

Central bank of Bosnia and Herzegovina and the Central Bank of Montenegro, expressing mutual interest and will to establish more efficient, faster and economical payment system between natural persons and legal entities from the territory of Bosnia and Herzegovina and Republic of Montenegro, agreed to conclude

AGREEMENT ON CLEARING OF PAYMENTS IN FOREIGN EXCHANGE

Article 1.

Under this Agreement:

- 1) *central banks* shall be the Central Bank of Bosnia and Herzegovina and the Central Bank of Montenegro (hereinafter: contractual parties);
- 2) *participants in the clearing* shall be legal persons performing banking activities, that, according to regulations of the country in which they are established, have the status of bank or other financial institution, that have permission for work and are controlled in accordance with the law of the country in which they are established and that have entered into Agreement on participation in clearing of foreign exchange payments with the Central Bank of their country;
- 3) *clearing of foreign exchange payments* shall mean acceptance of individual payment orders or groups of payment orders with enclosed specification of individual orders, for the purpose of multilateral net settlement system which shall be settled through settlement accounts of central banks and banks (hereinafter: clearing);
- 4) *clearing operator* shall be the National Bank of Serbia;
- 5) *aggregate net position of central bank* means the difference between all payments received and payments executed of all participants in clearing which have concluded contracts on participation in clearing with that central bank;
- 6) *net position of participants in clearing* at a given moment shall mean the difference between payments received and payments executed for that participant, from the beginning of the clearing cycle until that particular moment.

Article 2.

Contractual parties agree that the clearing operator shall perform clearing and in accordance with Operating rules for clearing of payments

in foreign exchange (hereinafter: Operating rules), which are consisting part of this agreement and regulations of the countries of contractual parties.

Article 3.

Contractual parties shall notify the clearing operator of net limit positions of clearing participants from their territory for whose performance they stand guarantor in accordance with the Operating rules.

If one of the contractual parties permits changing the limit to the clearing participant, and do not submit information on approval of such change to the clearing operator before the beginning of current settlement day – limit from the previous settlement day shall be considered as the limit of that participant.

Article 4.

Clearing operator is in charge of notifying the contractual parties on aggregate net positions from clearing and net positions of clearing participants as well after the time envisaged for receiving messages established by the Operating rules has expired and contractual parties shall notify the clearing operator of their concord to perform those net positions.

Article 5.

Contractual parties agree that the accounts of clearing participants are crediting and debiting for the amount of position from clearing of these participants in accordance with the contracts they have concluded with those participants.

Article 6.

Clearing operator, after he received the concords of contractual parties pursuant to Operating rules, is in charge to perform settlement and to submit the statement of his settlement account for clearing after which the settlement is considered final.

Article 7.

Contractual parties agree that payments between them on the basis of aggregate net positions shall be performed through the account of Deutsche Bank AG, F/M.

Article 8.

Contractual parties agree to terminate this agreement at the written request of any contractual party.

If one of the contractual parties fails to perform the obligation under this agreement, other contractual party may notify it of the termination of this agreement in written form.

On the day of receipt of the written notice from Paragraph 2 of this Article, this agreement shall stop producing legal effect.

Article 9.

Potential disputable issues in executing this agreement shall be resolved by the contractual parties by mutual agreement. In the event of dispute, the international court of arbitration in the place of the clearing operator is in charge.

Article 10.

This agreement shall produce legal effects as of the date of signing it by the contractual parties.

Article 11.

All potential amendments and supplements to this Agreement shall be regulated in the written form by the annex to this agreement.

Article 12.

This Agreement is composed of four (4) identical copies in English language and of two (2) identical copies in the languages of both contractual parties, of which each contractual party shall keep two (2) identical copies in English language and two (2) identical copies in the languages of contractual parties on which the agreement is referred to.

In the event of dispute, the English version of the Agreement shall be authoritative.

**Central Bank
Of Bosnia and Herzegovina**

mr Kemal Kozarić
Governor

**Central Bank
of Montenegro**

Ljubiša Krgović
Council President

Number: 01-____/07