

# **By-Law of the Deposit Protection Fund**

**(Official Gazette of Montenegro 66/10 and 25/12)**

## **I GENERAL PROVISIONS**

### **Article 1**

This By-Law shall regulate in more detail the governance and management of the Deposit Protection Fund (hereinafter: the Fund), powers of the Director General, the procedure of passing acts within the Fund's competence, the internal organisation of the Fund, the manner of the Fund's business operations, the conditions for and manner of investing funds, and other issues pertinent to the Fund's operations.

### **Article 2**

The Fund is a legal person holding rights and obligations as established under the Deposit Protection Law (hereinafter: the Law) and this By-Law.

The Fund shall be the holder of rights, obligations and responsibilities in legal transactions involving the resources at its disposal.

The Director General shall represent and act on behalf of the Fund.

### **Article 3**

The Fund shall not be registered at the Central Registry of the Commercial Court.

### **Article 4**

The Fund shall perform its activity and participate in legal transactions under the name: Fond za zaštitu depozita.

The abbreviated name of the Fund shall be FZD.

In communication with foreign parties, the Fund may also use the English translation of its name that shall read: Deposit Protection Fund and the abbreviated name DPF.

The registered office of the Fund shall be in Podgorica.

## **Article 5**

The Fund shall have its stamp and seal.

The stamp of the Fund shall be of round shape, with a 30mm in diameter and the following words imprinted: "Fond za zaštitu depozita, Podgorica".

The Fund shall also have a rectangular seal with the imprinted name and registered office of the Fund.

The making, use, keeping and destroying of stamps and seals shall be specified by the Director General of the Fund.

## **Article 6**

The Fund shall have its trademark consisting of small, stylish alphabetic letters displaying the abbreviated name of the Fund "fzd" or "dpf" typed in black colour and with red colour arch drawn above the abbreviated name to symbolize protection and coverage.

The trademark may be used as coloured in black-and-white.

## **V GOVERNANCE AND MANAGEMENT OF THE FUND**

### **Article 7**

The Fund's bodies shall be the Managing Board and the Director General.

### **Managing Board**

### **Article 8**

The Managing Board shall be the governance body of the Fund.

In addition to the competences provided under the Law, the Managing Board shall:

1. appoint and relieve of duty the Director General of the Fund, in accordance with the Law and the By-Law;
2. establish the Fund's Business policy;
3. pass the Fund's Ethical Code;
4. pass the internal general acts;
5. consider periodically, but at least on a quarterly basis, reports on deposit movements submitted by banks;
6. consider and adopt annual and semi-annual operating reports;
7. consider and adopt annual and semi-annual financial reports;
8. consider and adopt annual and semi-annual reports on investments;
9. decide on the acquiring of immovable property;
10. decide on entering into agreements on behalf and in the name of the Fund, the value of which exceeds € 20,000;
11. decide on the manner of providing any lacking resources for the Fund;
12. establish the manner of cooperation with the state authorities and organisations and other institutions in Montenegro;
13. establish the manner of cooperation with international institutions and other deposit insurance organisations;

14. establish the manner of promoting the deposit protection scheme and the use of the Fund's trademark;
15. initiate the appointment and relieving of duty of the Managing Board members;
16. pass an act to establish the remuneration of the Managing Board members;
17. pass an act to establish the salaries of the Director General and employees of the Fund;
18. decide on the transferring of certain powers to the Director General of the Fund;
19. pass the Rules of Procedure of the Managing Board; and
20. perform other tasks and duties specified under this By-Law and other acts of the Fund.

#### **Article 9**

The Managing Board meetings shall be convened and chaired by the Chairman of the Managing Board.

A Managing Board meeting may be held if attended by at least two members. A decision passed by the Managing Board shall be considered valid if at least two members have cast their votes.

Notwithstanding paragraph 2 above, provided that no member of the Managing Board objects, the Managing Board may pass a decision:

- by way of written statements;
- via video links;
- using any other technical means.

A decision passed in any of the manners under paragraph 3 above shall be verified at the subsequent meeting of the Managing Board.

The Managing Board shall regulate in more detail the decision-making procedure under paragraph 3 above.

#### **Article 10**

The Managing Board shall pass the Ethical Code of the Fund to specify the code of conduct of the managing Board members and employees of the Fund.

The Chairman and members of the Managing Board and employees of the Fund shall confirm that they have familiarized with the content of the ethical code and have undertaken to adhere to it.

