

Law on Public Enterprises

I INTRODUCTORY PROVISIONS

Article 1

(1) This Law shall regulate the operation and management of public enterprises in Republika Srpska, bodies of the enterprises, conflict of interest with the enterprise, the Code of Ethics, internal procedures, prohibited and restricted activities, and other issues relevant to the work of such enterprises.

(2) The provisions of the Law on Enterprises (Official Gazette of Republika Srpska 24/98, 62/02, 38/03) shall apply to matters not covered by this Law.

Article 2

(1) A public enterprise, within the meaning of this Law, is an enterprise established by Republika Srpska (hereinafter referred to as “RS”) or a unit of local self-government for the purpose of performing common interest activities or which performs common interest activities.

(2) The provisions of this law shall also apply to enterprises in which the RS holds at least 50% of the ownership shares plus one equity or share, and which employ over 50 persons.

Article 3

For the purposes of this Law, the following terms shall have the following meaning:

“connected person” shall mean all of the employees of an enterprise, including individuals and representatives appointed by the enterprise to perform specific activities, all members of the Supervisory Board and the Audit Committee, all legal and natural persons that directly or indirectly hold at least 5% of the total vote in the enterprise.

“responsible person” shall mean any person entrusted by law or the statute of an enterprise or his/her job description with the responsibility for a specific activity or task; or any person that is charged with such responsibility according to the Book of Rules on Internal Organisation and Systematisation of Posts, the contract of employment or some other act.

“supervising or supervision” – shall mean the detailed and systematic supervision of the performance of any task or duty of a responsible person, or other activities of an enterprise. The aim of supervision is to identify and report to the competent bodies any possible fraud or other illegal activities, and undertake disciplinary measures to sanction and dismiss responsible persons that in performing their duties and tasks committed a violation of their work obligations.

II THE BODIES OF AN ENTERPRISE

Article 4

Enterprises shall have the following bodies:

- General Meeting of Shareholders,

- Supervisory Board,
- Management Board

1. General Meeting of Shareholders

Article 5

The General Meeting shall be responsible for:

- a) adopting the Statute,
- b) adopting the Rules of Procedure and other operational documents in accordance with the law,
- v) adopting the Code of Ethics,
- g) adopting the business plan and the revised business plan,
- d) adopting the investment plan for a specified period of time,
- đ) appointing and dismissing the Supervisory Board,
- e) appointing and dismissing the Audit Committee,
- f) deciding on lasting business cooperation and forming associations with other enterprises,
- g) deciding on the annual profit distribution and the coverage of losses,
- h) deciding on the increase or decrease of subscribed capital,
- i) deciding on establishing new enterprises,
- j) deciding on other issues pursuant to the law and the Statute of the enterprise.

Article 6

When nominating candidates for election as members of the Supervisory Board, the body responsible for electing the candidates shall act in accordance with the Law on Ministerial, Government and other Appointments.

2. Supervisory Board

Article 7

The Supervisory Board shall be responsible for:

- a) supervising the work of the Management Board,
- b) adopting its Rules of Procedure,
- v) submitting proposals on the Statute, Code of Ethics and other official documents to the General Meeting,
- g) submitting proposals on the appointment and dismissal of members of the Audit Committee,
- d) appointing and dismissing members of the Management Board in accordance with the procedures set forth in the Statute and laws,
- đ) adopting procurement guidelines and supervising their implementation,
- e) approving recommendations made by the Audit Committee on profit distribution, as well as other issues,
- ž) granting authorisation for the performance of restricted activities in accordance with this Law,
- z) instructing the Managing Director to conduct investigations concerning identified irregularities,
- i) submitting proposals to the General Meeting on business cooperation and forming associations with other enterprises,
- j) passing decisions on investment in accordance with the law and the Statute,
- k) submitting proposals to the General Meeting on the establishment of new enterprises,
- l) performing other tasks as defined by the law, Statute and official documents of the enterprise.

