birth and citizenship(s) and the unique master citizen number or other personal identification number of the customer if this information is available;
 - g) information on the purpose and intended nature of the business relationship, including information on the customer's activity;
 - h) date and time when the business relationship is established;
 - i) date and time of accessing the safe deposit box;

- j) date and time of the transaction, the amount and currency in which the transaction is carried out, the method of carrying out the transaction, the purpose of the transaction;
 - k) on the source of funds that are or will be the subject of a business relationship;
 - l) on the source of funds that are or will be the subject of a transaction;
 - m) shall collect also other data on suspicious transactions, funds and persons, needed to explain the reasons for suspicion of money laundering or terrorist financing in accordance with Article 42 of this Law.
- (2) Natural person referred to in paragraph (1) point a) of this Article shall be understood to mean:
- a) a natural person and his legal representative, a craftsman or a person engaged in another type of self-employment activity, who establishes a business relationship or performs a transaction or for whom a business relationship is established or a transaction is performed;
 - b) a legal representative or a proxy holder who establishes a business relationship or performs a transaction for a legal person;
 - c) a proxy holder who establishes a business relationship or performs a transaction for the client; and
 - d) a natural person accessing a safe deposit box.
- (3) Notwithstanding the provisions of paragraph (1) point a) of this Article, if the obliged entity is unable to obtain information on the unique identification number of a natural person who is a foreign national who has not been issued a personal identification number, the obliged entity shall obtain information on the type, number, issuer and country of the identification documents on the basis of which he has established and verified the identity of that natural person.
- (4) In addition to the data referred to in paragraph (1) of this Article, the obliged entity shall obtain other data to the extent needed for the assessment of the risk of money laundering and terrorist financing in accordance with the provisions of this Law and its implementing regulations.
- (5) The obliged entity referred to in Article 5 of this Law within the customer due diligence measures when establishing a business relationship referred to in Article 12 paragraph (1) point a) of this Law, shall collect data from paragraph (1) points a), c), d), f), g), h) and k) of this Article.
- (6) The obliged entity referred to in Article 5 of this Law within the customer due diligence measures when establishing a business relationship referred to in Article 12 paragraph (1) point b) of this Law, shall collect data from paragraph (1) points a), b) c), d), e), f), j) and l) of this Article.
- (7) The obliged entity referred to in Article 5 of this Law within the customer due diligence measures when performing occasional transactions referred to in Article 12 paragraph (1) point c) of this Law, in addition to the information about the originator and the beneficiary that must accompany the transfer of funds, shall collect also the data referred to in paragraph (1) points f) and j) of this Article.
- (8) The obliged entity referred to in Article 5 of this Law, within the customer due diligence measures when there is doubt as to the credibility and appropriateness of the previously obtained information about the customer or the beneficial owner referred to in Article 12 paragraph (1) point d) of this Law, shall collect also the data referred to in paragraph (1) points a), c), d), f), g) and k) of this Article.

- (9) The obliged entity referred to in Article 5 of this Law, within the customer due diligence measures whenever there are reasons to suspect money laundering or terrorist financing, regardless of the amount of the transaction or funds referred to in Article 12 paragraph (1) point e), shall collect also data from paragraph (1) of this Article.
- (10) The obliged entity referred to in Article 5 paragraph (1) point n) of this Law, within the customer due diligence measures when performing a transaction referred to in Article 19 paragraph (4) of this Law, shall collect data referred to in paragraph (1) points a), b), c) indent 2, e), f) and j).
- (11) The obliged entity referred to in Article 5 of this Law for the purpose of acting in accordance with the provisions of Article 43 paragraph (1) points a) and b) of this Law, shall collect data referred to in paragraph (1) points a), b), c), d), e), f), j) and l) of this Article.
- (12) The obliged entity referred to in Article 5 of this Law for the purpose of acting in accordance with the provisions of Article 43 paragraph (1) points c) and d) of this Law, in addition to the information about the originator and the beneficiary that must accompany the transfer of funds, shall collect also data referred to in paragraph (1) point j) of this Article.
- (13) The obliged entity referred to in Article 5 paragraph (1) points j) and m) of this Law, within the customer due diligence measures when executing a transaction referred to in Article 12 paragraph (1) point b) of this Law, shall collect data referred to in paragraph (1) point a), b), c), d), e), f), j), k) and l) of this Article.
- (14) When identifying the person referred to in paragraph (1) of this Article, the obliged entity shall obtain a certified copy of the person's identification document, or make a copy thereof by inspecting the original or a certified copy, which could also be an electronic document. On the copy, in paper or electronic form, the obliged entity shall record the time when the identification was performed, and the name and surname of the employee who performed the identification.
- (15) Upon a proposal of the BiH Ministry of Security, the BiH Council of Ministers may define in an implementing regulation the contents of data that the obliged entity shall collect in order to comply with the customer due diligence measures and the obligation of reporting to the FID.

Article 16

(Establishing and verifying the identity of a natural person, a craftsman and a person engaged in another type of self-employment activity)

- (1) For a customer who is a natural person and for his legal representative, the obliged entity shall establish and verify his identity by collecting the data referred to in Article 15 paragraph (1) point a) of this Law by inspecting a valid identification document of the customer in his presence.
- (2) If it is not possible to collect all required data by inspecting a valid identification document, the missing data shall be collected from other valid public documents submitted by the customer.
- (3) When, for objective reasons, the obliged entity fails to collect data in accordance with paragraphs (1) and (2) of this Article, he may collect such information directly from the customer, and he shall be obliged to verify it.
- (4) If the customer is a craftsman or a person engaged in another type of self-employment activity, the obliged entity shall collect data referred to in Article 15, paragraph (1), point c) of this Law

by inspecting originals or certified copies of the documentation from a public register, whereby the said documentation may not be older than three months, or by accessing the public register directly. On the extract from the register that was accessed directly, the obliged entity shall record the date and time and the name and surname of the person who accessed the register.

Article 17

(Establishing and verifying the identity of the proxy of a natural person, a craftsman or a person engaged in another type of self-employment activity)

- (1) If the customer, who is a natural person, a craftsman or a person engaged in another type of self-employment activity, establishes a business relationship or performs a transaction through a proxy holder, the obliged entity shall determine and verify the identity of the proxy holder by collecting data referred to in Article 15 paragraph (1) of this Law by inspecting a valid identification document of the proxy holder in his presence.
- (2) If it is not possible to collect all required data by inspecting the valid identification document of the proxy holder, the missing data shall be collected from other valid public documents submitted by the proxy holder.
- (3) When, for objective reasons, the obliged entity fails to collect data in accordance with paragraphs (1) and (2) of this Article, he may collect such information directly from the customer, and he is obliged to verify it.
- (4) Data referred to in Article 15 paragraph (1) point a) of this Law on a natural person, a craftsman or a person engaged in another type of self-employment activity shall be obtained by the obliged entity from a certified power of attorney and a copy of the natural person's valid identification document provided by the proxy holder.
- (5) If the customer is a craftsman or a person engaged in another type of self-employment activity, the obliged entity shall collect data from Article 15, paragraph (1), point c) of this Law in accordance with the provisions of Article 16 paragraph (4) of this Law.

Article 18

(Establishing and verifying the identity of a legal person)

- (1) An obliged entity shall establish and verify the identity of a customer that is a legal person or legal arrangement by collecting the data referred to in Article 15 paragraph (1) point d) of this Law by inspecting originals or certified copies of documents from a court or another public register, submitted to the obliged entity by the legal person's legal representative or proxy holder on behalf of the legal person, or otherwise in accordance with this Law.
- (2) The documents referred to in paragraph (1) of this Article shall be up to date and accurate when submitted to the obliged entity and shall reflect the actual status of the customer and may not be older than three months.
- (3) The obliged entity may establish and verify the identity of the legal person by collecting the data referred to in Article 15 paragraph (1) point d) of this Law by directly accessing a court register or another public register. The obliged entity shall record the date and time and the name and surname of the person who accessed the register, in the form of an annotation on the extract from the register which was accessed.
- (4) The obliged entity shall identify and take reasonable measures to verify the identity of beneficial owners of customers that are legal persons through the following information:
 - a) the identity of the natural person(s) who are the beneficial owners;

- b) the identity of the natural person(s) who exercise control over the legal person or arrangement in another way if there is doubt that the person(s) referred to in point a) of this paragraph are the beneficial owners, or when no natural person exercises control through equity interest,
 - c) the identity of the relevant natural person who holds the position of the most senior managing official if no natural person is identified in accordance with points (a) or (b) of this paragraph.
- (5) The obliged entity shall identify and take reasonable measures to verify the identity of beneficial owners of customers that are legal arrangements by establishing the identity of the following persons:
- a) settlors;
 - b) trustees;
 - c) protectors, if any;
 - d) beneficiaries or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
 - e) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;
 - f) for other types of legal arrangements, by establishing the identity of persons in equivalent or similar positions.
- (6) For beneficiary or beneficiaries that are designated by characteristics or by class, the obliged entity which is a financial institution should obtain sufficient information to satisfy itself that it will be able to establish the identity of the beneficiary at the time of the payout or when the beneficiary intends to exercise vested rights.
- (7) The obliged entity shall collect other data referred to in Article 15 of this Law, except for the data on the beneficial owner, by inspecting originals or certified copies of documents and other business documentation. If it is not possible to collect all the data referred to in Article 15 of this Law from these identification papers and documents, the obliged entity shall collect the missing data, except for the data on the beneficial owner, directly from the legal representative or proxy holder.
- (8) If the customer is a foreign legal person that operates in BiH through its business unit, a subsidiary or a branch, the obliged entity shall apply the measures of this Article to the foreign legal person and its subsidiaries.
- (9) If a foreign legal person, with the exception of international governmental organizations, performs transactions, the obliged entity shall repeat the identification process at least once a year by obtaining the data referred to in Article 15 of this Law and a new power of attorney referred to in Article 11 paragraph (3) of this Law.
- (10) When entering into a new business relationship with a legal person or a legal arrangement, for which there is an obligation to register, the obliged entity shall collect the information on beneficial ownership pursuant to the registration certificate or an extract from the appropriate register.
- (11) Notwithstanding paragraph (10) of this Article, the obliged entity may verify the identity of the customer and the beneficial owner during the establishment of a business relationship, if that is necessary in order not to interrupt the usual business operations and where the risk of money laundering and terrorist financing is low. In such situations, the mentioned procedures are carried out as soon as possible after the first contact and before a transaction is carried out.
- (12) Notwithstanding paragraph (10) of this Article, obliged entities may open accounts, including accounts that enable transactions with negotiable securities, provided that there are appropriate protective mechanisms in place which ensure that customers or someone

on their behalf would not carry out transactions until there is full compliance with the customer identification and verification requirements laid down in Article 11 paragraph (1) points (a) and (b).

- (13) The obliged entity shall require the customer pursuant to the contract on business relationship to submit all the changes in documentation referred to in paragraphs (1) and (2) of this Article within eight days.

Article 19

(Specific cases related to establishing and verifying the identity of the customer)

- (1) The obliged entity engaged in the activity of providing safe deposit box services, in addition to measures referred to in Article 12 of this Law, shall perform identification measures and collect data in accordance with Articles 11 and 15 of this Law every time a customer accesses the safe deposit box and this shall apply to any natural person physically accessing the safe deposit box regardless of whether he is a safe deposit box user under the safe deposit box lease agreement or his legal representative or proxy holder.
- (2) Organizers of games of chance shall undertake measures of identification, verification and customer due diligence when the customer is registering on the electronic betting platform, regardless of the amount of the stake.
- (3) Casinos and gambling houses shall identify customers and verify their identity at the entry to their establishments.
- (4) Including measures referred to in Article 12 of this Law, organizers of games of chance shall conduct customer due diligence when a customer during a game performs a transaction of KM 2,000 or more, regardless of whether it is a single transaction or several linked transactions.
- (5) Notwithstanding provisions of Article 12 of this Law, customer due diligence measures shall be conducted by:
 - a) Legal and natural persons engaged in the trade of precious metals, precious stones and their products at each purchase of precious metals, precious stones and their products;
 - b) Authorized currency exchange offices when conducting occasional transactions whose amount is higher than KM 1,000, regardless of whether it is a single transaction or several linked transactions;
 - c) Providers of services involving virtual currencies, when conducting occasional transactions whose amount is higher than KM 1,000, regardless of whether it is a single transaction or several linked transactions.
- (6) The obliged entity engaged in the activity of lending may apply simplified customer due diligence measures when the total annual exposure to a customer does not exceed the amount of KM 3,000.

Article 20

(Establishing and verifying the identity in life insurance business)

- (1) The obliged entity referred to in Article 5 paragraph (1) points f) and g) of this Law, in the case of life insurance and other investment-related insurance, shall be obliged, in addition to identifying and verifying the identity of the customer-the policyholder and the beneficial owner, to establish and verify the identity of the insurance beneficiary who has been especially designated as a natural or legal person or another person with a legitimate interest as soon as the beneficiary is identified or designated.
- (2) If the beneficiary of the insurance is not designated by name, the obliged entity shall obtain such extent of information that will be sufficient to establish his identity or the identity of

the beneficial owner of the insurance beneficiary at the time of the payout of the sum insured, exercise of rights to surrender, advance payment or pledging of the insurance policy.

- (3) The obliged entity shall determine whether the insurance beneficiary and the beneficial owner of the insurance beneficiary is a politically exposed person; if yes, it shall take measures referred to in Article 34 of this Law.
- (4) If the beneficiary of insurance is in the category of high risk of money laundering or terrorist financing, the obliged entity shall undertake reasonable measures to identify the beneficial owner of the insurance beneficiary, at the latest at the time of the payout, exercise of rights to surrender, advance payment or pledging of the insurance policy.
- (5) If a high risk of money laundering and terrorist financing is established in relation to an insurance policy, the obliged entity shall, in addition to measures and actions referred to in Article 11 of this Law, inform a member of the senior management before the payout of the sum insured and carry out enhanced customer due diligence.

Article 21

(Establishing and verifying the identity of the customer through video and electronic identification)

- (1) In accordance with BiH legislation regulating video and electronic identification, obliged entities referred to in Article 5 of this Law may establish and verify remotely the identity of a natural person, his legal representative, and a customer who is a craftsman or a person engaged in another type of self-employment activity, a legal person and a natural person representing the legal person, by using video and electronic means of identification if all of the following conditions are met:
 - a) For products, services, planned transactions and/or funds or delivery channels for the use of which the obliged entity conducts video and electronic identification of the customer, no high risk of money laundering and terrorist financing in accordance with Article 5 of this Law has been established;
 - b) The identity is established and verified on the basis of a valid public document of the customer referred to in paragraph (1) of this Article, which contains a biometric photograph of the person and was issued by the competent authority of a country which is not on the list of countries referred to in Article 86 paragraph (1) of this Law;
 - c) The customer is an adult;
 - d) The customer does not reside in the territory of a country which is on the list of countries referred to in Article 86 paragraph (1) of this Law.
- (2) With regard to the customer referred to in paragraph (1) of this Article, until such time as he physically appears before the obliged entity, the obliged entity shall implement measures of enhanced and ongoing monitoring of the business relationship with the customer, including the measure of restricting transactions in accordance with the assessed risk.
- (3) In the procedure of establishing and verifying the identity of the customer referred to in paragraph (1) of this Article, the obliged entity shall collect the data referred to in Article 15 of this Law. The data that cannot be collected in accordance with paragraph (1) of this Article shall be collected from other valid public documents submitted by the customer through persons authorized for postal traffic operations or via e-mail.