#### **Article 11**

The Managing Board may establish in its Rules of Procedure the type of acts that may be decided upon unanimously.

#### **Article 12**

The Director General of the Fund and other invited persons may participate in the work of the Managing Board and they shall have no voting right.

#### **Article 13**

Minutes shall be kept at the Managing Board meetings.

Decisions of the Managing Board shall be signed by the Chairman.

#### **Article 14**

Immediately upon become aware of the circumstances for the relieving of duty of a Managing Board member before the expiry of his/her term of office, the Managing Board shall inform the Central Bank thereof and propose the member's relieving of duty.

A member of the Managing Board whose term of office has expired shall remain in office until the appointment of a new member.

## **Director General**

### **Article 15**

The Director General of the Fund shall be elected as per the job vacancy announcement and appointed to a four-year term of office.

A decision on the job vacancy announcement shall be passed by the Managing Board.

The job announcement shall remain open for 15 days and it shall be published in at least one printed media distributed in Montenegro.

### **Article 16**

The Administrative and technical service of the Fund shall accept application of the candidates applying for the job vacancy under Article 15 hereof and it shall report to the Managing Board thereof.

The report under paragraph 1 above shall contain: the names and surnames of all applicants, their professional qualifications and experience, and all other data and information stated in the documentation submitted with the application, as well as the conclusion with regard to the meeting of the job announcement requirements.

### **Article 17**

The Managing Board shall consider the report of the Administrative and technical service, establish the fulfilment of the job requirements and pass a decision on the appointment of the Director General of the Fund.

In the event that no applicant meets the job announcement requirements or the Director General fails to be appointed, the Managing Board shall pass a decision on repeating the job vacancy announcement.

Until the appointment of the Director General of the Fund, the Managing Board shall designate a person to be the acting Director General of the Fund.

### **Article 18**

In addition to the competences established under the Law, the Director General of the Fund shall:

- 1) propose the Fund's Business policy, Financial plan and Work programme;
- 2) propose acts to be considered and adopted or passed by the Managing Board;
- 3) enforce the Managing Board decisions;
- 4) take decisions regarding the Fund's business operations, except for decisions passed by the Managing Board;

- 5) sign acts, contracts and other documents pertinent to the Fund's operations as authorized under the Law, this By-Law, other general acts of the Fund and decisions of the Managing Board;
- 6) decide on the investment of funds up to the amount specified in the Fund's Investment Policy;
- 7) decide on the procurement of fixed assets and conclude contracts in the name and on behalf of the Fund, the value of which shall not exceed € 20,000;
- 8) conclude employment contracts with employees of the Administrative and technical service of the Fund and decide on all labour and labour-related rights and obligations, in accordance with the law;
- 9) be responsible for the earmarked spending of the Fund's resources;
- 10) ensure the legality of work, operations and the enforcement of the Law, this By-law and general acts of the Fund;
- 11) ensure the transparency of the Fund's operations;
- 12) pass an act to regulate the manner of use of stamps and seals; and
- 13) perform other tasks and duties he is authorized for under the general acts of the Fund and decisions of the Managing Board.

#### **Article 19**

The Director General shall be employed in the Fund wherein he shall exercise all his labour rights and obligations.

Mutual rights and obligations of the Director General and the Fund shall be regulated in the employment contract to be signed by the Chairman of the Managing Board in the name of the Managing Board.

### **IV PASSING, SIGNING AND PUBLISHING OF ACTS**

#### **Article 20**

The Fund shall pass regulations, general acts of the Fund and individual acts.

The regulations which passing is granted to the Fund under the Law shall be passed in the form of decisions by the Managing Board.

General acts of the Fund to be passed by the Managing Board and the Director General of the Fund in line with this By-Law shall be passed in the form of decisions, rules of procedure, policies, instructions, guidelines, procedures and instructions.

Individual acts shall be passed in the form of decisions and written orders.

#### **Article 21**

Draft regulations and general acts under the competence of the Managing Board shall be prepared by the Administrative and technical service and proposed to the Managing Board by the Director General.

Acts passed by the Managing Board shall be signed by the Chairman of the Managing Board.

Regulations passed by the Managing Board shall be published in the Official Gazette of Montenegro, and general acts of the Fund shall be announced at the notification board.

## **Article 22**

The Administrative and technical service shall prepare and submit for signing by the Director General the general and individual acts within his competence.

General acts passed by the Director General shall be announced at the notification board.