Article 8

- (1) The Supervisory Board shall be composed of at least 3 members.
- (2) Equityholders that hold at least 5% of the right of vote are entitled to one position in the Supervisory Board.
- (3) The member of the Supervisory Board from among the equity-holders, as provided for in the previous paragraph, shall be elected by the General Meeting in the manner set out in the statute, and at the proposal of minority equityholders with at least 5% of the right of vote

Article 9

- (1) With respect to all of the internal controls set forth in Chapter III of this Law, the Chairman of the Supervisory Board shall be accountable for his/her own actions. The Chairman of the Supervisory Board shall have the duty to assign to a member of the Supervisory Board, a specific responsibility concerning adherence to and implantation of the relevant provisions of the law governing the above mentioned internal controls. Each member of the Supervisory Board may not be responsible for more than one internal control.
- (2) The Chairman of the Supervisory Board is jointly responsible with the member of the Supervisory Board for the performance of tasks that fall within the framework of the competences of the member of the Supervisory Board, as stipulated in the previous paragraph.

3. The Management of the enterprise

Article 10

- (1) The Management Board of the Enterprise (hereinafter referred to as “the Management Board”) shall comprise of a Managing Director and executive directors.
- (2) The Management Board shall be responsible for:
 - a) reporting to the Supervisory Board at the request of the Supervisory Board,
 - b) implementing the Code of Ethics,
 - v) drafting and supervising the implementation of the business plans,
 - g) proposing and implementing procurement guidelines and implementing the applicable rules and regulations,
 - d) determining proposals on the distribution of profits and the coverage of losses,
 - đ) hiring and discharging employees in accordance with the procedures set forth in the enterprise’s official documents and the applicable laws,
 - e) submitting proposals to the Supervisory Board on business cooperation and forming associations with other enterprises,
 - ž) submitting proposals to the Supervisory Board on investment decisions in accordance with the applicable investment laws,
 - z) submitting proposals to the Supervisory Board on the establishment of new enterprises,
 - i) performing other tasks as set forth in the law, Statute and the enterprise’s official documents.

Article 11

- (1) The Management Board shall be elected by the Supervisory Board by majority vote, on the basis of an open competition for the election of the best qualified candidate, according to the

operational and business needs of the enterprise, and in accordance with the provisions of the Statute of the enterprise.

(2) A person holding office in a political party may not be appointed as a member of the Management Board an enterprise

Article 12

(1) The Managing Director and executive directors of an enterprise shall be subject to the duties, responsibilities and restrictions concerning the management, as set forth in this Law.

(2) With respect to all of the internal controls set forth in Chapter III of this Law, the Managing Director shall be responsible for appointing an Executive Director that shall have a specific responsibility regarding the adherence and implementation of the provisions of the law regulating internal control. Each Executive Director may not be responsible for more than one internal control.

(3) The Managing Director is jointly responsible with the Executive Director for performing the tasks within the competence of the Executive Director, as provided for in the previous paragraph.

(4) Special responsibilities of the members of the Management Board towards the enterprise shall be carried out pursuant to Article 268 of the Law on Companies.

4. General duties

Article 13 Conflict of Interest

(1) Connected persons shall be obliged to avoid actual or apparent conflict of interest with an enterprise in personal or professional relations.

(2) Conflict of interest arises when the personal or professional interests of a connected person prevent, may prevent or appear to substantially prevent either the interests or the operation of an enterprise or the ability of the connected person to fulfil his/her duties and responsibilities.

(3) A connected person shall be obliged to allow the Management Board or the Supervisory Board or some other supervisory body insight into all of the transactions or relations that the connected person reasonably expects could lead to actual or apparent conflict of interest with the enterprise.

(4) A public enterprise, in conducting its operations, must not offer connected persons or persons related to connect persons more favourable terms and conditions than those that it offers to other persons that are not connected to the enterprise.

(5) Within the meaning of the previous paragraph, persons related to connected persons shall be deemed the following:

1. members of the close family of connected persons up to the third-degree blood relatives or relatives-in-law, or persons living in the same household as a connected person;
2. legal persons that have the right of vote in an enterprise;
3. legal persons in which an enterprise holds a share of at least 5% of the total vote;
4. legal persons in which a connected person holds at least 5% of the total vote;

5. legal persons in which connected persons or members of their close family are members of the Supervisory Board or the Management Board.