Article 22

(Establishing and verifying the identity of the customer through a qualified electronic certificate for electronic signature or an electronic seal)

- (1) In accordance with the BiH legislation regulating qualified electronic certificates for electronic signature and electronic seals, the obliged entity referred to in Article 5 of this Law may establish and verify remotely the identity of a natural person, his legal representative and a customer who is a craftsman or a person engaged in another type of self-employment activity, a legal person and a natural person representing the legal person, on the basis of a qualified certificate for electronic signature or an electronic seal issued by a certification body in accordance with the laws governing electronic business and electronic signature.
- (2) In the procedure of establishing and verifying the identity of the customer in accordance with paragraph (1) of this Article, the obliged entity shall collect data referred to in Article 15 of this Law by inspecting the qualified certificate for electronic signature or the electronic seal. The data that cannot be collected from the qualified certificate shall be collected from other valid public documents submitted by the customer through persons authorized for postal traffic operations or via e-mail. If it is not possible to collect all the required data in the described manner, the missing data shall be collected directly from the customer or in some other manner.
- (3) Establishing and verifying the identity of the customer in accordance with paragraph (1) of this Article shall not be permitted if there is a suspicion that the qualified certificate has been misused, or if the obliged entity has established that circumstances that significantly affect its validity have changed and the qualified service provider has not yet temporarily suspended it.
- (4) With regard to the customer referred to in paragraph (1) of this Article, until such time as he physically appears before the obliged entity, the obliged entity shall implement measures of enhanced and ongoing monitoring of the business relationship with the customer, including the measure of restricting transactions in accordance with the assessed risk.
- (5) After the customer referred to in paragraph (1) of this Article has physically appeared at the obliged entity's premises, the obliged entity shall carry out customer due diligence measures in accordance with the risk assessment referred to in Article 10 of this Law.
- (6) The conditions under which the identity of the customer may be established and verified in accordance with paragraph (1) of this Article shall include:
 - a) That the qualified electronic certificate of the customer has not been issued under a pseudonym;
 - b) That the obliged entity has put in place technical and other conditions enabling it to check at any given point whether the qualified electronic certificate of the customer has expired or has been cancelled and whether the private cryptographic key is valid and issued in accordance with paragraph (1) of this Article;
 - c) That the obliged entity has checked whether the qualified electronic certificate of the customer has restrictions on the use of the certificate with respect to the amount of the transaction or funds, methods of doing business, etc., and to align its business operations with these restrictions;
 - d) The obliged entity shall provide technical conditions for keeping records on the use of the system through a qualified electronic certificate of the customer.

- (7) The obliged entity shall inform the competent supervisory authority referred to in Article 93 of this Law and the FID that the customer is to be identified and his identity verified based on a qualified electronic certificate of the customer. When providing the information, it shall also submit a statement about the fulfilment of the requirements set out in paragraph (6) points b) and d) of this Article.
- (8) The certification body, which issued a qualified electronic certificate to the customer, shall provide the obliged entity, at its request and without delay, with information about the manner in which it has established and verified the identity of the customer who is the certificate holder.
- (9) If during the establishment and verification of the customer's identity pursuant to this Article the obliged entity doubts the veracity of the collected data or the authenticity of the documents from which the data were obtained, it shall suspend the procedure of establishing and verifying the customer's identity through a qualified electronic certificate and it shall establish and verify the identity pursuant to Articles 15, 16, 17, 18 and 19 of this Law.

Article 23 (Third party)

- (1) For the purposes of this Law, third parties shall be understood to mean obliged entities listed in Article 5, points a), b), c), f) and r) of this Law, their organizations, associations and other institutions or persons located in the country or in a foreign country:
 - a) Who apply customer due diligence requirements and record-keeping requirements that are the same or stricter than the requirements in force in BiH;
 - b) Whose compliance in business operations with the requirements of preventing money laundering and terrorist financing is monitored regularly and continuously by the competent authorities in the countries of the headquarters, in the same manner and scope in which supervision is carried out by the competent authorities over obliged entities from BiH.
- (2) The obliged entities referred to in paragraph (1) of this Article shall not be allowed to rely on third parties based in high-risk countries referred to in Article 86 paragraph (1) point a), unless the third party is a subsidiary, a daughter company majority-owned by the obliged entity, and the third party fully complies with policies and procedures of the group so that:
 - a) Customer due diligence requirements and record keeping requirements applied are the same or stricter than the requirements that are in force in BiH;
 - b) Compliance in business operations with the requirements of preventing money laundering and terrorist financing is monitored regularly and continuously by the competent authorities in the countries of the headquarters, in the same manner and scope in which supervision is carried out by the competent authorities over obliged entities from BiH.
- (3) Third parties referred to in paragraph (1) of this Article shall not include outsourcing service providers.
- (4) The obliged entity may not entrust the CDD procedure to a third party if the customer is:
 - a) A foreign legal person which is not or cannot be engaged in trade, manufacturing or other activities in the country where its registered office is located;
 - b) A fiduciary or another similar foreign legal person with unknown or concealed owners or managers.
- (5) Notwithstanding the provisions of paragraph (3), the obliged entity may entrust the performance of third-party activities to its own branches and subsidiaries located in the

countries referred to in Article 86 paragraph (1) point a) of this Law provided they fully comply with the group's policies and procedures.

Article 24

(Identification of customers carried out by third parties)

- (1) Under the terms set out in this Law and other regulations adopted pursuant to this Law, when establishing a business relationship with a customer, the obliged entity may entrust a third party with the establishment and verification of the customer's identity, establishment of the beneficial owner's identity and the collection of data on the purpose and intended nature of the business relationship or a transaction and/or funds.
- (2) Prior to entrusting the implementation of customer due diligence measures to a third party, the obliged entity shall check whether that third party meets the requirements set out by this Law.
- (3) The obliged entity may not accept the performance of certain actions and measures of customer identification through a third party if that party has established and verified the identity of the customer without his presence.
- (4) By entrusting the performance of certain actions and measures of customer identification to a third party, the obliged entity shall not be released from responsibility for the proper implementation of actions and measures of customer identification in accordance with this Law. The ultimate responsibility for the implementation of customer due diligence measures entrusted to a third party remains with the obliged entity.

Article 25

(Obtaining data and documents from a third party)

- (1) The obliged entity shall ensure that the third party which performed CDD actions and measures in accordance with the provisions of Articles 11 and 24 of this Law, submits the following without delay:
 - a) Necessary information pursuant to Article 11 of this Law;
 - b) Copies of identification data and other relevant documentation relating to CDD requirements at the obliged entity's request, including, if available, data obtained by means of electronic identification or by any other secure, remote or electronic identification procedure which is regulated, recognized, approved or accepted by the competent institution in BiH.
- (2) The obliged entity shall keep the obtained identification documentation in accordance with this Law.

Article 26

(A ban on establishing a business relationship)

The obliged entity shall not establish a business relationship if:

- a) Actions and measures of customer due diligence were implemented by a person that could not be considered a third party under Article 23 of this Law;
- b) The third party has established and verified the identity of the customer without his presence;
- c) The obliged entity has not previously obtained from the third party the data and documentation referred to in Article 25 paragraph (1) of this Law;

- d) The obliged entity has doubts about the credibility of the implemented actions and measures of customer due diligence or the veracity of the obtained data on the customer.

Article 27

(Ongoing monitoring of the customer's business activities)

- (1) The obliged entity shall monitor the business activities pursued by the customer by implementing customer due diligence measures while applying the Know Your Customer principle, including the origin of funds used in business operations.
- (2) Monitoring of business activities pursued by the customer through the obliged entity shall include:
 - a) Determining the customer's business operations in accordance with the purpose and objective of the business relationship established between the customer and the obliged entity;
 - b) Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the obliged entity's knowledge of the customer, their business and risk profile, and, if needed, the source of funds and ensuring that documentation, data and information maintained are up-to-date;
 - c) Ensuring that documents, data and information collected under the CDD process are relevant and kept up-to-date, by inspecting the existing records, particularly for higher risk categories of customers.
- (3) The obliged entity shall determine the scope and frequency of the measures referred to in paragraph (2) of this Article which correspond to the risk of money laundering or terrorist financing to which it is exposed by carrying out individual transactions or business operations of an individual customer. The obliged entity shall assess such risk in accordance with Article 10 of this Law.
- (4) The activities of ongoing monitoring may not be entrusted to a third party.

Article 28

(Special forms of due diligence)

When applying customer due diligence and depending on the level of risk of each individual customer and transaction, the obliged entity may apply:

- a) Enhanced customer due diligence;
- b) Simplified customer due diligence.

Article 29

(Enhanced customer due diligence)

- (1) Enhanced customer due diligence measures, in addition to the measures referred to in Article 11 of this Law, shall include additional measures set forth by this Law, which the obliged entity must carry out in order to appropriately manage the risks of money laundering and terrorist and proliferation financing, and in order to adequately mitigate these risks, when:
 - a) Establishing a correspondent relationship;
 - b) Applying new and developing technologies in accordance with Article 32 of this Law, and in accordance with the risk assessment performed by the obliged entity;

- c) Carrying out transactions that, by their characteristics, may be considered unusual in accordance with Article 33 of this Law;
 - d) Establishing a business relationship or conducting a transaction referred to in Article 12 of this Law with a customer who is a politically exposed person or has a beneficial owner who is a politically exposed person, including his closest family members and close associates;
 - e) Implementing customer due diligence measures when the customer was not present in person during the establishment and verification of his identity;
 - f) Establishing a business relationship or conducting a transaction involving high-risk countries referred to in Article 86 paragraph (1) point a);
 - g) Establishing a business relationship with customers who perform high-risk activities, in accordance with the risk assessment of money laundering and terrorist and proliferation financing.
- (2) The obliged entity will also apply enhanced customer due diligence measures in other cases, as well as to existing customers, when due to the nature of the business relationship, risks related to the customer, country, geographic area or product, service, transaction or delivery channel, or due to other circumstances related to the customer, based on the risk assessment referred to in Article 10 of this Law there is a high risk of money laundering or terrorist or proliferation financing, or the obliged entity has identified such risk.
 - (3) The content and the method of implementation of enhanced due diligence measures referred to in paragraph (1) of this Article shall be regulated by an implementing regulation passed by the BiH Council of Ministers, upon a proposal of the BiH Ministry of Security.
 - (4) Senior management of the obliged entity shall have to consent to the establishment of a business relationship or its continuation if the business relationship is established with: a correspondent bank, a politically exposed person or customers connected to high-risk countries referred to in Article 86 paragraph (1) point a).
 - (5) The obliged entity shall apply enhanced customer due diligence measures in relation to a particular business relationship or an occasional transaction for which this Law or the risk assessment of money laundering and terrorist financing in BiH has determined a high risk of money laundering or terrorist financing.

Article 30 **(Simplified customer due diligence)**

- (1) Obligated entities may apply simplified customer due diligence measures only if lower levels of risk are identified through an appropriate risk analysis performed by the obliged entity.
- (2) Simplified measures will be proportionate to lower risk factors, but shall not be acceptable when there is suspicion of money laundering or terrorist financing or when specific scenarios for higher risk levels are applied.
- (3) Before applying simplified customer due diligence measures, the obliged entity shall ascertain that the business relationship or the transaction presents a lower level of risk.
- (4) While applying simplified customer due diligence measures according to paragraphs (1) and (2) of this Article, the obliged entity shall carry out regular monitoring of the transactions and business relationships to enable the detection of unusual or suspicious transactions.
- (5) The obliged entity may apply simplified customer due diligence measures in relation to a particular business relationship or an occasional transaction assessed as low risk for money laundering and terrorist financing, taking into account the results of the risk assessment of money laundering and terrorist financing in BiH.

- (6) The factors on the basis of which it is assessed whether a business relationship or transaction is of low risk shall be defined in an implementing regulation passed by the BiH Council of Ministers, upon a proposal of the BiH Ministry of Security.

Article 31
(Correspondent business relationship)

- (1) When establishing a correspondent business relationship, the obliged entity shall implement also the following measures in addition to enhanced customer due diligence measures:
- a) Gather sufficient information about a respondent institution to understand fully the nature of its business, and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or to supervisory action;
 - b) Obtain data on the issuance and the validity period of the license for the provision of banking and other financial services, the name and registered office of the competent authority that issued the license;
 - c) Assess internal procedures and controls related to detection and prevention of money laundering and terrorist financing, in particular: customer due diligence, determination of the beneficial owner, data concerning suspicious transaction reports to the competent authorities, keeping of reports, internal controls and other procedures adopted by the bank or other financial institution to detect and prevent money laundering and terrorist financing;
 - d) Document and understand the responsibilities of the obliged entity and the respondent institution;
 - e) Obtain relevant AML/CFT legislation applicable in the country where the bank or other financial institution has been established or incorporated;
 - f) Clearly understand the respective AML/CFT responsibilities of each institution;
 - g) Ensure that the bank or other financial institution does not do business with shell banks;
 - h) Ensure that the bank or other financial institution has not established business relationships with shell banks and it does not enter into such relationships;
 - i) Ensure that the bank or other financial institution is subject to administrative supervision in the country of its registered office or its registration and that, under the legislation of that country, it has an obligation to comply with laws and regulations related to the detection and prevention of money laundering and terrorist financing.
- (2) An employee of the obliged entity who is establishing a relationship with a correspondent bank or another financial institution referred to in paragraph (1) of this Article and conducting the procedure of enhanced customer due diligence shall collect all written approvals from the senior management of the obliged entity before entering into that relationship, and if such a relationship has already been established, it may not be continued without the written approval of the senior management in the obliged entity.
- (3) The obliged entity shall collect all the data specified in paragraph (1) of this Article by accessing public or other available registers or reviewing documents and business reports submitted by the bank or other financial institution with a registered office abroad. The bank or other financial institution shall be obliged to assess and verify the adequacy and effectiveness of policies and procedures of the correspondent bank or other financial institution aimed at preventing money laundering and terrorist financing.

- (4) For payable-through accounts, the obliged entity shall satisfy itself that the respondent bank:
 - a) has verified the identity of the customer and continuously undertaken CDD measures in relation to its customers that have direct access to the accounts of the correspondent bank;
 - b) is able to provide relevant CDD information upon request to the correspondent bank.
- (5) The obliged entity shall not enter into or continue a correspondent relationship with the bank or other financial institution referred to in paragraph (1) of this Article if:
 - a) The data referred to in paragraph (1) points a), b), d), e) and f) of this Article have not been collected beforehand;
 - b) An employee of the obliged entity has not received prior written approval of the obliged entity's senior management to enter into a correspondent relationship;
 - c) The bank or other financial institution with its registered office abroad does not apply a system for detecting and preventing money laundering and terrorist financing or, in accordance with the legislation of the country in which it has been established or registered, it is not required to enforce laws and other relevant regulations related to detection and prevention of money laundering and terrorist financing;
 - d) The bank or other financial institution operates as a shell bank or enters into correspondent or other business relations and conducts transactions with shell banks;
 - e) The bank or other financial institution, which is used directly by a third financial institution to carry out transactions on its behalf, does not implement CDD measures for the third financial institution that has direct access to the correspondent bank's account and is not able to share at the request of the correspondent bank the necessary data, information and documents related to the identification of the customer.
- (6) In the contract serving as a basis for the establishment of the correspondent relationship, the obliged entity shall separately define and document the obligations of each contracting party related to the detection and prevention of money laundering and terrorist financing.
- (7) The obliged entity shall not establish a correspondent relationship with a foreign bank or another financial institution on the basis of which that institution may use the account with the obliged entity so as to enable its customers to use that account directly.
- (8) The obliged entity shall not enter into or maintain correspondent banking relationships with shell banks.
- (9) The obliged entity shall not establish or maintain correspondent relationship with a financial institution that is known to allow shell banks to use its accounts.

Article 32

(Application of new and developing technologies)

- (1) The obliged entity shall identify and assess the money laundering and terrorist financing risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products prior to their launch or use.
- (2) The obliged entity shall carry out enhanced monitoring in order to identify the risks of money laundering and terrorist financing arising from the application of new or developing technologies for new or existing products that are used to carry out transactions in domestic or international payment operations, especially those that can provide anonymity, as well as new business practices, including enhanced monitoring of new distribution mechanisms and payment instruments through which transactions related to new and developing technologies are carried out.

- (3) For the purpose of implementing measures referred to in this Article, the obliged entity shall establish procedures and take additional measures of risk management and mitigation in order to prevent misuse of new and developing technologies for the purpose of money laundering and terrorist financing.

Article 33
(Unusual transactions)

- (1) The obliged entity shall check the background and the purpose of a transaction that is characterized by: complexity, extraordinarily high amount, unusual way of execution, the value of or the links between transactions and/or funds that have no economically or legally justified purpose, or which are not in line or commensurate with the usual, expected business of the customer.
- (2) The obliged entity shall determine the basis and purpose of the transactions referred to in paragraph (1) of this Article and, if it has not determined that it is a suspicious transaction, the obliged entity shall draw up a formal note in writing, to be kept in order to make it available at the request of the FID or the supervisory authorities referred to in this Law.
- (3) With regard to the transactions and/or funds referred to in paragraphs (1) and (2) of this Article, notwithstanding paragraph (4) of this Article, the obliged entity shall take at least the following measures in addition to the obligations laid down in paragraph (1) of this Article:
 - a) Collecting and verifying additional data on the customer's activity and the anticipated nature of the business relationship with the customer;
 - b) Collecting and verifying data on the purpose of the announced or conducted transaction or funds;
 - c) Updating the identification data on the customer and its beneficial owner;
 - d) Verifying the collected data on the source of funds.
- (4) If the obliged entity, after conducting an analysis, has determined in connection with the transactions and/or funds referred to in paragraph (1) of this Article that there are reasons to suspect money laundering or terrorist financing, it shall notify the FID in the manner set out in Article 42 of this Law.