Individual acts deciding on rights, obligations and responsibilities of the employees and acts deciding on the rights of third parties shall be submitted to the person whose right is to be decided upon.

## **V INTERNAL ORGANISATION AND MANNER OF BUSINESS OPERATIONS OF THE FUND**

### **Article 23**

The functions within the Fund's authority shall be exercised in the manner to provide for the attainment of objectives and ensure the unification, integrity, efficiency and rationality.

The Fund shall be managed by the Director General of the Fund.

### **Article 24**

The Director General shall represent and act on behalf of the Fund within the powers granted to him under the Law, this By-Law and general acts of the Fund.

### **Article 25**

In case of his absence and/or if so required for the purpose of work organisation, the Director General may delegate certain managing tasks and duties within his authority to another employee of the Fund.

The Director General may authorize another employee or a person outside the Fund to represent the Fund for the purpose of protecting its property and other interests in legal transactions.

The Director General shall specify the scope and content of the delegated powers and authorities in a written act transferring such powers and authorities

### **Secretary of the Fund**

### **Article 26**

The Fund shall have the Secretary to be appointed by the Director General.

The Secretary shall be a person holding a university degree in law.  
The Secretary shall be a person with special powers and responsibilities.

The responsibilities of the Secretary of the Fund shall be regulated in more detail in the Rules of Procedure of the Managing Board and the Act on Internal Organisation and Job Classification in the Fund.

### **Article 27**

Tasks and duties performed by the employees of the Fund shall be categorized in accordance with the nature, importance, complexity and responsibility.

Job titles, individual job requirements, the number of incumbents, job descriptions, the manner of job evaluation and all other job related issues shall be regulated in the Act on Internal Organisation and Job Classification in the Fund.

The act under paragraph 2 above shall be passed by the Managing Board upon the Director General's proposal.

### **Article 28**

Employment in the Fund shall be subject to the conclusion of the employment contract.

Employment contracts and the supporting Ethical Code shall be signed by the employees and the Director General of the Fund.

An employee is obliged to perform tasks and duties delegated to him/her under the employment contract and to act in accordance with the law, other regulations and internal acts of the Fund.

The rights, obligations and responsibilities of the employees shall be subject to provisions of the law governing labour relations and provisions of the employment contract they have signed with the employer.

### **Article 29**

During their employment service, the employees are obliged to educate themselves, professionally qualify and advance with a view to ensuring a higher quality and a greater efficiency in performing their jobs.

The Fund shall enable the education, professional qualification and advancement of the employees when that is to be required by the work process and the introduction of a new manner and organisation of operations.

A decision allowing an employee's education, professional qualification and advancement shall be passed by the Director General, unless otherwise regulated in the internal acts of the Fund.

## **VII FINANCIAL OPERATIONS OF THE FUND**

### **Article 30**

The Fund's assets shall comprise of monetary assets, securities, fixed assets and equipment.

### **Article 31**

The Managing Board shall, no later than by 30 November of the current year, pass the financial plan of the Fund, upon the Director General's proposal, to provide for the planning of revenues and expenditures for the following financial year.

The financial plan may be modified during a business year, subject to the procedure prescribed for its passing.

**Article 32**

The Fund shall have an account with the Central Bank of Montenegro.

The Director General shall dispose of the funds in the account in accordance with the decision of the Managing Board and the financial plan.

**Article 33**

The Fund shall maintain business books in accordance with the applicable regulations and the International Accounting Standards and/or the International Financial Reporting Standards.

**Article 34**

Financial operations of the Fund shall be presented in the annual financial report which shall be subject to audit by the auditing firm.

The auditing firm, selected in the public announcement procedure, may perform the audit for no more than five consecutive years.

**Article 35**

Any excess of revenues determined in the annual financial report of the Fund shall be entered into operating assets of the Fund and may be used solely for the performing of the Fund's activity.

**Article 36**

Monetary assets of the Fund shall be provided from the collection of premiums, revenues from investments, donations, revenues from indemnification of the Fund in bank bankruptcy proceedings, and other revenues in accordance with the Law.

Exceptionally from paragraph 1 above, the Fund may also acquire immovable property on the account of indemnification in bank bankruptcy proceedings.

Decision on acquiring immovable property shall be passed by the Managing Board.

**Article 37**

The Fund shall calculate and collect premiums in accordance with the Law and this By-Law. Detailed procedures for the premiums calculation and collection shall be passed by the Director General of the Fund.