(6) If any connected person has knowledge, or should have knowledge that another connected person has acted in violation of the provisions of this Article, he/she must report the matter to the management and the Supervisory Board or some other supervisory body, as well as the other competent bodies.

(7) A connected person is prohibited from disclosing the trade secrets of an enterprise.

(8) With respect to agreements to which an enterprise is a party, a connected person or the persons provided for in Article 5 of this Article may not act as the other party to such agreements nor conclude such agreements in their own name and for their own account, or in their own name and for the benefit of some other person.

Article 14

Professional abilities and conscientious conduct

The connected persons of an enterprise shall be obliged to perform their functions, and fulfil their responsibilities with due attention, and in a professional and conscientious manner.

Article 15

Safeguarding the property of the enterprise

In performing their responsibilities and duties, the Supervisory Board and the Management Board shall be obliged to encourage responsible use and control of the property and resources of the enterprise.

Article 16

Acting in accordance with the laws, regulations and guidelines

(1) In fulfilling their responsibilities and duties, the Supervisory Board and the Management Board shall be obliged to endeavour to ensure that the employees of the enterprise act in accordance with the laws, by-laws and official documents of the enterprise.

(2) The Supervisory Board and the Management Board shall have the duty to influence the enterprise to actively promote ethical conduct, and to encourage employees to submit evidence of illegal or unethical conduct to the competent bodies of the enterprise.

(3) In the case that a responsible person voices reasonable suspicions concerning the legality of any of the by-laws that affect the operation of the enterprise, he/she shall have the duty to initiate proceedings for review of the legality of such by-laws before the competent court.

Article 17

Reporting illegal conduct

A connected person that discovers any information that it considers evidence of the violation of laws and by-laws applicable to an enterprise, he/she shall be obliged to pass on such information to the Supervisory Board, chief legal advisor of the enterprise, the General Meeting and other competent bodies.

III INTERNAL PROCEDURES

Article 18

(1) The Supervisory Board shall have the duty and responsibility to ensure:

- a) the adoption of general acts establishing the operational and functional aspects of the work of the enterprise organs in accordance with the law, the Statute and the Code of Ethics;
- b) the adoption a rule book on disciplinary liability, which shall contain provisions on disciplinary proceedings and summary procedures for the dismissal of responsible persons, provisions on dismissal and removal from office and the enterprise, and the prohibition of re-employment in the enterprise, lasting at least ten years, and include the duty of the Management Board to keep adequate staff records for such purposes;

(2) The Management Board and the Supervisory Board shall have the duty and responsibility to respect the enterprise's official documents.

Article 19

Code of Ethics

(1) The Supervisory Board shall have the duty and responsibility to, in agreement with the Audit Committee, draft a proposal of the Code of Ethics. The Code of Ethics must contain:

- a) prohibitions regarding conflict of interest;
- b) prohibitions on disclosure of trade secrets;
- v) prohibitions regarding competition;
- g) prohibitions regarding credits;
- d) the contents of the statement of duties of the members of the organs and the employees;

(2) The Supervisory Board may not delegate these duties.

Article 20

(1) The Management Board shall have the duty to ensure the application of the Code of Ethics in the enterprise. The Management Board shall be obliged to ensure that all responsible persons act in accordance with the Code of Ethics and conduct disciplinary proceedings against persons that violate the Code.

(2) The Management Board may delegate any of the above referred to duties with the unanimous written consent of the Supervisory Board, however the Management Board shall remain responsible for the performance of each and every of the duties referred to in the previous paragraph.

Article 21

Business Plan

The Management Board of the enterprise shall develop and supervise the realisation of the three-year business plan of the enterprise in accordance with international accounting standards and rules and regulations on accounting and the standards on auditing of RS. The adopted Business Plan of the enterprise shall be submitted to the Auditor-General of Republika Srpska's public sector (hereinafter referred to as the "Auditor-General") by the Head of the Internal Audit

Department, and the Managing Director of the enterprise shall submit the Plan to the competent ministry.