Article 34
(Politically exposed persons)

- (1) In addition to performing the CDD measures required under Article 11 of this Law, obliged entities shall establish appropriate procedures for determining whether a customer and/or the beneficial owner of a customer from BiH or abroad is a politically exposed person. Obligated entities shall define such procedures in their bylaws, following the guidelines issued by the FID and the supervisory authorities referred to in Article 93 of this Law.
- (2) When the customer and/or the beneficial owner of the customer entering into a business relationship or carrying out a transaction, or on whose behalf a business relationship is established or a transaction is carried out, is a politically exposed person, the obliged entity shall undertake the following measures, in addition to the measures laid down in Article 11 of this Law, as part of the enhanced customer due diligence procedure:
 - a) Collect data to establish the source of wealth and the source of funds and assets that are or will be the subject of a business relationship or a transaction from the documents

- and other documentation submitted by the customer and/or the beneficial owner of the customer;
- b) The employee of the obliged entity who is implementing the procedure for establishing a business relationship with the customer shall obtain the written approval of the senior management before entering into this type of relationship;
 - c) After entering into a business relationship, the obliged entity shall implement enhanced and ongoing monitoring of transactions and/or funds and other business activities of the politically exposed person.
- (3) If the obliged entity has determined that the customer or the beneficial owner of the customer has become a politically exposed person in the course of the business relationship, it shall apply the actions and measures referred to in paragraph (2) of this Article and obtain the written approval of the senior management for the continuation of the business relationship with that person.
 - (4) When a politically exposed person leaves prominent public office, the obliged entity shall assess further the risk that person represents and, based on the risk assessment, take appropriate measures until such time as the obliged entity no longer believes that the politically exposed person represents further the risk specific to politically exposed persons, whereby the period in which the measures are implemented shall not be shorter than 12 months after the person leaves prominent public office.
 - (5) The measures referred to in this Article shall also be implemented for the closest family members and close associates referred to in Article 4 points s) and t) of this Law.
 - (6) Upon a proposal of the BiH Ministry of Security and in cooperation with the Coordination Body referred to in Article 6 paragraph (1), the BiH Council of Ministers shall adopt an implementing regulation on the method of establishing, updating and publishing of the list of public functions referred to in Article 4 point s).
 - (7) International organizations accredited in BiH shall be obliged to submit updated lists of prominent public functions in each international organization to the Coordination Body referred to in Article 6 paragraph (1), through the BiH Ministry of Foreign Affairs.

Article 35

(Enhanced due diligence applied to customers from high-risk jurisdictions)

- (1) With respect to business relationships or transactions involving high-risk countries identified under Article 86 paragraph (1) point a) of this Law, the obliged entity shall apply the following enhanced due diligence measures:
 - a) obtaining additional information on the customer and on the beneficial owner(s);
 - b) obtaining additional information about the purpose and the intended nature of the business relationship;
 - c) obtaining information on the source of funds and source of wealth of the customer and of the beneficial owner(s);
 - d) obtaining information on the reasons for the planned or performed transactions;
 - e) obtaining the approval of senior management for establishing or continuing the business relationship;
 - f) conducting enhanced monitoring of the business relationship by increasing the number and frequency of controls applied and selecting patterns of transactions that require further examination.
- (2) In addition to the measures laid down in paragraph (1) of this Article, the obliged entity shall apply, as necessary, one or more additional measures to reduce the risk of money laundering and terrorist financing to natural and legal persons that carry out transactions

involving high-risk countries identified under Article 86 paragraph (1) point a) of this Law, as follows:

- a) applying additional elements of enhanced due diligence;
 - b) introducing enhanced relevant reporting mechanisms or systematic reporting of financial transactions;
 - c) limiting business relationships or transactions with natural or legal persons from high-risk countries identified under Article 86 paragraph (1) point a) of this Law.
- (3) In addition to the measures laid down in paragraph (1) of this Article, the competent supervisory authority may apply one or several of the following measures with regard to high-risk third countries identified under Article 86 paragraph (1) point a) of this Law:
- a) refusing the establishment of daughter companies, subsidiaries, or representative offices of obliged entities from the country concerned, or otherwise taking into account the fact that the relevant obliged entity is from a country that does not have appropriate AML/CFT regimes;
 - b) prohibiting obliged entities from establishing subsidiaries or representative offices in the country concerned, or otherwise taking into account the fact that the relevant subsidiary or representative office would be located in a country that does not have appropriate AML/CFT regimes;
 - c) requiring increased supervisory examination or enhanced external audit requirements for subsidiaries and daughter companies of the obliged entity located in the country concerned;
 - d) requiring enhanced external audit requirements for financial groups in relation to all of their subsidiaries and daughter companies located in the country concerned;
 - e) requiring credit and financial institutions to review and amend, or if necessary, terminate their correspondent relationships with the respondent institutions in the country concerned.
- (4) When enacting or applying the measures set out in paragraphs (2) and (3) of this Article, the BiH Council of Ministers shall take into account relevant evaluations, assessments and reports drawn up by international organizations tasked with setting the AML/CFT standards in relation to the risks posed by individual countries.

Article 36

(Obtaining and verifying customer data under the simplified customer due diligence procedure)

- (1) Data on the customer that are obtained and verified under the simplified customer due diligence procedure when establishing a business relationship shall include:
 - (1) Name, surname, date of birth, unique master citizen number and address of the person establishing the business relationship, and/or the person for whom the business relationship is established;
 - (2) The name, address and registered office of the legal person establishing the business relationship, and/or the legal person for which the business relationship is established;
 - (3) The name and surname of the legal representative or proxy holder who is establishing a business relationship for the legal person;
 - (4) The purpose and assumed nature of the business relationship and the date of establishment of the business relationship, and a description of the source of funds.
- (2) The obliged entity shall obtain the data referred to in paragraph (1) of this Article by inspecting originals or certified copies of the documentation from a court or another public register submitted by the customer, or by directly accessing official public registers.

- (3) If it is not possible to obtain data in the manner laid down in paragraph (2) of this Article, the missing data shall be obtained from originals or certified copies of documents and other business documentation submitted by the customer. If the data cannot be obtained in this manner either, the obliged entity shall take a written statement directly from the legal representative or proxy holder.
- (4) The documentation referred to in paragraphs (2) and (3) of this Article must be up to date and accurate and reflect the actual condition of the customer.

Article 37 **(Electronic transfers of money and other assets)**

- (1) Financial institutions, including institutions and companies providing the services of electronic money transfer, i.e. payment and collection service providers, shall collect accurate and complete data on the originators and beneficiaries of wire transfers or electronic transfers of money and other assets and include them in the forms or messages accompanying the electronic transfers of funds sent or received, regardless of currency or the type of assets.
- (2) The originator data referred to in paragraph (1) of this Article shall contain the following:
 - a) Name and surname of the originator;
 - b) Address of the originator;
 - c) Number of the valid identification document, the unique master citizen number or another identification number of the customer, or the place and date of birth;
 - d) The account number of the originator or unique payment identifier.
- (3) Data referred to in paragraph (2) of this Article shall accompany the electronic transfer throughout the payment chain.
- (4) The beneficiary data referred to in paragraph (1) of this Article shall contain:
 - a) Name and surname of the beneficiary; and
 - b) The beneficiary account number where such an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction.
- (5) Where several individual cross-border electronic or wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, the batch file shall contain required and accurate originator information, and full beneficiary information, that are fully traceable within the beneficiary country, and the obliged entity shall include the originator's account number or unique transaction reference number.
- (6) Where the information accompanying the domestic electronic or wire transfer can be made available to the beneficiary financial institution and appropriate authorities by other means, the ordering financial institution will include the account number or a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary. The ordering financial institution shall make the information available within three business days of receiving the request either from the beneficiary financial institution or from appropriate competent authorities.
- (7) For cross-border electronic transfers, an intermediary financial institution shall ensure that all originator and beneficiary information accompanying a transfer is retained with it.
- (8) Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border electronic transfer from remaining with a related domestic wire transfer, the intermediary financial institution shall keep a record, for at least five years, of all the information received from the ordering financial institution or other intermediary financial institution.

- (9) Intermediary financial and other institutions shall take reasonable measures that will enable them, during the automatic transaction processing, to identify cross-border electronic transfers that lack required information on the originator or the beneficiary.
- (10) For cross-border transfers of KM 2,000 or more, financial or other institution shall verify the identity of the beneficiary, if the identity has not been previously verified, and keep this information in accordance with this Law.
- (11) In the case of a money transfer service provider that controls both the ordering and the beneficiary side of a transfer, the provider shall:
 - a) take into account all the information from both the ordering and beneficiary sides in order to determine whether a suspicious transaction report has to be filed; and
 - b) file a suspicious transaction report in any country affected by the suspicious electronic transaction and make relevant transaction information available to the FID.
- (12) Intermediary financial and other institutions shall have risk-based policies and procedures for determining:
 - a) when to execute, reject, or suspend a transfer lacking required originator or required beneficiary information; and
 - b) the appropriate follow-up actions.
- (13) The ordering financial or other institution shall not be allowed to execute a transfer or a money transfer if it does not comply with the requirements specified in this Article.

Article 38

(Identification and verification of the identity of the originator of an electronic transfer)

- (1) Where an electronic transfer is carried out without opening an account and where a transfer amounts to KM 2,000 or more, the payment and collection service provider shall, in addition to the data referred to in Article 37 of this Law, establish and verify the identity of the electronic transfer originator in accordance with Article 15 of this Law.
- (2) In accordance with Article 42, paragraph (1) of this Law, regardless of the amount of electronic transfer, wherever there is a suspicion of money laundering or terrorist financing, the payment and collection service provider shall, in addition to the data referred to in Article 37 of this Law, establish and verify the identity of the electronic transfer originator in accordance with Article 15 of this Law and notify the FID.
- (3) The payment and collection service provider shall consider terminating business cooperation with another payment and collection service provider that frequently fails to meet the obligations under Article 37, paragraph (1) of this Law, but must warn it accordingly before terminating the business relationship. Should the payment and collection service provider, after conducting analysis, establish that there are reasons for suspecting money laundering or terrorist financing, it shall notify the FID of that fact and of the termination of cooperation in the manner laid down in Article 42 of this Law.
- (4) The payment and collection service provider shall consider whether the lack of accurate and complete data on the electronic transfer originator amounts to a suspicion of money laundering or terrorist financing and, if it has not determined that it is a suspicious transaction, it shall draw up a formal note in writing, which it shall keep in accordance with the law and, taking into account the assessed level of risk, it shall consider the implementation of enhanced customer due diligence.
- (5) The provisions of Article 37 of this Law and of this Article shall apply regardless of whether an electronic transfer is carried out domestically or with a foreign country, i.e., regardless of whether it is carried out by domestic or foreign payment and collection service providers.

- (6) When collecting the data referred to in Article 37 of this Law, the payment and collection service providers shall identify the originator using a valid identification document.

Article 39

(Exemptions from the obligation to collect data on the electronic transfer originator)

- (1) The payment and collection service provider shall not be required to collect data on the electronic transfer originator in the following cases:
- a) Where the electronic transfer is carried out from an account opened with the payment and collection service provider and provided that customer due diligence measures have already been implemented in accordance with this Law;
 - b) When using credit and debit cards, provided that:
 - 1) The electronic transfer originator has a contract with the payment and collection service provider based on which it can make payments for goods and services;
 - 2) Transfers of funds are carried out by using unique payment ID based on which the identity of the electronic transfer originator can be established;
 - c) When both the originator and the beneficiary of the electronic transfer are payment and collection service providers and act in their own name and for their own account.

CHAPTER III. RESTRICTIONS ON CONDUCTING BUSINESS WITH CUSTOMERS

Article 40

(Prohibition of using hidden accounts and doing business with shell banks)

- (1) The obliged entity shall not open, issue or hold for a customer anonymous accounts, accounts in obvious fictitious names, anonymous passbooks or anonymous safe deposit boxes or other products and services that facilitate, either directly or indirectly, the concealment of the customer's identity.
- (2) The obliged entity shall not establish or continue a correspondent business relationship with a bank that operates or may operate as a shell bank or other financial institution known for allowing the use of accounts of shell banks.

Article 41

(Restrictions on cash payments)

- (1) Legal and natural persons who are not obliged entities referred to in Article 5 of this Law and are engaged in the registered activity of selling goods and real estate or providing services in BiH, may not receive cash from a customer or a third party for their payment if it exceeds the amount of KM 30,000.
- (2) The restriction on cash payments referred to in paragraph (1) of this Article shall also apply where the payment is made in several linked cash transactions and its total value exceeds KM 30,000.
- (3) The persons referred to in paragraph (1) of this Article who are engaged in the activity of selling goods and real estate or providing services, shall receive the payment specified in paragraphs (1) and (2) of this Article from customers into their transaction accounts.
- (4) The persons referred to in paragraph (1) of this Article shall also act in accordance with paragraphs (1) and (2) of this Article when receiving and approving loans.
- (5) Where the real estate sales contract involves a transaction or transactions and/or funds whose monetary value is equal to or exceeds the amount of 30,000 KM or the equivalent

in a foreign currency, each transaction shall be carried out via a bank payment order or a wire transfer, unless otherwise regulated by another law.

- (6) With respect to the sales contract referred to in paragraph (5) of this Article, the bank may implement simplified customer due diligence measures referred to in Article 30 of this Law.
- (7) Legal persons and entrepreneurs registered for trading in vessels, vehicles or aircraft may not receive cash from a customer or a third party for their payment if it exceeds the amount of KM 30,000.
- (8) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers may, in order to eliminate or reduce the identified risks of money laundering and terrorist financing, in addition to the restrictions laid down in this Article, introduce additional cash payment restrictions for identified markets, sectors or activities, in which case such restrictions may also apply to the obliged entities referred in Article 5 of this Law. When formulating the proposals referred to in this paragraph, the BiH Ministry of Security shall consult with the governments of FBiH, RS and BDBiH.

CHAPTER IV. NOTIFYING THE FID ABOUT TRANSACTIONS

Article 42

(Reporting of suspicious transactions)

- (1) The obliged entity shall report its suspicions for any attempted or conducted suspicious transaction, suspicious funds regardless of the amount of the transaction, and any suspicious customer or person.
- (2) The obliged entity shall immediately and before carrying out the transaction referred to in paragraph (1) of this Article submit to the FID the data specified in Article 61 paragraph (1) of this Law in any of the cases set out in paragraph (1) of this Article, as well as other available information, data and documentation based on which the obliged entity knows, suspects or has reasons to suspect in accordance with Article 46 of this Law, while indicating the period in which the conducting of the transaction is expected. In such cases, the obliged entity shall immediately respond to any request by the FID for additional information.
- (3) In the cases referred to in paragraph (1) of this Article, the obliged entity shall refrain from conducting the transaction before fulfilling the obligation referred to in paragraph (2) of this Article in accordance with the provisions of Article 66 paragraphs (3) and (4) of this Law.
- (4) If the obliged entity, due to the nature of the transaction and/or funds or because the transaction is not carried out in full, or for other justified reasons, is not able to act pursuant to the provisions set out in paragraphs (1), (2) and (3) of this Article, it shall submit to the FID information, data and documentation without delay, and no later than the next business day after conducting the transaction, together with an explanation of reasons for its failure to act in accordance with the provisions of the stated paragraphs.

Article 43

(Reporting of cash, linked cash and cashless transactions)

- (1) The obliged entity shall report to the FID:
 - a. A cash transaction whose value is equal to or exceeds the amount of KM 30,000 or its equivalent;

- b. Linked cash transactions whose total value is equal to or exceeds the amount of KM 30,000 or its equivalent;
 - c. Any transaction amounting to or exceeding KM 30,000 or its equivalent with natural and legal persons located in the countries listed in the lists of countries referred to in Article 86 paragraph (1) points a) and b) of this Law;
 - d. Any transaction amounting to or exceeding KM 30,000 or its equivalent with natural and legal persons whose registered office is located in the countries listed in the lists of countries referred to in Article 86 paragraph (1) points a) and b) of this Law.
- (2) The obliged entity shall submit to the FID the data referred to in Articles 60 and 61 of this Law in accordance with Article 46 of this Law in any of the cases set out in paragraph (1) of this Article immediately after the transaction is completed and no later than three days after the completion of the transaction.
- (3) The BiH Council of Ministers may define by virtue of an implementing regulation the conditions under which the obliged entity is not required to submit to the FID the information on cash, linked cash and cashless transactions of a particular customer in amounts equal to or exceeding those specified in paragraph (1) of this Article.