**Article 38**

The Fund may invest any excess available funds in accordance with the Law.

The Fund shall specify the aims and forms of investments in the investment policy, by observing the principles of good practice in risk management.

The Managing Board shall ensure the safety of investment of the collected monetary assets and the Fund's liquidity, with the revenues to risk ratio being in accordance with the adopted investment policy.

The Fund may hire third parties to invest the Fund's resources.

### **Article 39**

Any lacking resources for the payout under the deposit protection scheme may be provided from external sources and the issuing of securities in accordance with the Law.

When deciding on the manner of acquiring the lacking resources, the Managing Board shall consider all available options and opt for the most cost-efficient and rational manner of acquiring these resources.

## **X TRANSPARENCY**

### **Article 40**

The Fund's operations shall be transparent.

The Fund shall inform the public on its operations by posting information on its website and via the media, by holding press conferences, issuing publications and in any other appropriate manner.

Transparency of the Fund's operations shall be ensured by the following:

1. publishing of the Fund's By-Law and regulations passed by the Managing Board governing the rights and obligations of banks and the right of depositors to guaranteed deposits payout in the Official Gazette of Montenegro;
2. providing information to banks and depositors on the deposit protection scheme and the operations of the Fund via printed and electronic media;
3. submission of the annual operating reports of the Managing Board and the Fund to the Central Bank, the Government and the Parliament of Montenegro.

### **Article 41**

The Director General shall be responsible for providing information of the Fund's operations.

The official statements and notices on the Fund's operations may be communicated by the Chairman of the Managing Board, members of the Managing Board, the Director General of the Fund or other persons authorized by the Chairman of the Managing Board.

## **XI PROFESSIONAL SECRECY**

### **Article 42**

Documents and information which disclosure to an unauthorized person would be detrimental to the interests and reputation of the Fund and banks, the deposit protection scheme as a whole, or which are specified in the Law or any other regulation as professional secret, shall be considered confidential.

The following in particular, but not limited to, shall be considered confidential:

1. assessments of a bank rating;
2. assessment of a bank's operational risk,
3. information submitted to the Fund by the Central Bank classified as confidential,
4. information submitted by banks that are specified as banking secret in accordance with the Law.

The Director General of the Fund shall regulate in more detail the information and documents to be considered confidential, measures to ensure their protection, and the procedure in case of their disappearance and/or disclosure.

### **Article 43**

Members of the Managing Board of the Fund, the employees and external associates of the Fund shall keep official and professional secret, regardless of how they have become aware of such information, for at least three years after the termination of their term of office, employment or engagement with the Fund.

Exceptionally from paragraph 1 above, employees of the Fund and parties hired by the Fund to perform certain professional services, as well as members of the Managing Board of the Fund may disclose the information deemed confidential to the competent authorities, in accordance with the Law.

## **XII COOPERATION WITH OTHER AUTHORITIES AND ORGANISATIONS**

### **Article 44**

The Fund shall cooperate with the Central Bank in performing the tasks and duties within its authority.

The manner of establishing cooperation referred to in paragraph 1 above is to be defined in more detail in the Memorandum of Understanding to be signed by the Director General in the name of the Fund.

### **Article 45**

The Fund may establish cooperation with deposit insurance schemes in other countries and with organizations in charge of deposit insurance organized at the European and the regional level.

In achieving cooperation under paragraph 1 above, the Fund may join and be a member of international and other deposit insurance organisations.

Decision on exercising cooperation shall be passed by the Managing Board, at the proposal of the Director General.

### **Article 46**

The Fund may, by applying the principle of reciprocity, exchange data and information in accordance with the concluded bilateral or multilateral agreements.

The exchange of data and information under paragraph 1 above shall not be considered as the disclosure to an unauthorized person under Article 38 hereof.

### **XIII AMENDMENTS TO AND INTERPRETATION OF THE BY-LAW**

#### **Article 47**

Any amendments to this By-Law shall be passed in line with the procedure and in the manner established for the passing of the By-Law.

#### **Article 48**

In case of any ambiguities, the interpretation of provisions of this By-Law shall be provided by the Managing Board of the Fund.

### **XIV FINAL PROVISIONS**

#### **Article 49**

This By-Law shall come into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

#### **Article 50**

The By-Law of the Deposit Protection Fund (OGRM 79/05) shall be repealed with effect from the date of entry into force of this By-Law.