Article 22

The Business Plan referred to in the previous Article shall include, inter alia, the following:

- a) revenue and expenditure plan;
 - b) capital expenditures proposed for the period covered by the Business Plan;
 - v) proposed sources of funding for the above referred to capital expenditures, and other business targets;
 - g) all loans planned to be taken out during the period covered by the Business Plan;
 - d) proposal of guarantees that should be issued as insurance for such credits;
 - đ) proposals on the establishing or purchase of new enterprises or businesses (either in part or whole) or the sale of any subsidiaries of the enterprise, and the employment of new staff, as well as the expenditure required for such activities;
 - e) proposals for the sale of immovable property;
 - ž) proposals for use of surplus profit in the period covered by the Business Plan;
- z) planned financial statements, the functional and main budget with semi-annual analyses of variances, and the working capital budget, which must reflect the planned activities of the enterprise and the revenue and expenditure resulting from those activities.

Article 23

- (1) During the period it covers, the Business Plan shall serve as the basis for all of the business activities of the enterprise in respect of the elements it contains.
- (2) Exceptionally, the Management Board shall review the Business Plan on an annual basis, and if required, and in compliance with the aims of the Business Plan, it shall revise and harmonise the Business Plan in order to adapt it to the commercial market movements.

Article 24

Standards on accounting and auditing

- (1) The Supervisory Board shall have the duty and responsibility to organise the production of accurate and reliable accounting records and financial reports, drafted in accordance with the applicable laws on accounting and auditing, which indicate the financial position of the enterprise, and to which access shall be provided for all persons with a legitimate interest in the operations of the public enterprise.
- (2) The Supervisory Board may not delegate these obligations.

Article 25

The Audit Committee

- (1) Decisions on the appointment of members of the Audit Committee shall be taken by the General Meeting.
- (2) The Supervisory Board shall have the duty and responsibility to:

- on the basis of an open competition and by majority vote, select and recommend to the General Meeting the candidates most qualified for the position of member of the Audit Committee,
- supervise the management in applying the recommendations made by the Audit Committee and external auditor.

(3) The Supervisory Board may not delegate these obligations.

Article 26

The Audit Committee shall be obliged to:

- a) appoint an external auditor;
- b) appoint the Head of the Internal Audit Department through an open competition for the selection of the best qualified candidate, provided that the Auditor-General has not conducted the appointment within 30 days from the day he/she received notification in accordance with paragraph 5 of Article 30 of this Law;
- v) review the annual risk analysis and the audit plan, which shall contain particulars concerning the areas of risk and planned audits, and ensure that any reported issues are promptly and appropriately resolved;
- g) review the annual risk analysis referred to in the previous paragraph and the audit plan in agreement with the Auditor-General on the issue of processing, particularly in cases when the Auditor-General appointed the Head of the Internal Audit Department of the enterprise;
- d) ensure that the Internal Audit Department performs its tasks in accordance with the audit plan;
- đ) ensure that the internal controls in place in the enterprise are adequate and function as planned;
- e) submit monthly summary reports on its meetings to the Supervisory Board each month;
- ž) consult with the Auditor-General on matters regarding the independent auditing organization or professional expert group that performs the internal professional skills-assessment of the Internal Audit Department every two-three years;
- z) ensure that the Internal Audit Department fulfils its obligations pursuant to the international standards on auditing.

Article 27

The Management Board shall have the duty and responsibility for implementing the recommendations of the Audit Committee within the time limits recommended by the Audit Committee. The Management Board may delegate this duty, but shall remain responsible for the fulfilment of that duty.

Article 28

Internal Audit Department

The Head of the Internal Audit Department shall have the responsibility and duty to establish an Internal Audit Department of an adequate size, as necessary for it to adequately perform its duties set out in this Law, and shall be solely responsible for appointing and managing the persons employed in that Department.

Article 29

(1) Pursuant to the Law on Ministerial, Government and other Appointments, the Auditor-General shall appoint persons to the position of Head of the Internal Audit Department. The Head of the

Internal Audit Department shall also be a member of the Audit Committee, but shall not have the right of vote in that committee.

(2) In the event that the Auditor-General does not exercise his/her right, provided for in the previous paragraph, the enterprise shall have the duty to appoint the Head of the Internal Audit Department, under the supervision of the Auditor-General, and bear the costs of such an appointment, all within 30 days from the day of receiving notification from the Auditor-General.