Article 44

(Obligations of persons performing professional activities with respect to reporting to the FID)

Notaries, lawyers and law firms shall submit information and data to the FID in accordance with Article 46 of this Law within eight days from the certification or processing date:

- a) For each concluded real estate sales contract amounting to or exceeding KM 30,000;
- b) For each concluded loan agreement amounting to or exceeding KM 30,000;
- c) For each document drawn up to transfer the right to manage and dispose of property.

Article 45

(Exemptions from notification)

The provisions of Article 42 of this Law shall not apply to persons practicing law as attorneys when representing their clients in court, administrative and mediation proceedings, as well as the proceedings for ascertaining the legal position of their clients.

Article 46

(Transaction notification method)

- (1) The obliged entities referred to in Article 5 of this Law shall submit the documentation and notifications to the FID by using the software referred to in Article 47 of this Law.
- (2) In exceptional cases and if they do not have technical capabilities for access to the software referred to in Article 47 of this Law, the obliged entities referred to in Article 5 of this Law shall immediately submit the documentation and notifications referred to in paragraph (1) of this Article through persons authorized for postal traffic operations or through a courier, by email, telephone or fax.
- (3) In cases where the notification referred to in paragraph (2) of this Article is submitted by telephone, email or fax, the FID must be subsequently notified in accordance with paragraph (1) of this Article or through persons authorized for postal traffic operations or through a courier no later than the following business day.
- (4) When acting in accordance with this Law, the obliged entities referred to in Article 5 of this Law shall submit to the FID the data on transactions carried out by their customers in an electronic format in accordance with the implementing regulation adopted by the BiH

Council of Ministers upon the proposal of the BiH Ministry of Security in cooperation with the competent authorities.

- (5) The implementing regulation referred to in paragraph (4) of this Article shall prescribe the exact content and layout of data to be submitted by the obliged entities in accordance with paragraph (4) of this Article.

Article 47

(Software for the prevention of money laundering and terrorist financing - AMLS)

- (1) The AMLS shall, in line with the available IT solutions, enable:
 - a) Secure electronic reporting of transactions by the obliged entities referred to in Article 5 of this Law;
 - b) Entering of information, data and documentation by the FID;
 - c) Secure electronic exchange of information, data and documentation between the FID and the obliged entities referred to in Article 5 of this Law;
 - d) Secure storage and protection of the information, data and documentation submitted by the obliged entities referred to in Article 5 of this Law and entered by the FID;
 - e) Secure electronic access to information and databases of other bodies, as well as to other databases, records and tools for which access is enabled;
 - f) Analytical processing of data stored in the AMLS while making comparison with data from the databases referred to in point e) of this paragraph.
- (2) In the cases referred to in Article 46 paragraph (2) of this Law, the data from notifications submitted to the FID in writing only shall be entered into the AMLS by an FID officer.
- (3) With regard to the data from the AMLS, the FID and the obliged entities referred to in Article 5 of this Law shall when applying this Law comply with the legislation on protection of classified and personal data.

CHAPTER V. AUTHORIZED PERSONS

Article 48

(Authorized persons)

- (1) For the purpose of submitting information to the FID and performing other duties in accordance with the provisions of this Law, the obliged entity shall appoint an authorized person and one or more deputies of the authorized person (hereinafter: authorized persons).
- (2) When appropriate from the standpoint of the size and nature of an obliged entity's business, the obliged entity shall assign a managerial position to the authorized person in the job classification act, including all the rights and benefits pertaining to that level in the organizational structure, which has a direct and immediate connection with the management and the supervisory board of the obliged entity, and facilitates fast, proper and timely execution of tasks laid down in this Law and the provisions arising from it.
- (3) The authorized person shall autonomously perform tasks falling within the competence of the authorized person.
- (4) Regarding obliged entities who have four or fewer employees, if they have not appointed an authorized person, it shall be considered that their authorized person is the legal representative or other person who manages the affairs of the obliged entity, i.e. the responsible person of the obliged entity pursuant to the laws and regulations.
- (5) The obliged entity shall submit to the FID the data on the personal name and job title of the authorized person and the deputy authorized person, as well as the data on the personal

name and job title of the member of the senior management responsible for the implementation of this Law, as well as any changes in this data, within eight days from their appointment date.

- (6) The obliged entity shall ensure the presence of the authorized person during the on-site supervision and make sure that the authorized person directly communicates with representatives of the supervisory authorities and provides them with all necessary assistance for smooth conducting of the on-site supervision.

Article 49 **(Requirements for the authorized persons)**

- (1) The obliged entity shall ensure that the position of the authorized person is only entrusted to a person who meets the following requirements:
 - a) Possessing appropriate professional qualifications for the tasks of preventing and detecting money laundering and terrorist financing and the experience required to perform the duty of an authorized person;
 - b) Not having been convicted by a final judgment and not being subject to ongoing criminal proceedings;
 - c) Being well acquainted with the nature of the obliged entity's business activities in the areas exposed to the risk of money laundering and terrorist financing.
- (2) The provisions of paragraph (1) point b) of this Article shall not apply to criminal offences in the area of traffic safety.
- (3) The deputy authorized person shall meet the same requirements as the persons referred to in paragraph (1) of this Article.

Article 50 **(Tasks of the authorized person)**

- (1) The authorized person referred to in Article 48 of this Law shall perform the following tasks:
 - a) Ensuring and improving the establishment, functioning and development of effective systems, policies and procedures of the obliged entity for the detection and prevention of money laundering and terrorist financing;
 - b) Ensuring and monitoring the compliance of the operations of the obliged entity with the provisions of this Law;
 - c) Ensuring proper and timely reporting to the FID in accordance with this Law;
 - d) Participating in defining and modifying of operational procedures and in drafting of bylaw provisions concerning the prevention and detection of money laundering and terrorist financing;
 - e) Participating in development of guidelines for implementation of controls related to the detection and prevention of money laundering and terrorist financing;
 - f) Monitoring and coordinating the activities of the obliged entity in the area of the detection and prevention of money laundering and terrorist financing;
 - g) Participating in establishment and development of IT support for the activities of the obliged entity related to the detection and prevention of money laundering and terrorist financing;
 - h) Preparing proposals to the senior management or other administrative bodies of the obliged entity with a view to improving the obliged entity's system for detecting and preventing of money laundering and terrorist financing;

- i) Participating in preparation of professional education and training programs for employees in the area of the prevention and detection of money laundering and terrorist financing.
- (2) The deputies shall substitute for the authorized person during the absence of the authorized person in performance of all the tasks specified in paragraph (1) of this Article and shall perform all other tasks set out in this Law.

Article 51
(Obligations of the obliged entity)

- (1) The obliged entity referred to in Article 5 of this Law shall provide the authorized person with:
 - a) Unrestricted access to data, information and documentation necessary for the performance of the duties of the authorized person, while not letting employees in other organizational units of the obliged entity know the subject and reason for access to the data, information and documentation;
 - b) Appropriate staffing, material, IT and other conditions for work;
 - c) Adequate spatial and technical capacities which ensure an adequate level of protection of confidential information at the disposal of the authorized person;
 - d) Continuing professional training;
 - e) A substitute during the absence of the authorized person;
 - f) Protection in the form of a ban on disclosing information about the authorized person to unauthorized persons, as well as protection against other actions that may affect the unobstructed performance of the duties of the authorized person.
- (2) Internal organizational units, including the senior management of the obliged entity, shall offer assistance and support to the authorized person in the discharge of his duties, as well as regularly inform the authorized person about facts that are or could be related to money laundering or terrorist financing. The obliged entity shall prescribe the manner of cooperation between the authorized person and other organizational units.

Article 52
(Obligation to implement actions and measures in establishments of the obliged entity and subordinate companies of legal persons majority-owned by the obliged entity)

- (1) The obliged entity referred to in Article 5 of this Law shall ensure that actions and measures aimed at preventing and detecting of money laundering and terrorist financing, equal to those laid down in this Law, are carried out to the same extent in establishments of the obliged entity and subordinate companies of legal persons majority-owned by the obliged entity, regardless of whether they operate in BiH or in a foreign country.
- (2) The obliged entity that is a part of a financial group shall implement group-wide anti-money laundering and terrorist financing program and procedures, including adequate safeguards regarding the confidentiality and use of exchanged information which include data protection policies and safeguards to prevent tipping-off, provided that they are not contrary to the legislation in BiH.
- (3) The obliged entity that is a part of a financial group whose top parent company's registered office is abroad may implement the group-level program only if such program ensures meeting of all its obligations under this Law, other legislation and international standards in the area of the prevention of money laundering and terrorist financing, and if the program is not contrary to the legislation in BiH.

- (4) The obliged entity that is a part of a financial group may exchange data and information about the customer, account and transaction with other members of the group when this is necessary for the purpose of preventing money laundering and terrorist financing, unless otherwise instructed by the FID and/or competent supervisory authority.
- (5) The data and information referred to in paragraph (4) of this Article shall also include information and data on and analyses of transactions or activities that appear unusual, reports of suspicious transactions, information and data providing basis for reporting suspicious transactions and information on whether the transaction has already been reported to the competent authority as suspicious.
- (6) If an establishment or a subordinate company of a legal person is located in a country that does not apply international standards in the area of preventing of money laundering and terrorist financing, the obliged entity shall ensure enhanced control of implementation of the actions and measures referred to in paragraph (1) of this Article.
- (7) If the appropriate measures referred to in paragraph (6) of this Article are not sufficient, in cases where it is particularly justified, the supervisory authorities and the FID shall decide on implementation of special supervisory actions.
- (8) If the legislation of a foreign country does not permit the implementation of actions and measures aimed at preventing and detecting of money laundering or terrorist financing to the extent prescribed by this Law, the obliged entity shall immediately notify the FID and the supervisory authority to that effect with a view to adopting appropriate measures to eliminate money laundering or terrorist financing risk.
- (9) The appropriate measures referred to in paragraph (8) of this Article shall also include measures requiring that the obliged entity ensure additional controls of its establishments and subordinate companies with its majority-ownership operating abroad, as well as a partial or complete closing down of operations in such establishments or subordinate companies.
- (10) The obliged entity shall provide timely and regular information to its establishments or subordinate companies of legal persons with its majority-ownership in a foreign country about procedures related to the prevention and detection of money laundering and terrorist financing, especially with respect to customer due diligence actions and measures, submitting data to the FID, keeping records, internal control and other considerations related to the prevention and detection of money laundering or terrorist financing.
- (11) The obliged entity shall stipulate in its bylaws the method of controlling the implementation of procedures for the prevention of money laundering and terrorist financing in its establishments and subordinate companies with its majority-ownership, and it shall keep records on the data exchanged.
- (12) The provisions of this Article shall also apply to the obliged entity that is a part of a non-financial group under the law governing the activity of such obliged entity.

Article 53 (Integrity)

- (1) When recruiting for the position in which the provisions of this Law and legislation adopted pursuant to this Law are to be applied, the obliged entity shall define a procedure for determining that the candidate for that position has not been convicted by a final judgment nor is subject to ongoing criminal proceedings, with the exception of criminal offences in the area of traffic safety.
- (2) A candidate may not establish an employment relationship with an obliged entity if he does not meet the requirements referred to in paragraph (1) of this Article.

Article 54
(Professional training)

- (1) The obliged entity shall ensure continuing annual professional education, training and development that shall include all employees in positions of relevance to preventing and detecting of money laundering and terrorist financing, and shall be adapted to the real needs of the organizational structure components, functions and/or employees of the obliged entity.
- (2) The professional education, training and development shall relate to familiarization with the provisions of the Law and the legislation adopted pursuant to it and the provisions of the bylaws, as well as with technical literature on the prevention and detection of money laundering and terrorist financing, and with the list of indicators for identifying suspicious activities of customers and suspicious transactions and/or funds, including the relevant data protection requirements.
- (3) The obliged entity shall prepare a plan of annual professional education, training and development of employees regarding the prevention and detection money laundering and terrorist financing no later than by end-March for the current year.

**CHAPTER VI. MANAGING THE RISK OF MONEY LAUNDERING AND
TERRORIST FINANCING**

Article 55
(Internal control, internal and external audit)

- (1) The obliged entity referred to in Article 5 of this Law shall, within its regular activities undertaken with a view to effectively managing the risk of money laundering and terrorist financing and proliferation, establish internal control of tasks performed to prevent and detect money laundering and terrorist financing and proliferation, which shall be appropriate to the size of the obliged entity and the nature of its business.
- (2) The obliged entity referred to in Article 5 of this Law shall, at least once a year, ensure an independent internal and external audit to assess the adequacy, reliability and effectiveness of the system for managing the risk of money laundering and terrorist financing and proliferation, which may be an integral part of the statutory external audit where the obliged entity or the supervisory authority of the obliged entity assesses that it is necessary to have an independent internal and external audit referred to in this paragraph taking into account the size of the obliged entity and the nature of its business, and shall be mandatorily so where the law or implementing regulations governing the activity of the obliged entity stipulate(s) the obligation to have an internal and external audit.
- (3) The independent internal and external audit activities shall include an assessment of the adequacy of the obliged entity's policies and procedures and an assessment of compliance of the obliged entity's business operations with the provisions of this Law and its implementing regulations.
- (4) The external audit referred to in paragraph (2) of this Article shall be carried out by audit companies founded in accordance with the laws governing the area of accounting and audit in Bosnia and Herzegovina.
- (5) The obligations referred to in paragraph (2) of this Article shall not apply to obliged entities with four or fewer employees provided that the obliged entity is not a financial institution.

Article 56
(Policies, procedures and controls)

- (1) The obliged entity referred to in Article 5 of this Law shall adopt written policies, procedures and controls for mitigating and effectively managing the risk of money laundering and terrorist financing identified by the risk assessment referred to in Article 10 paragraph (1) of this Law, taking into account rulebooks and decisions and/or guidelines of the competent supervisory authority and the Assessment of Money Laundering and Terrorist and Proliferation Financing Risk in BiH referred to in Article 6 paragraph (3) of this Law.
- (2) The policies, procedures and controls referred to in paragraph (1) of this Article shall be proportionate to the size of the obliged entity and the type, scope and complexity of the business operations of the obliged entity.
- (3) The policies, procedures and controls referred to in paragraph (1) of this Article shall include:
 - a) Objectives, scope and mode of operation of the obliged entity's system for the prevention of money laundering and terrorist financing and proliferation;
 - b) The organizational structure of the obliged entity;
 - c) The position of the authorized person and the deputy authorized person in the organizational structure;
 - d) Powers and responsibilities of the authorized person and the deputy authorized person;
 - e) Powers and responsibilities of all employees of the obliged entity who participate in the implementation of this Law and implementing regulations adopted pursuant to it;
 - f) Customer due diligence measures;
 - g) Money laundering and terrorist financing and proliferation risk management models;
 - h) Methods and models of managing the compliance of the obliged entity's business operations with the provisions of this Law and implementing regulations adopted pursuant to it;
 - i) Establishing of appropriate reporting lines within the obliged entity in order to ensure timely and adequate reporting;
 - j) Data storage, the method of keeping records and their content;
 - k) Professional training and education of the obliged entity's employees;
 - l) Independent audit of the system for the prevention of money laundering and terrorist financing and proliferation where appropriate considering the size of the obliged entity and the nature of its business;
 - m) Vetting of the obliged entity's employees, if appropriate considering the size of the obliged entity and the type, scope and complexity of the business operations of the obliged entity.
- (4) The senior management of the obliged entity shall adopt the policies, procedures and controls referred to in paragraph (1) of this Article in order to prevent money laundering and terrorist financing and proliferation, and shall regularly monitor and review their adequacy and effectiveness and, if necessary, strengthen the measures taken by the obliged entity.
- (5) The obliged entities referred to in Article 5 of this Law shall upon request of the supervisory authorities enable unhindered access to all data, information or documentation during supervision, and shall submit, in the manner and within the time limits specified by the supervisory authority, the requested documentation, reports and information on all issues and circumstances relevant to conducting of the supervision or to monitoring the compliance of the obliged entity with the provisions of this Law and implementing regulations adopted pursuant to it.