(3) The Head of the Internal Audit Department appointed by either the Auditor-General or the enterprise, the Auditor-General may be removed from office upon written notice sent within a period of 30 days. The Auditor-General may not remove the Head of the Internal Audit Department from office without providing a written statement of reasons for such a decision. An appeal against the decision of the Auditor-General may be filed to the competent court, in which case the Auditor-General shall be obliged to immediately appoint an acting Head of Department.

(4) The Head of the Internal Audit Department appointed by the Auditor-General may not be removed from office by an enterprise or the bodies of an enterprise without obtaining beforehand the written permission of the Auditor-General.

(5) Following the dismissal or resignation of the Head of the Internal Audit Department, the Auditor-General, or the enterprise, shall initiate the procedure for the election of a new Head of Department.

Article 30

(1) The Management Board shall have the duty and responsibility to:

- provide adequate premises, with the aim of enabling the Internal Audit Department to function and perform its tasks unhindered;
- ensure, without exceptions, that the Internal Audit Department has full and complete insight into all of the records of the enterprise.

(2) The Management Board may delegate this duty, but shall remain responsible for its fulfilment.

Article 31

(1) The Internal Audit Department shall have the duty and responsibility to:

- a) submit to the Audit Committee an annual risk analysis and audit plan containing a detailed presentation of the areas of risk and the planned audits;
- b) submit to the Audit Committee a report on the performed audits and put forward recommendations, by way of the Head of the Internal Audit Department;
- v) performing its duties in accordance with the international standards on auditing.

(2) The Internal Audit Department may not delegate this duty.

Article 32

(1) The staff of the Internal Audit Department shall have signed contracts of employment with the enterprise.

(2) The Head of the Internal Audit Department may not be an employee of the enterprise. For the services he/she provides to the enterprise, the Internal Audit Department shall receive remuneration in accordance with the relevant rates fixed by the Auditor-General or the competent ministry.

Article 33

Public procurement

(1) All procurement procedures carried out in the enterprise shall be implemented in strict adherence to the provisions of the law regulating that subject

(2) The Management Board and the Supervisory Board of the enterprise shall be obliged to implement and supervise the implementation of the provisions of the law referred to in the previous paragraph.

Article 34

(1) The Management Board shall be responsible for:

- a) adopting a rule book and instructions on procurement that shall regulate the procurement procedure of the enterprise in accordance with the law governing that subject;
- b) supervising the employees of the enterprise in implementing the laws referred to in the previous item, and the provisions of the enterprise's rule book and instructions on procurement;
- c) submitting reports on procurement to the Audit Committee and the Supervisory Board no later than 15 days from the day the procurement contract is concluded.

(2) The Management Board may delegate any of the above-listed duties with the unanimous written consent of the Supervisory Board, however the Management Board shall remain responsible for supervising each and every of those duties.

Article 35

(1) Regarding the procurement procedure, the Supervisory Board shall be obliged to:

- a) review the rule book and instructions on procurement procedures in terms of its compatibility with the laws;
- b) supervise the work of the Management Board and employees of the enterprise in respect of the application of the rule book and instructions on procurement procedures, and the relevant laws;
- v) review reports on procurement and report any possible fraud and misuses to the competent bodies.

(2) The Supervisory Board may not delegate these duties.

Article 36

Distribution of profits

Each fiscal year, the Management Board of the enterprise shall, on the basis of the amount of net profit, as determined and stated in its revised financial statement prepared in accordance with the laws, propose an amount, provided that the necessary conditions exist, that could be distributed as profits or interim dividends/profits for the current fiscal year.

Article 37

When deciding on the amount that may be distributed as profits, the Management Board shall take into account the recommendations made by the Audit Committee and the overall financial obligations of the enterprise in the fiscal year that the distribution pertains to, including the amount of net profit required by the enterprise for that fiscal year for the realisation of any of the enterprise's business plans, as well as the amount of capital expenditures and other investments necessary for the proper maintenance and growth of the public enterprise.