Article 57
(List of indicators for identifying suspicious transactions)

- (1) In accordance with the guidelines of the FID and the competent supervisory authorities, the obliged entities referred to in Article 5 of this Law shall draw up a list of indicators for identifying suspicious transactions and/or funds and customers in connection with which there are grounds for a suspicion of money laundering or terrorist and proliferation financing and they shall supplement it based on information available to them with regard to new trends and typologies of money laundering and terrorist financing. In the event of changed circumstances in the business operations of the obliged entity, the obliged entity shall supplement the list of indicators if the changed circumstances are relevant to the implementation of this Law.
- (2) Associations, chambers and other forms of professional organizations that bring together the obliged entities referred to in Article 5 of this Law shall actively participate in the development of the list of indicators referred to in paragraph (1) of this Article.
- (3) The obliged entity shall submit the list of indicators and the amendments to the list referred to in paragraph (1) of this Article to the FID and the supervisory authority within 30 days from the date when it is drawn up.
- (4) The obliged entities shall adhere to the list of indicators referred to in paragraph (1) of this Article when undertaking activities to prevent, investigate and detect money laundering and terrorist and proliferation financing in accordance with the provisions of this Law, but shall not be limited to the list of indicators referred to in paragraph (1) of this Article in doing so.
- (5) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers shall adopt the implementing regulation establishing the list of indicators for identifying suspicious transactions and/or funds and customers in connection with which there are grounds for a suspicion of money laundering or terrorist financing, which shall be a mandatory part of the list referred to in paragraph (1) of this Article.
- (6) The implementing regulation referred to in paragraph (5) of this Article shall determine the method and parameters for compiling, updating and publishing the list referred to in the same paragraph.

Article 58
(Internal reporting of breaches of the provisions of this Law within the obliged entity)

- (1) The obliged entity shall define the procedure for independent and anonymous reporting of breaches of the provisions of this Law and implementing regulations adopted pursuant to it within the obliged entity.
- (2) The procedure referred to in paragraph (1) of this Article shall comprise clearly defined activities for receiving and processing of reports which shall be proportionate to the nature and size of the obliged entity.
- (3) By putting in place the procedure referred to in paragraph (1) of this Article, the obliged entity shall ensure legal protection against exposure to threats, retaliation or intimidation and especially against exposure to unfavourable or discriminatory actions at work concerning employees and representatives of the obliged entity who report in good faith suspected breaches of the provisions of this Law and implementing regulations adopted pursuant to it.

- (4) By means of the defined procedures referred to in paragraph (2) of this Article, the obliged entity shall also in accordance with this Law define the rules aimed at deterring any false reports of breaches of the provisions of this Law and shall determine the manner of acting in case of frequent false reports.

CHAPTER VII. RECORDS

Article 59 (Obligation to keep records)

- (1) The obliged entities referred to in Article 5 of this Law shall keep and store:
- a) Records of transactions and supporting documentation, including original documents or copies of documents as well as other forms of documentation acceptable in court proceedings which are necessary to identify transactions, for a period of 10 years after the end of the business relationship with their customer or after the date of an occasional transaction;
 - b) All records related to customer due diligence measures, account documentation, business correspondence and results of any analysis undertaken, for at least 10 years following the termination of the business relationship or after the date of an occasional transaction;
 - c) Reports and notifications submitted to the FID in accordance with Articles 42, 43 and 44 of this Law.
- (2) Transaction records shall be sufficient to allow reconstruction of individual transactions so as to provide, if necessary, evidence for conducting criminal proceedings.

Article 60 (Types of records kept by the obliged entity)

- (1) The obliged entity referred to in Article 5 of this Law shall keep the following records:
- a) Records of accessing public registers referred to in Article 11 paragraph (1) point a) and records of the ongoing monitoring of the business relationship referred to in Article 11 paragraph (1) point d) of this Law;
 - b) Records of the customer, business relationship and transaction data referred to in Article 12 of this Law;
 - c) Records of the measures taken and any difficulties encountered by the obliged entity during the verification process referred to in Article 18 of this Law;
 - d) Records of the unusual transactions and the results of the analysis of those transactions in accordance with Article 33 of this Law;
 - e) Records of the suspicious transaction reports submitted to the FID referred to in Article 42 of this Law;
 - f) Records of the reports submitted to the FID on cash transactions, linked cash transactions and transactions with natural and legal persons who are located or whose registered office is located in the countries listed in the lists of countries referred to in Article 86 paragraph (1) points a) and b) and Article 43 of this Law;
 - g) Records of the reports submitted to the FID on concluded real estate sales contracts, loan agreements and documents drawn up to transfer the right to manage and dispose of property referred to in Article 44 of this Law;
 - h) Records of the disclosure of information to recipients within the group in accordance with Article 52 paragraph (11) of this Law;

- i) Records of the exchanged data in connection with the procedure referred to in Article 88 paragraph (2) of this Law;
 - j) Records of the orders issued by the FID to the obliged entity for the temporary suspension of suspicious transactions referred to in Article 66 of this Law;
 - k) Records of the orders issued by the FID to the obliged entity for the ongoing monitoring of the financial operations of the customer referred to in Article 68 paragraph (1) of this Law.
- (2) The obliged entity may keep the records referred to in paragraph (1) of this Article on paper or electronically.

Article 61 **(Contents of records)**

- (1) Records of the completed customer due diligence procedure and transactions referred to in Article 11 paragraph (1) of this Law shall contain at least the following information:
- a) Name, registered office and identification number of the legal person that has established a business relationship or is carrying out a transaction and/or the legal person on whose behalf a permanent business relationship is established or a transaction carried out;
 - b) Name, surname, address of permanent residence, date and place of birth, and unique master citizen number of the employee or the authorized person establishing a business relationship or carrying out a transaction for a legal person, as well as the name of the authority that issued the valid identification document;
 - c) Name, surname, address of permanent residence, date and place of birth, and unique master citizen number of the natural person establishing a business relationship, entering the premises of a casino, a gambling house or an organizer of games of chance, or carrying out a transaction, accessing a safe deposit box or of the natural person for whom a business relationship is established or a transaction carried out, as well as the number and the name of the authority that issued the valid identification document;
 - d) Reasons for establishing the business relationship or carrying out the transaction, and information on the customer's activity;
 - e) Date of establishing the business relationship or carrying out the transaction;
 - f) Time when the transaction was carried out;
 - g) Amount of the transaction and/or funds and the currency in which it is carried out;
 - h) Purpose of the transaction and/or funds, where applicable, as well as the name, surname and permanent residence (*sic.*) or the name and registered office of the legal person for which the transaction and/or funds are intended;
 - i) Manner in which the transaction was carried out;
 - j) Name and surname or name and registered office of the originator for remittances from abroad;
 - k) Information on the origin of money or assets constituting the subject of the transaction;
 - l) Reasons for a suspicion regarding a transaction or funds, a customer or a person;
 - m) Name, surname, address of permanent residence, and date and place of birth of each natural person who directly or indirectly owns at least 25% of equity stake, shares or other rights due to which they participate in managing the legal person or its funds.
- (2) The obliged entities shall, for their own needs, keep copies of documents based on which the identification of customers was carried out, accompanied by a note that the original document has been inspected.

- (3) The records and information referred to in Article 82 of this Law concerning the physical transportation of cash across the state border shall contain the data on:
 - a) The carrier, including name and surname, contact details, permanent residence, date and place of birth, unique master citizen number or another citizen identification number, citizenship, and travel or identification document number;
 - b) The owner of the cash, including full name, permanent residence, unique master citizen number, citizenship, and travel document number, where the owner is a natural person, or full name, registered office and identification number, where the owner is a legal person;
 - c) The intended recipient of the cash, where applicable, including full name, permanent residence, unique master citizen number and citizenship, where the intended recipient is a natural person, or full name, including registered office and identification number, where the intended recipient is a legal person;
 - d) The type and the amount or value of the cash;
 - e) The economic provenance of the cash;
 - f) The intended use of the cash;
 - g) The transport route;
 - h) The means of transport;
 - i) The date, time and place of crossing the state border;
 - j) Information on whether the transaction or funds were declared to the BiH Indirect Taxation Authority (hereinafter: ITA);
 - k) Data on the declarant, the sender and the recipient of the cash in the event of transportation of unaccompanied cash.
- (4) For life insurance or other investment related insurance dealings, the obliged entities shall, in addition to the records and data on customer due diligence measures required for the customer and the beneficial owner, keep records and data on the beneficiary of life insurance and other investment related insurance policies, as soon as the beneficiary is identified in accordance with paragraph (1) of this Article:
 - a) In the case of beneficiaries that are identified as specifically named natural or legal persons or legal arrangements - taking the name of the person;
 - b) In the case of beneficiaries that are designated by characteristics or by class or by other means – obtaining sufficient information concerning the beneficiary to satisfy the financial institution that it will be able to establish the identity of the beneficiary at the time of the payout.
- (5) For wire transfers and money transfers, the obliged entities shall keep all data on the originator and the beneficiary collected pursuant to Article 37, in accordance with paragraph (1) of this Article.
- (6) The obliged entities shall ensure that all customer due diligence information and transaction records are swiftly available to authorized competent authorities upon appropriate authorization.
- (7) All the data, information and documentation from the records referred to in this Article shall be submitted to the FID free of charge.

CHAPTER VIII. TASKS AND COMPETENCES OF THE FID

Section A. Activities of the FID

Article 62

(General provisions on the FID)

- (1) In accordance with the provisions of the Law on the State Investigation and Protection Agency, this and other laws, the FID shall undertake activities related to the prevention, analysis, investigation, detection and combating of money laundering, associated predicate crimes and terrorist financing; promotion of cooperation among the competent authorities of BiH, FBiH, RS and BDBiH in the prevention of money laundering, associated predicate crimes and terrorist and proliferation financing; as well as promotion of cooperation and exchange of information with competent authorities of other countries and with international organizations in charge of preventing money laundering, associated predicate crimes and terrorist financing.
- (2) The FID shall be the central financial intelligence unit which receives, collects, records, analyses, investigates and forwards the results of analyses and/or investigations, data, information and documentation related to money laundering, associated predicate crimes and terrorist financing, and which is, in accordance with the provisions of the Law on the State Investigation and Protection Agency, established as a basic organizational unit in the structure of the State Investigation and Protection Agency.
- (3) In accordance with paragraph (1) of this Article, the FID shall autonomously and operationally independently perform the tasks laid down in this Law as part of which:
 - a) The FID shall freely discharge its functions, including independent decision-making with respect to receiving, collecting, recording, analysing and forwarding the results of its analyses, investigations and specific information, data and documentation to the competent authorities in BiH and competent authorities of other countries and international organizations in charge of preventing money laundering and terrorist financing;
 - b) The FID shall have separate key functions from those discharged by other organizational units of the State Investigation and Protection Agency, including by restricting access to data and information stored in the AMLS;
 - c) The FID shall within the State Investigation and Protection Agency be provided with appropriate staffing capacities and IT and technical equipment for performing the tasks laid down in this Law;
 - d) Where necessary, the FID shall be supported by other organizational units of the State Investigation and Protection Agency to perform the tasks laid down in this Law;
 - e) The FID shall perform the tasks laid down in this Law without undue political influence or influence of the private sector or interference from them.

Article 63

(Analytical function of the FID)

As part of its analytical function, the FID shall use the data, information and documentation received and collected in accordance with this Law to:

- a) Conduct an operational analysis which focuses on individual cases and specific targets, particular activities or transactions, or appropriately selected information, depending on the type and scope of the report received and the expected use of the information

after dissemination, in order to establish links with money laundering, associated predicate crimes and terrorist financing;

- b) Conduct strategic analyses aimed at determining typologies, forms, trends and patterns regarding money laundering and terrorist financing.

Article 64

(Requests to the obliged entities to submit data)

- (1) If the FID, while acting within its competence, including acting upon requests of the authorities referred to in Articles 71, 76 and 77 of this Law, suspects money laundering, associated predicate crimes or terrorist financing, it may request from the obliged entity in writing the information specified in Articles 59, 60 and 61 of this Law, the information on ownership and on transactions of that person, as well as other information, data and documentation necessary for the performance of the FID tasks in accordance with the provisions of this Law. In urgent cases, the FID may request the information, data and documentation verbally and review the documentation at the obliged entity's premises, while being required to send a written request to the obliged entity no later than the next business day.
- (2) The FID may request the obliged entity to submit the information referred to in Articles 59, 60 and 61 of this Law, the information on ownership and transactions, as well as other necessary information, data and documentation for the purposes of performing its tasks in the area of money laundering, predicate crimes and terrorist financing, as well as in cases of a suspicion that a provision of this Law has been breached.
- (3) The obliged entity shall, without delay and no later than eight business days from the date of receipt of the request, submit to the FID the information, data and documentation referred to in paragraphs (1) and (2) of this Article in the manner and format laid down in Article 46 paragraphs (1) and (2) of this Law.
- (4) Where the documentation involved is extensive or for other justified reasons, the FID may:
 - a) Upon written request of the obliged entity, extend the time limit referred to in paragraph (3) of this Article by written notice;
 - b) Directly inspect, review and obtain the data, information and documentation on the premises of the obliged entity in accordance with Article 65 of this Law.

Article 65

(Review of documentation on the premises of the obliged entity)

- (1) During the on-site inspection and review of the data, information and documentation in accordance with Article 65, paragraph (4) of this Law (*sic.*), the FID officers on the premises of the obliged entity referred to in Article 5 of this Law may:
 - a) Review the original data, information and documentation in any form;
 - b) Request printing of data, information and documentation stored in the computer system and copies of original documents certified by the seal of the obliged entity;
 - c) Request other information from the obliged entity's employees who have knowledge important for performing the tasks under this Law.
- (2) The obliged entities referred to in Article 5 of this Law shall enable the FID officers to perform an on-site inspection and review of the data, information and documentation referred to in paragraph (1) of this Article at the obliged entity's registered office and other places where the obliged entity or another person authorized by it performs activities and operations.

Article 66

(Temporary suspension of transactions and temporary suspension of access to the safe deposit box)

- (1) If the FID, while acting within its competence, including acting upon requests of the authorities referred to in Articles 71, 76 and 77 of this Law, suspects money laundering, associated predicate crime or terrorist financing, it may issue a written order for a temporary suspension of the transaction or transactions, including a temporary suspension of access to the safe deposit box used by the customer at the obliged entity.
- (2) The temporary suspension of the transaction, including the temporary suspension of access to the safe deposit box may last for a maximum of five business days, and the period of the temporary suspension of the transaction and the ban on access to the safe deposit box shall start to run from the time of issuance of the order where the suspension is requested by the FID. The FID may give additional instructions to the obliged entity regarding that transaction, suspension of the transaction, carrying out of the transaction and communication with the person or persons associated with the transaction or transactions.
- (3) If the suspicious transaction report referred to in Article 42 of this Law was submitted before carrying out the transaction, the FID shall state its position on the reported suspicion no later than 24 hours from the receipt of the suspicious transaction report and no later than 48 hours in case the suspicious transaction report was submitted during weekend days.
- (4) The obliged entity shall suspend the transaction or access to the safe deposit box until the FID has stated its position or the period referred to in paragraph (3) of this Article has expired.
- (5) The FID may also issue an order for the temporary suspension of the transaction or transactions in the manner laid down in paragraphs (1) and (2) of this Article to the competent registry of securities in BiH.
- (6) In urgent cases, the FID may issue the order for the temporary suspension of the transaction or transactions and the temporary suspension of access to the safe deposit box referred to in paragraphs (1) and (5) of this Article verbally, but it shall also send the written order to the obliged entity no later than the next business day.
- (7) The order for the temporary suspension of the transaction or transactions shall contain:
 - a) Date and time from which the temporary suspension begins to run;
 - b) Account number;
 - c) Account holder information;
 - d) Name of the obliged entity;
 - e) Amount of the financial transaction or transactions and/or funds that are temporarily suspended;
 - f) Other data related to the obliged entity and the suspicious transaction or transactions and/or funds.
- (8) The order for the temporary suspension of access to the safe deposit box referred to in paragraph (1) of this Article shall contain:
 - a) Date and time from which the temporary suspension begins to run;
 - b) Safe deposit box number;
 - c) Safe deposit box holder or user information;
 - d) Name of the obliged entity;
 - e) Other information related to the obliged entity and the holder or user of the safe deposit box.
- (9) After the expiration of the period referred to in paragraph (2) of this Article, the transaction or access to the safe deposit box may be temporarily suspended only by a decision of the court of jurisdiction in accordance with the criminal procedure laws in BiH.

- (10) The FID shall inform the authorities referred to in Articles 71, 76 and 77 of this Law on the issued written orders or on the reasons for rejecting of requests for the temporary suspension of the transaction or transactions and the temporary suspension of access to the safe deposit box.
- (11) The authorized person in the obliged entity shall draw up a note on receipt of the verbal order referred to in paragraph (6) of this Article and store it in the records of the obliged entity in accordance with Article 92 of this Law.