Article 38

The Management Board shall be prohibited from:

- allocating to reserves any amounts greater than one-half of the net profit available for distribution;
- making allocations for the distribution of profits/dividends if the net amount of funds of the enterprise is less than the total amount of the fully paid share capital and unallocated reserves, and if the amount of those funds is not decreased as result of the payment of dividends.

Article 39

Decisions on the distribution of profits/dividends shall be taken by the General Meeting at the reasoned proposal of the Management Board, taking into account the opinion of the Audit Committee i the Supervisory Board obtained beforehand.

Article 40 **Prohibited activities**

An enterprise shall be prohibited from:

- a) granting credits or loans to employees of the enterprise or other persons, and providing guarantees or insurance for credit purposes;
- b) making donations contrary to the provisions of the RS Law on Donations to Public Enterprises and Institutions;
- v) payment of salaries, contributions and remuneration contrary to the labour provisions and the laws on pension and health insurance, or to persons on any waiting lists;
- g) any persons that prepared a call for tenders or any connected persons or the persons related to connected persons may not participate in the procurement procedure in the capacity of a provider of goods or services;
- d) making amendments to any procurement contracts that have already been signed, except in accordance with the law;
- đ) accepting payments in money substitutes, in kind, or cash equivalents;
- e) investing using the short-term sources of funds of the enterprise, except in the case of approved investments, pursuant to the definition provided in the applicable laws regulating that subject;
- ž) concluding an agreement concerning the handling of funds of a cumulative value in excess of BAM 10 000 without the signatures of the two Directors.

Article 41
Restricted activities

An enterprise may undertake the following activities only with the written consent of the majority of the members of the Supervisory Board:

- a) settling debts owed to a creditor of the enterprise by paying a third person (assignment of debt agreement);
- b) settling debts owed to a party with the debts of that party, which as a result is then at the same time both the creditor and debtor of the enterprise (ordinary compensation agreement);
- v) participate in an arrangement on the multiple settlement of debts between multiple parties (multilateral compensation);
- g) settling debts owed to the in the event the debtor is making payments to the creditor of the enterprise;
- d) write-off a debt.

IV PENALTIES AND SANCTIONS

Article 42

Lawsuits filed by shareholders and other persons

(1) The competent regulatory bodies, as well as other natural and legal persons pursuing a legal interest, shall also have the right to file a lawsuit for damages, within the meaning of Article 73 of the Law on Companies.

(2) The Management Board and the Supervisory Board shall be liable for damages within the meaning of Articles 72 and 76 of the Law on Companies.

Article 43

The reasons for dismissing members of the Management Board and the Supervisory Board by summary procedure, are as follows:

- a) failure to fulfil obligations in accordance with the applicable laws;
- b) award of a procurement contract in violation of the applicable law governing that subject;
- v) involvement in conflict of interest;
- g) involvement in activities prohibited by this Law;
- d) failure to submit request for relevant approval of activities restricted by this Law;
- đ) knowingly or unwittingly granting permission for the performance of a restricted activity as a result of which the enterprise incurred material damage;
- e) committing a criminal or other illegal act as a result of which the enterprise suffers material damage.

Article 44

(1) The Management Board shall have the duty and responsibility to:

- a) ensure that a dismissed and discharged employee shall be prevented from re-entering the official premises of the enterprise following the date of termination of employment;
- b) ensure that a person dismissed for any reason shall not be rehired by the enterprise during the minimum period stipulated in one of the official acts of the enterprise;

- v) ensure that relevant records are kept on employees, including detailed information on the dismissal of the above referred to persons covering a two year period;
- g) as of the moment the dismissed persons committed a violation of their work duties, no payment of any compensation shall be made in cash, substitute money or in kind.

(2) The Management Board may delegate any of its duties, set out in this Article, but shall remain responsible for the performance of all of those duties.

Article 45

Notwithstanding dismissal by summary procedure, the employees of an enterprise that have special authorisations and responsibilities may be dismissed only upon the conclusion of properly conducted disciplinary proceedings, pursuant to the Rule Book on Disciplinary Liability.

Article 46

Supervision of the implementation of the provisions of this Law shall be performed by the competent ministries.