Article 67

(Termination of the order for the temporary suspension of transactions and the temporary suspension of access to the safe deposit box)

- (1) Should the FID, after issuing the order for the temporary suspension of a transaction or transactions and the order for the temporary suspension of access to a safe deposit box, prior to the expiration of the period referred to in Article 66 paragraph (2) of this Law, establish that there are no longer reasons for the temporary suspension of the transaction and the temporary suspension of access to the safe deposit box, it shall without delay notify this in writing to the obliged entity, which can then immediately carry out the transaction and enable access to the safe deposit box.
- (2) The FID may notify the order referred to in paragraph (1) of this Article verbally, but it shall also submit it in writing no later than the next business day. The authorized person in the obliged entity shall draw up a note on receipt of the verbal notice and store it in the records of the obliged entity in accordance with Article 92 of this Law.
- (3) If the FID fails to take measures referred to in paragraph (1) of this Article, the obliged entity may carry out the transaction or enable access to the safe deposit box immediately after the expiration of the period referred to in Article 66, paragraph (2) of this Law.
- (4) Termination of the order for the temporary suspension of transactions and the temporary suspension of access to the safe deposit box referred to in paragraphs (1) and (2) of this Article, as well as failure to issue the order for the temporary suspension of the reported suspicious transaction shall not necessarily constitute a negation of a suspicion of money laundering, predicate crime or terrorist financing.

Article 68

(Order to the obliged entity for ongoing monitoring of financial operations of the customer)

- (1) The FID may order the obliged entity in writing to undertake an ongoing monitoring of financial operations of the customer with respect to whom there are grounds for a suspicion of money laundering, associated predicate crimes or terrorist financing or another person for whom it is reasonable to conclude that he assisted or participated in transactions or affairs of the person in relation to whom there is a suspicion, and to regularly notify the FID of all types of transactions or affairs which these persons carry out or have an intention to carry out with the obliged entity. In the order, the FID shall specify the time limits within which the obliged entity is to submit the requested information.
- (2) If due to the nature or method of financial operations and/or circumstances accompanying the financial operations it is not possible to issue a written order to the obliged entity and in other urgent cases, the FID may verbally order the obliged entity to undertake the ongoing monitoring of financial operations of the customer referred to in paragraph (1) of this Article, but shall also submit the written order to the obliged entity no later than the next business day.

- (3) The authorized person in the obliged entity shall draw up a note on receipt of the verbal order referred to in paragraph (1) of this Article and keep it in the records of the obliged entity in accordance with Article 92 of this Law.
- (4) If the FID has not defined the time limits, the obliged entity shall submit the data referred to in paragraph (1) of this Article to the FID prior to carrying out the transaction or enabling access to the safe deposit box. If due to the nature of the transaction or the business relationship or due to other justified reasons the obliged entity failed to do so, it shall submit a report to the FID in which it shall state the reasons for such failure to act.
- (5) Implementation of the measures referred to in paragraph (1) of this Article may last for a maximum of three months, while in justified cases the duration of the measures may be extended for another month each time, with the maximum duration of implementation of the measures being six months.

Article 69

(Requests to and submission of data by other authorities)

- (1) The FID shall have timely, direct or indirect access to financial and administrative data necessary for the successful performance of its tasks in accordance with the provisions of this Law, which are available to authorities at all levels of government in BiH and other bodies exercising public authority.
- (2) If direct access to data referred to in paragraph (1) of this Article is not provided, the authorities and institutions at all levels of government in BiH shall immediately submit to the FID the requested data, information and documentation available to them at a given moment in time, and shall without delay submit the subsequently obtained data, information and documentation.
- (3) In urgent cases and where the documentation involved is extensive or due to other justified reasons, the FID may examine the documentation or collect the data on the premises of the authorities and institutions exercising public authority referred to in paragraph (1) of this Article.
- (4) If direct access to data is provided, the authorities and institutions referred to in paragraph (1) of this Article shall conclude the agreement with the FID, specifying therein their mutual rights and obligations in the implementation of paragraph (1) of this Article.
- (5) The authorities and institutions referred to in paragraph (1) of this Article shall submit the requested information, data and documentation to the FID or enable access to them free of charge.

Article 70

(Notifying the competent authorities)

- (1) Once the FID has determined that there are reasons for a suspicion that the criminal offence of money laundering, predicate crime or crime of terrorist financing was committed, it shall *ex officio* submit to the competent prosecutor's office the report on the existence of grounds for a suspicion of the committed criminal offence and perpetrators, with the relevant data, information and documentation.
- (2) The FID shall inform the competent prosecutor's office about the temporary suspension of the transaction ordered in accordance with Article 66 of this Law, which according to its assessment needs to be extended by a decision of the court of jurisdiction, as well as about other findings that require an assessment by the prosecutor's office.
- (3) If the FID considers, with respect to the data, information and documentation collected and analysed in accordance with this Law, that they may be important to the competent

authorities in making decisions falling within their competence regarding the investigation of criminal offences of money laundering, predicate crimes or terrorist financing, it shall notify them to that effect in writing for the purpose of taking measures in their competence, and provide them with the relevant data, information and documentation.

- (4) Should the FID, while acting in accordance with this Law, become aware of other criminal offences laid down in criminal codes in Bosnia and Herzegovina, it shall notify the competent authorities thereof.
- (5) When sending the notification referred to in paragraphs (1), (2), (3) and (4) of this Article, the FID shall take into account the subject-matter and territorial jurisdiction of the competent authority to which the notification is sent.

Article 71

(Acting upon requests of the competent authorities)

- (1) The FID shall, upon their reasoned request, expeditiously submit to the competent authorities in BiH the available data, information and documentation that may be of importance to these authorities in making decisions falling within their competence regarding the investigation of criminal offences of money laundering, associated predicate crimes or terrorist financing, provided that the requirements set out in paragraph (3) of this Article are met, and it shall without delay submit the subsequently obtained data, information and documentation.
- (2) The FID shall decide on the procedure, and the scope and type of checks conducted upon the request referred to in paragraph (1) of this Article.
- (3) The reasoned request by a competent authority referred to in paragraph (1) of this Article shall contain: the legal basis for submitting the request, basic general data for the natural or legal person and/or name and registered office of the legal person (*sic.*), description of the suspicion for the criminal offence of money laundering, associated predicate crime or terrorist financing, as well as the level of urgency for the response by the FID.
- (4) The FID shall reject the submitted request referred to in paragraph (1) of this Article if the request does not meet the requirements laid down in paragraph (3) of this Article, whereof it shall notify the submitting authority in writing.
- (5) Notwithstanding the provisions of this Article, should there be objective reasons for assuming that providing such information would have a negative impact on the ongoing investigations or the operational analyses referred to in Article 63 of this Law or in exceptional circumstances, where disclosure of the information would be clearly disproportionate to the legitimate interests of the natural or legal person or irrelevant with regard to the purposes for which it was requested, the FID shall be under no obligation to respond to the request referred to in paragraph (1) of this Article, which shall be decided independently by the FID, and in which case the FID shall document the reasons for failure to respond.

Article 72

(Obligations related to forwarding and use of the data, information and documentation)

- (1) When submitting the data, information and documentation to the competent authorities in accordance with Articles 70 and 71 of this Law, the FID may prohibit any forwarding of such data, information and documentation to another authority without a prior written consent of the FID.
- (2) The competent authorities referred to in Articles 70 and 71 of this Law shall inform the FID of the results obtained by using the data, information and documentation forwarded to them,

including information on the type of measures and actions taken, the persons against whom they were taken, in respect of which criminal offences, the amount of the identified damage and/or proceeds of crime, the imposed sanctions, and other relevant information.

- (3) In the cases referred to in Articles 70 and 71 of this Law, the FID shall not disclose the data on the obliged entity or the data on the employee(s) of the obliged entity who participated in collection and communication or reporting the suspicious transaction in accordance with Article 42 of this Law, unless this information is necessary during the criminal proceedings to establish the facts which are not possible to establish in any other way.
- (4) The decision on disclosure of information referred to in paragraph (3) of this Article shall be made by the court of jurisdiction upon proposal of the competent prosecutor's office, based on the opinion obtained from the FID.

Article 73 (Feedback)

- (1) The FID shall acknowledge the receipt of the notification of the suspicious transaction reported by the obliged entity referred to in Article 5 of this Law.
- (2) The FID shall, unless it has assessed that this could harm the further course and outcome of the proceeding, inform the obliged entity referred to in Article 5 of this Law which reported the transaction about the results of analysis of the received data referred to in paragraph (1) of this Article related to the transaction and/or funds or person in connection with which reasons are identified for a suspicion of money laundering or terrorist financing, and shall do so by:
 - a) Forwarding the information about the decision or the outcome of the case if the case was closed or completed following the notification of the transaction and the information to that effect is available;
 - b) At least once a year, sending to the obliged entity the statistics on received notifications of transactions and outcomes of operations.
- (3) The FID shall inform the supervisory authorities referred to in Article 93 of this Law and other competent authorities about new money laundering and terrorist financing techniques, methods and trends immediately after gaining knowledge of them, and at least once every six months.
- (4) The FID may also, as per assessment and in cooperation with the supervisory authorities, inform the obliged entities referred to in Article 5 of this Law about the findings referred to in paragraph (3) of this Article.
- (5) The FID shall inform the supervisory authorities about the measures taken based on the information and documentation related to the suspicion of money laundering and terrorist financing provided by them in accordance with the provisions of Article 97 paragraph (5) of this Law.

Article 74 (Other duties of the FID)

- (1) In addition to the obligations set out in this Law, the FID shall in the prevention of money laundering and terrorist financing:
 - a) Propose to competent authorities any amendments to legislation relating to the prevention and detection of money laundering and terrorist financing;

- b) Participate in the professional training of employees and authorized persons in the obliged entities, competent authorities in BiH and institutions exercising public authority;
 - c) At least once a year publish on its website the statistics in the area of money laundering and terrorist financing, and inform the public in other appropriate manners about the forms that money laundering and terrorist financing may take;
 - d) Submit annual reports to the Director and the Minister of Security on general activities of the FID and on activities related to the prevention of money laundering and terrorist financing, and report more frequently upon their request.
- (2) The FID may forward the results of the strategic analyses aimed at determining typologies and trends regarding money laundering and terrorist financing referred to in Article 63 paragraph (2) of this Law to the competent authorities in BiH and relevant international bodies.

Article 75

(Request to foreign authorities for submission of data, information and documentation)

- (1) The FID may request from foreign law enforcement agencies, judicial or administrative authorities, financial intelligence units and international organizations involved in the prevention of money laundering and terrorist financing the data, information and documentation necessary for performing its tasks in accordance with the provisions of this Law.
- (2) The FID shall not transmit or make available the information and documentation obtained in accordance with paragraph (1) of this Article to natural or legal persons - third parties or other authorities, nor shall it use them for purposes contrary to the conditions and restrictions set by the authority, unit or organization referred to in paragraph (1) of this Article, unless authorized to do so by the stated authority.
- (3) The request referred to in paragraph (1) of this Article shall contain all the relevant facts, background information, reasons for the request and the manner in which the requested information will be used.

Article 76

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

- (1) The FID shall timely transmit data, information and documentation which it has access to or is able to collect pursuant to this Law to financial intelligence units of other countries upon their request or on its own initiative, in accordance with the provisions of this Law, provided that data protection equal to the protection provided under the legislation in BiH is ensured.
- (2) The request referred to in paragraph (1) of this Article should contain all the relevant facts, background information, reasons for the request and the manner in which the requested information will be used.
- (3) When transmitting data to financial intelligence units of other countries, the FID shall request that the information, data and documentation be used only for the purposes laid down in the provisions of this Law. A prior written consent of the FID shall be required for any additional forwarding of the data, information and documentation to any other competent authority of the given country.
- (4) Should a foreign financial intelligence unit request the prior consent of the FID to forward the information, data and documentation transmitted by the FID to the foreign financial

intelligence unit in accordance with paragraph (1) of this Article to other competent authorities of the given country, the FID shall give its consent without delay and to the greatest extent possible regardless of the type of predicate crime concerned.

- (5) Notwithstanding the provisions of paragraphs (1) and (4) of this Article, the FID may reject a request of a financial intelligence unit of another country if the requirements laid down in paragraph (2) of this Article are not met, if complying with the request would fall outside of the scope of this Law or could interfere with the ongoing investigations or the operational analyses or in exceptional circumstances, where disclosure of the information would be clearly disproportionate to the legitimate interests of the natural or legal person or irrelevant with regard to the purposes for which it was requested, and it shall notify the financial intelligence unit of another country of the rejection in writing, explaining the reasons for the rejection.
- (6) The FID may request feedback from financial intelligence units of other countries on the extent to which the data and information transmitted to them were useful.

Article 77

(Transmitting data to foreign authorities involved in the prevention of money laundering and terrorist financing)

- (1) The FID may also transmit data, information and documentation it can have access to pursuant to this Law to other foreign law enforcement agencies only in those cases where the request specifies the grounds for a suspicion of money laundering and a predicate crime or terrorist financing and their specific connections with legal and natural persons, accounts, transactions and/or funds and acts of commission, provided that data protection equal to the protection stipulated under the legislation in BiH is ensured.
- (2) When transmitting data in accordance with paragraph (1) of this Article, the FID shall inform the foreign law enforcement agency of the restrictions referred to in Article 91 of this Law and that any additional forwarding of data, information and documentation requires a prior written consent of the FID.

Article 78

(Request to a foreign financial intelligence unit for the temporary suspension of a transaction)

When implementing measures and activities aimed at preventing and detecting criminal offences of money laundering, associated predicate crimes and terrorist financing in accordance with the provisions of this Law, the FID may submit a written request to a foreign financial intelligence unit for the temporary suspension of a specific transaction or access to a safe deposit box, as well as taking other available measures if there is a suspicion of money laundering, related predicate crime or terrorist financing.

Article 79

(Temporary suspension of transactions upon the proposal of a foreign financial intelligence unit)

- (1) Upon the reasoned written proposal of a foreign financial intelligence unit, the FID may issue to the obliged entity an order for the temporary suspension of a transaction and/or an order for the ongoing monitoring of the financial operations of a customer.
- (2) The order referred to in paragraph (1) of this Article shall be issued and terminated in accordance with the provisions of Articles 66, 67 and 68 of this Law respectively.

Article 80
(Types of records kept by the FID)

The FID shall keep the following records:

- a) Records of the notifications submitted to the FID pursuant to Articles 42, 43 and 44 of this Law, which shall contain the data referred to in Article 61 paragraph (1) of this Law;
- b) Records of the notifications and information pursuant to the provisions of Articles 70 and 71 of this Law, which shall contain the following data:
 - 1) Name, surname, date of birth and permanent residence of the natural person or name and registered office of the legal person in connection with which the FID submitted the notification or information;
 - 2) Data on the amount, currency, date or period of the transaction in connection with which there are grounds for a suspicion that it involves a criminal offence;
 - 3) Reasons for a suspicion that a criminal offence is involved;
- c) Records of the issued orders for the temporary suspension of the transaction or transactions and the temporary suspension of access to the safe deposit box, which shall contain the data referred to in Article 66 of this Law;
- d) Records of the issued orders for the ongoing monitoring of financial operations referred to in Article 68 of this Law;
- e) Records of the data transmitted abroad in accordance with the provisions of Articles 75, 76, 77 and 78 of this Law, which shall contain the following data:
 - 1) name, surname, date of birth and permanent residence of the natural person or name and registered office of the legal person whose data is transmitted;
 - 2) name of the country and name of the competent authority to which the data is transmitted;
- f) Records of the cross-border transportation of cash referred to in Articles 82 and 83 of this Law, which shall contain the data referred to in Article 61 paragraph (3) of this Law;
- g) Records of the measures taken against the obliged entity referred to in Article 97 paragraph (2) of this Law, which shall contain:
 - 1) number and date of the issued misdemeanour report or the request for initiating misdemeanour proceedings and the name of the court to which it was submitted;
 - 2) name, surname, date and place of birth and permanent residence of the natural person or name and registered office of the legal person suspected of having committed the misdemeanour;
 - 3) place and time of the act that has the elements of a misdemeanour and manner in which it was committed;
 - 4) information on the penalties imposed.

CHAPTER IX. PHYSICAL TRANSPORTATION OF CASH

Article 81
(Declaration of physical transportation of cash)

- 1) When crossing the state border, the carrier shall declare to the customs authority any physical transportation of cash pursuant to the Entity and BDBiH legislation.
- 2) The content of the declaration shall be specified in the Entity and BDBiH legislation.