Article 47

Penalty provisions

(1) An enterprise shall be fined not less than BAM 5 000.00 nor more than BAM 15 000.00 for committing an offence in the event:

- a) of failure to adopt the Statute, Code of Ethics and official documents of the enterprise in compliance with Articles 18 and 19;
- b) of failure to dismiss a person in accordance with Article 43;
- v) of failure to implement the Code of Ethics in compliance with Article 20;
- g) a three-year business plan has not been adopted and submitted to the competent bodies in compliance with Article 21;
- d) the business plan does not contain the elements specified in Article 22;
- đ) of failure to perform business activities in accordance with Article 23;
- e) the business plan is not considered on an annual basis nor revised in accordance with Article 23;
- ž) of failure to appoint members of the Audit Committee in compliance with Article 25;
- z) of failure to appoint the Head of the Internal Audit Department in compliance with Article 29.

(2) The responsible person in the enterprise shall also be fined in an amount not less than BAM 500 nor more than BAM 1 500 for the commission of an offence referred to in the previous paragraph.

Article 48

(1) An enterprise shall be fined not less than BAM 5 000.00 nor more than BAM 10 000.00 for committing an offence if:

- a) the Supervisory Board fails to fulfil its duties and responsibilities in accordance with Article 24;
- b) the Management Board fails to fulfil its duties and responsibilities in accordance with Article 27;
- v) The Managing Director fails to fulfil his/her duties and responsibilities in accordance with Article 12.

(2) The responsible person in the enterprise shall also be fined in an amount no greater than BAM 1 000 for the commission of an offence referred to in the previous paragraph.

Article 49

(1) An enterprise shall be fined not less than BAM 13 000 nor more than BAM 17 000 for committing an offence in the event:

- a) the procurement procedure is not being carried out in accordance with the applicable law governing that area, pursuant to Article 33;
- b) the Management Board is not fulfilling its obligations in accordance with Article 34;
- v) the Audit Committee is not fulfilling its obligations pursuant to Article 26;
- g) the Management Board passes a decision on distribution/dividends-profits in violation of Articles 36 to 39;
- d) activities prohibited by Article 40 are performed;
- đ) activities restricted pursuant to Article 41, are performed without adequate written permission.

(2) The responsible person in the enterprise shall also be fined in an amount not less than BAM 500 nor more than BAM 1 700 for the commission of an offence referred to in the previous paragraph.

Article 50

A responsible person shall be fined not less than BAM 500 nor more than BAM 1 700 for an offence in the event:

- a) he/she enters into an actual or apparent conflict of interest with the enterprise, pursuant to Article 13, paragraphs 1 and 8;
- b) he/she fails to provide the Supervisory Board or other supervisory body with access to information, as provided for in Article 13, paragraph 3;
- v) a trade secret is disclosed to a third party, in violation of the provisions of Article 13, paragraph 7.

V TRANSITIONAL AND FINAL PROVISIONS

Article 51

On the date of entry into force of this Law, the Law on State Enterprises (Official Gazette of Republika Srpska 3/95, 4/96, 21/96 and 3/97) shall cease to apply.

Article 52

(1) Enterprises that the provisions of this Law apply to, shall be obliged to adopt a Code of Ethics, relevant guidelines, and harmonize their Statute and other general official documents of the enterprise with the provisions of this Law, as well as abolish the existing Board of Directors, no later than six months from the date of entry into force of this Law.

(2) The Model Statute and the Model Code of Ethics shall be published concurrently with this Law.

Article 53

This Law shall also apply to enterprises that have not carried out ownership transformation and changed form of organization into the court register.

Article 54

In the event this Law contains solutions different to those provided in the Law on Companies, the provisions of this Law shall apply.

Article 55

(1) The Auditor-General shall, within a period of three months from the date of entry into force of this Law, notify the enterprises in which he/she will appoint a Head of the Internal Audit Department.

(2) The Auditor-General shall, in accordance with the provisions of this Law, carry out the appointments within a period of four months from the date of entry into force of this Law.

(3) Should the Auditor-General fail to carry out the appointments in accordance with the previous paragraph, the appointments shall, pursuant to the provisions of this Law, be made by the Audit Committee.

Article 56

An enterprise shall be prohibited from renewing or making substantive amendments to the existing loans granted to connected persons or third persons