- 3) The obligation to declare cash referred to in paragraph (1) of this Article shall not be deemed to be fulfilled if the information provided is incorrect or incomplete or the cash is not made available for control.

Article 82
(Control of the physical transportation of cash)

- (1) The ITA, the BiH Border Police (hereinafter: BiHBP) and the Entity and BDBiH competent authorities shall, within the limits of their respective competences, control and supervise the physical transportation of cash in passenger, freight and postal traffic.
- (2) Control of the physical transportation of accompanied cash shall include verification of compliance with the obligation to declare cash in accordance with the legislation governing foreign exchange operations in BiH, controls on natural persons, their luggage and their means of transport, and taking statements and declarations from the carriers regarding the provenance of the cash and its intended use.
- (3) Control of the physical transportation of unaccompanied cash shall include verification of compliance with the obligation to disclose cash in accordance with the legislation governing foreign exchange operations in BiH, and inspection of all consignments, receptacles, containers or means of transport in which unaccompanied cash may be found.
- (4) The ITA shall inform the FID and the Entity and BDBiH competent authorities of any declared physical transportation of accompanied cash or disclosed physical transportation of unaccompanied cash referred to in Article 81 paragraph (1) of this Law within three days from the date of the physical transportation of cash.
- (5) The ITA shall inform the FID and the Entity and BDBiH competent authorities of any physical transportation of accompanied or unaccompanied cash which was not declared in the prescribed manner immediately and no later than within 24 hours from the date of the transportation of cash across the customs line at the customs outpost/border crossing.
- (6) The ITA shall immediately and no later than within 24 hours from the date of the physical transportation of cash and unaccompanied cash (*sic.*) across the customs line at the customs outpost/border crossing inform the FID and the Entity and BDBiH competent authorities of any cases of cash entering or leaving the country if there are reasons for a suspicion of money laundering, associated predicate crimes or terrorist financing in connection with the cash carrier, the method of cash transportation or other circumstances thereof.
- (7) The ITA and the Entity and BDBiH competent authorities shall keep records of all declarations of physical transportation of accompanied cash or disclosures of physical transportation of unaccompanied cash referred to in Article 81 paragraph (1) of this Law, as well as of any detention of cash.
- (8) The ITA and the BiHBP shall cooperate, submit and exchange the data and information referred to in Article 83 of this Law with the FID and the Entity and BDBiH competent authorities with a view to implementing effective measures for supervision and control of the transportation of cash in air, passenger, freight and postal traffic across the state border and/or the customs line at the customs outpost/border crossing.
- (9) The supervision and controls referred to in paragraph (1) of this Article shall be based on risk analysis aimed at determining and evaluating risks and developing the necessary countermeasures, as well as on the Risk Assessment referred to in Article 7 of this Law.

Article 83
(Procedure for the temporary detention of cash)

- (1) The ITA and/or the BiHBP may temporarily detain cash transported across the state border and/or the customs line if, during the control of the physical transportation of cash, they establish that:
 - a) The obligation to declare accompanied cash in accordance with the legislation governing foreign exchange operations in BiH has not been fulfilled;
 - b) The obligation to disclose unaccompanied cash in accordance with the legislation governing foreign exchange operations in BiH has not been fulfilled;
 - c) There are reasons for a suspicion of money laundering and/or terrorist financing in connection with the cash carrier, the method of cash transportation or other circumstances thereof irrespective of the amount of cash.
- (2) The ITA and/or the BiHBP shall without delay and no later than within 24 hours from the time of the detention:
 - a) Compose an ex officio declaration which shall contain the available data required in the prescribed cash declaration form;
 - b) Issue a certificate on temporary detention of cash to the cash carrier, indicating the exact amount and type of funds;
 - c) Notify the FID;
 - d) Submit the case file and the cash referred to in paragraph (1) points a) and b) of this Article to the Entity and the BDBiH authorities for action within their competence.
- (3) The ITA and the BiHBP shall keep the cash temporarily detained in accordance with paragraph (1) point c) of this Article until receiving the notification from the FID that there are no sufficient grounds for further detention, and for a maximum of five business days from the date of notifying the FID.
- (4) Following the expiration of the period referred to in paragraph (3) of this Article, the temporary detention of cash may be extended only by a decision of the court of jurisdiction or due to a procedure in accordance with the legislation governing foreign exchange operations. If not, the cash will be returned to the person from whom it was detained.

CHAPTER X. OBLIGATIONS OF OTHER AUTHORITIES

Article 84
(Measures applying to high-risk non-profit organizations)

- (1) The BiH Ministry of Justice shall in cooperation with the competent authorities in BiH draw up the Instruction on Targeted and Proportionate Measures to Apply to High-Risk Non-Profit Organizations with a view to preventing the abuse of non-profit organizations for terrorist financing.
- (2) Upon the proposal of the BiH Ministry of Justice, the BiH Council of Ministers shall adopt the Instruction referred to in paragraph (1) of this Article.

Article 85

(Access to and use of data from the registers of beneficial owners of legal persons)

- (1) For the purposes of performing the tasks referred to in this Law, data from the registers of beneficial owners of legal persons established in accordance with the laws in BiH shall be available to:
 - a) The FID and other competent authorities, without restrictions and free of charge;
 - b) The obliged entities referred to in Article 5 of this Law, to comply with their customer due diligence requirements.
- (2) The authorities and institutions that maintain the registers referred to in paragraph (1) of this Article shall conclude an agreement on technical cooperation in order to establish a single point of access.

Article 86

(List of high-risk jurisdictions and jurisdictions with increased likelihood of money laundering and terrorist financing)

- (1) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers shall adopt the implementing regulation instituting the lists:
 - a) Of high-risk countries with strategic deficiencies in their money laundering and terrorist financing regimes;
 - b) Of countries in which there is increased likelihood of money laundering and terrorist financing.
- (2) The implementing regulation referred to in paragraph (1) of this Article shall determine the method and parameters to be used in drawing up, updating and publishing the lists referred to in the same paragraph.
- (3) When drawing up the lists referred to in paragraph (1) points a) and b) of this Article, the data of the competent international institutions and organizations shall be taken into account.

Article 87

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

- (1) For the purpose of consolidating and analysing all data related to money laundering and terrorist financing, the competent prosecutor's offices shall at least once every six months submit to the FID the following information on the cases for which the indictment has been confirmed:
 - a) Name, surname, date of birth and permanent residence of the natural person or name and registered office of the legal person against whom/which the indictment for money laundering or terrorist financing has been confirmed;
 - b) Place and time of the act that has the elements of a criminal offence and manner in which it was committed;
 - c) Amount of temporary detained cash or value of assets and the date of the decision on the temporary detention.
- (2) The competent courts in BiH shall at least once every six months submit to the FID the data on cases in which final judgments have been rendered for criminal offences of money laundering and terrorist financing and misdemeanours in accordance with the provisions of Article 100 of this Law.
- (3) The data referred to in paragraph (2) of this Article shall contain:
 - a) Type, number and date of the court decision;

- b) Name, surname, date of birth and permanent residence of the natural person or name and registered office of the legal person found guilty by the court decision referred to in point a) of this paragraph;
 - c) Imposed criminal sanctions, legal consequences of the conviction and misdemeanour sanctions.
- (4) Law enforcement agencies shall annually submit to the FID the statistics on the number of reports of committed criminal offences of money laundering and crimes of terrorist financing, the amount of money laundered or money subject to crimes of terrorist financing, as well as the identified techniques, methods and trends.

CHAPTER XI. DATA PROTECTION AND STORAGE

Article 88

(Data protection and confidentiality)

- (1) The obliged entity referred to in Article 5 of this Law, that is the employees of the obliged entity, including its CEOs, members of the management, supervisory and other governing body as well as other persons who have or have had access to the data referred to in Articles 59, 60 and 61 paragraph (1) of this Law shall not disclose to the customer, unauthorized persons in the obliged entity or a third party:
- a) That information, data and documentation have been submitted, are being submitted, or will be submitted to the FID in accordance with Article 42 of this Law;
 - b) That the FID requested data from the obliged entity in accordance with Article 64 of this Law or that such data have been submitted, are being submitted, or will be submitted to the FID;
 - c) That FID officers conducted an on-site review of data, information and documentation on the premises of the obliged entity in accordance with Article 65 of this Law;
 - d) That the FID issued an order for the temporary suspension of the transaction, including the temporary suspension of access to the safe deposit box in accordance with Article 66 of this Law, or that the FID notified the obliged entity that it may carry out the transaction and enable access to the safe deposit box in accordance with Article 67 of this Law;
 - e) That the FID issued an order for the ongoing monitoring of financial operations of the customer in accordance with Article 68 of this Law;
 - f) That an analysis into money laundering or terrorist financing is underway or possible.
- (2) The prohibition of exchange of information referred to in paragraph (1) of this Article shall not apply, unless ordered otherwise by the FID, to exchange of information with:
- a) An obliged entity that is a part of the same group, provided that policies and procedures within the group meet the requirements laid down in this Law;
 - b) The obliged entities referred to in Article 5 paragraph (1) point o) indent 4) and paragraph (2) point c) whose registered office is located in countries which impose requirements equivalent to those laid down in this Law, and who perform their professional activity, regardless of whether they are employees or not, within the same legal person or a larger structure to which the given legal person belongs and which shares common ownership, management or compliance control;
 - c) The obliged entities referred to in Article 5 paragraph (1) points a), b), c), f), g) and o) and paragraph (2) point c) in cases relating to the same customer and the same transaction involving two or more obliged entities, provided that they are located in a country which imposes requirements equivalent to those laid down in this Law, and

provided that they belong to the same professional category and are subject to obligations as regards professional secrecy and personal data protection.

- (3) An attempt by the obliged entity referred to in Article 5 paragraph (1) point o) and paragraph (2) point c) to dissuade a customer from engaging in illegal activity shall not constitute disclosure within the meaning of paragraph (1) of this Article.
- (4) The FID, competent authorities and their employees shall not inform the persons to whom the data, information and documentation relate or third parties about the collected data, information and documentation or the actions referred to in paragraph (1) of this Article.
- (5) Notwithstanding the prohibition referred to in paragraph (1) of this Article, the obliged entity may, with the prior written consent of the FID, inform the customer that the FID has issued an order for the temporary suspension of the transaction or access to the safe deposit box referred to in Article 66 paragraph (1) of this Law.
- (6) The FID, competent authorities and the obliged entities referred to in Article 5 of this Law shall only process personal data for the purposes of implementation of this Law, and shall do so in accordance with the provisions of legislation governing the protection of secret and personal data in BiH, and shall not use them for any other purpose.
- (7) The processing of personal data referred to in paragraph (6) of this Article shall be considered to be a matter of public interest.
- (8) The prohibition referred to in paragraph (1) of this Article shall not apply if:
 - a) The data, information and documentation collected and kept by the obliged entity in accordance with this Law are necessary in order to establish the facts in court proceedings and if such data is requested by the court of jurisdiction in accordance with the law; (*sic.*)
 - b) The data referred to in point a) of this paragraph is requested by the competent supervisory authority referred to in Article 93 of this Law as a part of the procedure for supervising the implementation of the provisions of this Law.

Article 89

(Measures and procedures for storing data and documentation)

- (1) The obliged entities referred to in Article 5 of this Law shall put in place appropriate physical, organizational and technical measures and procedures for storing data and documentation submitted to the FID or received from the FID aimed at protecting them from loss or destruction and from unauthorized access, unauthorized modifications, unauthorized publication, inspection by an unauthorized person and any other abuse.
- (2) With regard to paragraph (1) of this Article, the obliged entity shall draft relevant bylaws and implementing procedures which shall be approved by the senior management of the obliged entity and which shall define appropriate physical, organizational and technical measures and procedures for storing data and documentation, proportionate to the nature and size of the obliged entity.

Article 90

(Exceptions to the principle of data confidentiality and liability for damage)

- (1) When submitting the information, data and documentation to the FID in accordance with the provisions of this Law, the obligation to keep banking, business, official, lawyer, notary or other professional secrets shall not apply to the obliged entity referred to in Article 5 of this Law, i.e. to the employees of the obliged entity, including its CEOs, members of the management, supervisory and other governing body as well as other persons, public

authorities of BiH, FBiH, RS and BDBiH, institutions exercising public authority, prosecutors, courts and their staff, unless otherwise laid down in this Law.

- (2) The obliged entity or its staff shall not be liable for damage caused to customers or third parties nor may they be liable for submitting the information, data or documentation to the FID or for executing the FID order on the temporary suspension of transactions and the temporary suspension of access to the safe deposit box or instructions given in connection with these orders, as well as for taking, in good faith, other measures in accordance with the provisions of this Law or regulations adopted pursuant to this Law, even in circumstances where they were not precisely aware of the criminal activity and regardless of whether the illegal activity actually occurred.
- (3) The competent authorities and authorized officials shall not be liable for damage caused to customers or third parties while acting in accordance with the provisions of this Law and implementing regulations adopted pursuant to this Law.
- (4) Bosnia and Herzegovina, Entities and BDBiH shall not be liable for damage caused by the implementation of this Law and implementing regulations adopted pursuant to this Law.
- (5) Exceptionally, the provisions of paragraphs (3) and (4) of this Article shall not apply if the damage was caused intentionally by gross negligence.
- (6) The authorized persons referred to in paragraph (3) of this Article may not, even after termination of their employment in the competent authority, be held liable for damage caused while performing their duties.

Article 91 (Use of the collected data)

The FID and the other competent authorities may use the data, information and documentation collected in accordance with this Law as intelligence information for the purpose of preventing and detecting criminal offences of money laundering and terrorist financing as well as associated predicate crimes, and in other cases as laid down in this Law.

Article 92 (Data retention periods)

- (1) The obliged entity shall retain information, data and documentation related to the business relationship established with the customer, conducted occasional transaction and customer due diligence measures, which were obtained in accordance with this Law, for a period of 10 years after the end of the business relationship, the date of the transaction, the time of the customer's identification in a casino or a gambling house, or the time of the customer's access to the safe deposit box.
- (2) The obliged entity shall retain the information and supporting documentation on the authorized persons referred to in Article 48 of this Law, professional training of employees and conducting of internal control for at least four years after the appointment of the authorized persons, carried out professional training and internal control.
- (3) The ITA shall retain the information on the transportation of cash across the state border for eight years after the date of the transportation. This information and data shall be destroyed after the expiration of the stated period.
- (4) The FID shall retain the information, data and documentation, collected and forwarded in accordance with the provisions of this Law, for a period of 10 years after the date when they were received or forwarded, and shall destroy them after the expiration of this period.

- (5) The data that were stored in the AMLS in accordance with Article 47 of this Law shall be retained for a period of 20 years after the date of their last use, and shall be deleted thereafter.
- (6) Upon expiry of the retention periods laid down in paragraphs (1), (3), (4) and (5) of this Article, the personal data of the customer shall be destroyed in accordance with the law governing personal data protection.

CHAPTER XII. SUPERVISION

Article 93 (General provisions)

- (1) The following authorities and agencies shall supervise the operation of the obliged entities referred to in Article 5 of this Law in relation to implementation of the Law and other regulations governing obligations to implement measures aimed at preventing money laundering and terrorist financing:
 - a) The RS Banking Agency and the FBiH Banking Agency shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) points a), b), c) and d) of this Law;
 - b) The RS Tax Administration, the FBiH Financial Police (Foreign Exchange Inspectorate) and the BDBiH Finance Directorate shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point e) of this Law, whereas the FBiH Banking Agency and the RS Banking Agency shall exercise their indirect supervision through the banks;
 - c) The RS Insurance Agency and the FBiH Insurance Supervision Agency shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) points f) and g) of this Law;
 - d) The RS Insurance Agency, the FBiH Securities Commission and the BDBiH Securities Commission shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point h) of this Law;
 - e) The RS Securities Commission and the FBiH Securities Commission shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point i) of this Law;
 - f) The RS Securities Commission, the FBiH Securities Commission and the FBiH Banking Agency shall, within their respective competences, supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point j) of this Law;
 - g) The RS Securities Commission, the FBiH Securities Commission and the BDBiH Securities Commission shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point k) of this Law;
 - h) The RS Securities Commission, the FBiH Banking Agency and the BDBiH Finance Directorate shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point l) of this Law;
 - i) The RS Securities Commission, the FBiH Securities Commission and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point m) of this Law;
 - j) The RS Administration for Games of Chance, the FBiH Administration for Inspection Affairs and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point n) of this Law;

- k) The RS Administration for Inspection Affairs, the FBiH Administration for Inspection Affairs and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point o) indents 1), 2) and 3) and paragraph (2) of this Law;
 - l) The RS Ministry of Justice, the FBiH Notary Chamber and the BDBiH Judicial Commission shall supervise the operation of notaries when carrying out activities referred to in Article 5 paragraph (1) point o) indent 4) of this Law;
 - m) The RS Bar Association and the FBiH Bar Association shall supervise the operation of lawyers and law firms when carrying out activities referred to in Article 5 paragraph (1) point o) indent 4) of this Law. The operation of lawyers and law firms from the BDBiH shall be supervised by respective Entity Bar Associations in which they are registered;
 - n) The RS Administration for Inspection Affairs, the FBiH Administration for Inspection Affairs and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point p) of this Law;
 - o) The RS Administration for Inspection Affairs, the FBiH Banking Agency within its competence for supervision of payment operations, and the BDBiH Government Inspectorate shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point r) of this Law;
 - p) The FBiH Administration for Inspection Affairs, the RS Administration for Inspection Affairs and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point s) of this Law;
 - r) The FBiH Administration for Inspection Affairs, the RS Administration for Inspection Affairs and the BDBiH Finance Directorate (BDBiH Tax Administration) shall supervise the operation of the obliged entities referred to in Article 5 paragraph (1) point t) of this Law.
- (2) The FBiH Administration for Inspection Affairs, the BDBiH Finance Directorate (BDBiH Tax Administration) and the RS Administration for Inspection Affairs shall supervise the implementation of the provisions of Article 41 of this Law by persons which are not the obliged entities referred to in Article 5 of this Law and which are engaged in activities of selling goods and services in BiH.

Article 94

(Protecting of data confidentiality and preventing of conflicts of interest)

- (1) Employees of the competent supervisory authorities referred to in Article 93 paragraph (1) of this Law as well as auditors or experts acting on behalf of these supervisory authorities shall, even after termination of their employment in the stated authorities, protect confidential data collected while performing tasks laid down in this Law and shall adequately apply standards of protection of data confidentiality and prevention of conflict of interest.
- (2) The persons referred to in paragraph (1) of this Article may disclose confidential information only in an aggregate or generalized format, in such a way that it is not possible to identify individual financial institutions.

Article 95
(Cooperation of supervisory authorities)

- (1) The supervisory authorities referred to in Article 93 of this Law shall cooperate with each other and exchange data and information necessary for the supervision procedure and shall provide information to other competent authorities about irregularities and illegalities found during supervision if such findings are relevant for activities of the other competent authority.
- (2) The supervisory authorities referred to in Article 93 of this Law may, before proceeding with the supervision of an obliged entity, request the FID or other competent authorities to submit the data necessary in order to prepare for the supervision.

Article 96
(Cooperation with competent supervisory authorities of other countries)

- (1) The supervisory authorities referred to in Article 93 of this Law may cooperate and exchange information with the competent authorities of other countries that are counterparts of the stated supervisory authorities, provided that all of the following conditions are met:
 - a) If a cooperation agreement has been concluded with the competent authority of another country, which provides for cooperation and exchange of confidential information based on the principle of reciprocity;
 - b) If the exchanged information is subject to confidentiality protection requirements equivalent to those referred to in Article 88 of this Law;
 - c) If the information to be transmitted to authorities in another country is to be used only for the purpose of performing the tasks within the competence of the stated authorities;
 - d) If the exchange of the requested information will not interfere with the inquiry, investigation or proceedings conducted in relation to that information.
- (2) The information received from another country may be further exchanged within cooperation referred to in paragraph (1) of this Article only with the explicit consent of the competent authority which shared the information and, depending on the case at hand, only for the purposes for which that authority gave its consent.

Article 97
(Actions of supervisory authorities)

- (1) The supervisory authorities referred to in Article 93 of this Law shall regularly supervise compliance of the operations of the obliged entities with the provisions of this Law pursuant to the provisions of this Law and the laws governing the activities of the supervisory authorities.
- (2) When the supervisory authority referred to in Article 93 of this Law, while conducting supervision, identifies irregularities or illegalities in the implementation of this Law, it shall take measures and actions for which it is authorized under the law.
- (3) With respect to the completed procedures supervising compliance of the operations of obliged entities, the supervisory authorities shall submit to the FID the report on the completed supervision procedure as well as the documentation on the taken actions referred to in paragraph (2) of this Article.
- (4) The supervisory authorities referred to in Article 93 of this Law shall base the schedule and scope of supervision on the risk assessment referred to in Articles 7, 8 and 10 of this Law, as well as on their assessment of the obliged entity or group risk profile and on the

obliged entity or group characteristics, including the degree of discretion allowed to them under the risk-based approach.

- (5) The supervisory authorities referred to in Article 93 of this Law shall without delay notify the FID in writing if they establish facts that are or could be related to money laundering and terrorist financing while performing tasks within their competence.
- (6) Unless expressly prescribed by other laws, the supervisory authorities referred to in Article 93 of this Law shall conduct supervision and inspections and shall have power to compel producing of any information or document, impose sanctions for failure to comply with the provisions of this Law, and revoke, restrict or suspend a license or authorization granted to an obliged entity falling within the competence of the supervisory authority.
- (7) The supervisory authorities shall periodically review their assessment of the obliged entity or group profile regarding the risk of money laundering and terrorist financing and proliferation, in the event of a change in the management and operations of the obliged entity or the group.

Article 98

(Notification of the decision imposing a misdemeanour sanction)

- (1) The supervisory authority referred to in Article 93 of this Law shall on its official website publish the notification of the final decision imposing a misdemeanour sanction on the obliged entity for a breach of the provisions of this Law, and shall do so immediately after notifying the decision to the person against whom the sanction was imposed.
- (2) The notification referred to in Paragraph (1) of this Article shall contain information on the type and nature of the breach of the provisions of this Law, as well as on the identity of the person against whom the sanction was imposed.
- (3) Should the authority referred to in paragraph (1) of this Article assess that the measure of publishing the information on the identity of the person against whom the sanction was imposed, i.e. publishing the personal data of the stated person, is disproportionate to the gravity of the breach of the provisions of this Law, or should such publication threaten the stability of the financial market in BiH or threaten an ongoing investigation, the supervisory authority:
 - a) Shall postpone publishing of the notification referred to in paragraph (1) of this Article until such time as the reasons referred to in this paragraph cease to exist;
 - b) Shall publish the notification referred to in paragraph (1) of this Article without mentioning the personal data of the person against whom the sanction was imposed, in which case the publication of personal data can be postponed for a reasonable period of time, provided that it is anticipated that during that period the reasons for personal data not to be published will cease to exist;
 - c) Shall not publish the notification referred to in paragraph (1) of this Article should it assess that the procedure referred to in points a) and b) of this paragraph is not sufficient to secure the stability of the financial market, as well as should it assess that the publication of the notification is disproportionate to the severity of the imposed sanction.
- (4) The notification referred to in paragraph (1) of this Article shall be available on the official website for a period of five years after its publication. However, the personal data contained in the notification shall only be stored on the official websites of the competent authority for a period required in accordance with the applicable data protection rules.

Article 99
(Notifying the supervisory authority)

If the competent authority referred to in Article 4 point aa) of this Law, while performing its tasks pursuant to this or another law, establishes that there is a breach of the provisions of this Law which does not fall within its competence, it shall notify the competent supervisory authority thereof.

CHAPTER XIII. PENAL PROVISIONS

Article 100
(Sanctioning legal persons and responsible persons in legal persons for breaches)

- (1) A fine ranging from KM 5,000 to KM 20,000 shall be imposed on the legal persons referred to in Article 5 of this Law for the following breaches:
 - a) If they fail to develop the appropriate policies and procedures referred to in Article 9 paragraph (3) of this Law;
 - b) If they fail to align the risk assessment in accordance with Article 10 paragraphs (6) and (7) of this Law;
 - c) If they fail to draw up notes on receipt of the verbal orders from the FID in accordance with Article 67 paragraph (2) and Article 68 paragraph (3) of this Law;
 - d) If they fail to appoint the authorized persons or notify the FID of such appointments in accordance with the provisions of Article 48 of this Law;
 - e) If they fail to draw up the list of indicators for identifying suspicious transactions within the prescribed period or in the prescribed manner in accordance with the provisions of Article 57 of this Law.
- (2) A fine ranging from KM 20,000 to KM 80,000 shall be imposed on the legal persons or the persons performing professional activities referred to in Article 5 of this Law for the following breaches:
 - a) If they fail to produce the risk assessment in accordance with Article 10 paragraph (1) of this Law;
 - b) If they fail to implement the customer due diligence measures in accordance with Articles 11 and 12 of this Law;
 - c) If they fail to collect the data for identification in accordance with the provisions of Article 15 of this Law or fail to establish and verify the identity in the manner and in the cases laid down in Articles 16, 17, 18, 19 and 20 of this Law;
 - d) If they fail to verify the identity of the customer and the beneficial owner within the period laid down in Article 14 paragraphs (1), (2) and (3) of this Law;
 - e) If they fail to establish and verify the identity of the customer in accordance with the provisions of Articles 21 and 22 of this Law;
 - f) If they fail to obtain data and documents from the third party in accordance with the provisions of Article 25 of this Law;
 - g) If they apply simplified customer due diligence measures contrary to the provisions of Article 30 of this Law;
 - h) When establishing a correspondent business relationship, if they fail to implement the measures laid down in the provisions of Article 31 of this Law;
 - i) If they fail to implement the measures laid down in Article 32 of this Law;
 - j) When carrying out an unusual transaction, if they fail to implement the measures laid down in Article 33 of this Law;

- k) If they fail to implement customer due diligence measures for politically exposed persons in accordance with Article 34 of this Law;
 - l) When carrying out electronic transfers, if they fail to implement the measures in accordance with the provisions of Articles 37 and 38 of this Law;
 - m) If they fail to secure implementation of the measures laid down in Article 50 of this Law;
 - n) If they fail to act in accordance with Article 51 of this Law;
 - o) If they fail to implement the measures laid down in the provisions of Article 52 of this Law;
 - p) If they fail to act in accordance with Article 53 of this Law;
 - r) If they fail to keep the records referred to in Articles 59 and 60 of this Law and if their records do not contain the minimum information referred to in Article 61 of this Law;
 - s) If they fail to secure implementation of the measures and procedures laid down in Article 89 of this Law;
 - t) If they fail to retain the information, data and documentation in accordance with the provisions of Article 92 paragraphs (1) and (2) of this Law;
 - u) If they entrust the position of the authorized person and the deputy authorized person to a person that does not meet the requirements referred to in Article 49 paragraph (1) points a) through c) of this Law;
 - v) If they fail to act in accordance with the provisions of Article 54 of this Law.
- (3) A fine ranging from KM 50,000 to KM 200,000 shall be imposed on the legal persons referred to in Article 5 of this Law for the following breaches:
- a) If they fail to collect the data referred to in Article 15 of this Law when carrying out the transaction referred to in Article 12, paragraph (1) point b) of this Law, without a previously established business relationship;
 - b) If they fail to implement customer due diligence measures or they fail to reject establishing the business relationship and carrying out the transaction in accordance with the provisions of Article 14 paragraphs (4) and (5) of this Law;
 - c) If they carry out identification relying on a on third party contrary to the provisions of Articles 23 and 24 of this Law;
 - d) If they establish a business relationship contrary to the provisions of Article 26 of this Law;
 - e) If they fail to monitor the business activities pursued by the customer in accordance with the provisions of Article 27 of this Law;
 - f) If they fail to implement enhanced customer due diligence measures in accordance with Article 29 of this Law;
 - g) If they fail to implement enhanced customer due diligence measures in accordance with the provisions of Article 35 of this Law;
 - h) If they fail to apply the restrictions on cash payments in accordance with the provisions of Article 41 paragraphs (5) and (7) of this Law;
 - i) If they fail to notify the FID or submit to the FID the information, data and documentation laid down in Articles 42, 43 and 44 of this Law;
 - j) If they fail to act in accordance with Article 56 of this Law;
 - k) If they fail to implement the measures laid down in the provisions of Article 58 of this Law;
 - l) If they fail to submit the required information, data and documentation or they fail to submit the information, data and documentation in the prescribed manner in accordance with the provisions of Article 64 of this Law;
 - m) If they fail to enable the on-site inspection and review in accordance with the provisions of Article 65 of this Law;

- n) If they fail to carry out the FID order for the temporary suspension of the transaction and the temporary suspension of access to the safe deposit box or they fail to follow the instructions of the FID regarding such order in accordance with the provisions of Article 66 of this Law;
 - o) If they fail to carry out the FID order for the ongoing monitoring of financial operations of the customer or they fail to follow the instructions of the FID regarding such order in accordance with the provisions of Article 68 of this Law;
 - p) If they fail to establish the internal control and ensure the internal and external audit in the manner laid down in Article 55 of this Law.
- (4) The fine referred to in paragraph (1) of this Article shall be imposed on the legal persons referred to in Article 41 of this Law if they receive a cash payment whose value is equal to or exceeds the amount referred to in Article 41 paragraphs (1), (2) and (4) of this Law.
 - (5) A fine ranging from KM 1,000 to KM 5,000 shall be imposed on the responsible person in the legal person for the breaches referred to in paragraph (1) of this Article.
 - (6) A fine ranging from KM 3,000 to KM 10,000 shall be imposed on the responsible person in the legal person for the breaches referred to in paragraph (2) of this Article.
 - (7) A fine ranging from KM 5,000 to KM 20,000 shall be imposed on the responsible person in the legal person for the breaches referred to in paragraph (3) of this Article.
 - (8) A fine ranging from KM 2,000 to KM 10,000 shall be imposed on the natural person engaged in self-employment activity referred to in Article 5 of this Law for the breaches referred to in paragraphs (1), (2) and (3) of this Article.
 - (9) The legal persons shall also be sanctioned for the breaches referred to in this Article committed for their benefit by any person, acting individually or as part of a body of that legal person, and having a leading position within the legal person based on any of the following:
 - a) power to represent the legal person;
 - b) authority to take decisions on behalf of the legal person; or
 - c) authority to exercise control within the legal person.
 - (10) The legal persons shall also be sanctioned for the breaches referred to in this Article if they were committed for the benefit of that legal person by any person under its authority, due to the lack of supervision or control by the person in a leading position referred to in paragraph (9) of this Article.
 - (11) All revenues generated through the implementation of this Law shall be revenues of the budgets of respective levels of government depending on the local jurisdiction of the supervisory authority referred to in Article 93 of this Law.

CHAPTER XIV. COMPETENCE FOR ADOPTING IMPLEMENTING REGULATIONS

Article 101

(Implementing regulations governing the implementation of this Law, recommendations and guidelines)

- (1) Upon the proposal of the BiH Ministry of Security, the BiH Council of Ministers shall adopt the implementing regulations stipulated in this Law within six months from the date of entry into force of this Law.
- (2) The supervisory authorities may, within their respective competences, either independently or in cooperation with other competent authorities, issue recommendations

or guidelines for the implementation of this Law and the legislation adopted pursuant to it.

CHAPTER XV. TRANSITIONAL AND FINAL PROVISIONS

Article 102 (Application of other regulations)

- (1) Relevant provisions of other laws and regulations shall apply to issues that are not regulated by this Law.
- (2) All other regulations governing matters related to this Law shall be harmonized with this Law within one year from the date of its entry into force.
- (3) The obliged entities shall harmonize their operations, organization, bylaws and acts of general application with this Law within the period of six months from the date of its entry into force.

Article 103 (Representing of BiH in international, European and regional bodies)

Before the expiry of the period for which they were appointed, the BiH Council of Ministers shall, upon the proposal of the BiH Ministry of Security, carry out the procedure for the appointment of new members of delegations representing BiH in international, European and regional bodies that adopt binding standards falling within the scope of this Law or supervise their application, in accordance with the BiH constitutional and legal structure and in keeping with the statutes, rules and procedures of these bodies, as well as the statutory competences.

Article 104 (Cessation of application)

- (1) On the day of entry into force of this Law, the Law on the Prevention of Money Laundering and Terrorist Financing (*Official Gazette of BiH*, No. 47/14 and 46/16) shall cease to apply.
- (2) The cases or proceedings in which the final decision has not been reached until the date of entry into force of this Law shall be concluded in accordance with the provisions of the Law on the Prevention of Money Laundering and Terrorist Financing which was in force at the time when they were instituted.

Article 105 (Entry into force)

This Law shall enter into force on the eighth day following the date of its publication in the *Official Gazette of BiH*.