

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

AGREEMENT ON CLEARING OF PAYMENTS IN FOREIGN EXCHANGE

Article 1

Within the meaning of this Agreement:

- 1) *central banks* shall be the Central Bank of Bosnia and Herzegovina and the Central Bank of Montenegro (hereinafter: the Parties);
- 2) *participants in clearing* shall be legal persons performing banking operations, that, according to regulations of the country where they are established, have the status of bank or other financial institution, are licenced and supervised under 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 calculating 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* shall mean 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 specific moment shall mean the difference between payments received and payments executed for that participant, from the beginning of the clearing cycle until that moment.

Article 2

The Parties agree that the clearing operator shall perform clearing through the clearing operator and following the Operating Rules for Clearing of Payments in Foreign Exchange (hereinafter: the Operating

Rules), which are the constituent part of this Agreement and regulations in the countries of parties.

Article 3

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

Article 4

After the expiry of time for receiving messages established by the Operating Rules, the clearing operator shall notify the Parties of aggregate net positions from clearing and net positions of participants in clearing, and the Parties shall inform the clearing operator of their concord to execute those net positions.

Article 5

The parties agree that the accounts of participants in clearing shall be credited and debited by the amount of position from clearing of these participants under the contracts they have concluded with those participants.

Article 6

After receiving the Parties' concords under the Operating Rules, the clearing operator shall perform settlement and submit the statement of settlement account for clearing to each participant in clearing after which the settlement shall be considered final.

Article 7

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

Article 8

The Parties agree to terminate this Agreement at any Party's written request.

If one Party fails to perform the obligation defined herein, other Party may notify it of the termination of this Agreement in written form.

This Agreement shall stop producing legal effect on the day of receiving the written notice referred to in paragraph 2 above.

Article 9

The Parties shall resolve any issue in executing this Agreement by mutual agreement. In the event of dispute, it shall be resolved before the international court of arbitration in the place of the clearing.

Article 10

This Agreement shall produce legal effects as of the date of signing it by the 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 retain 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 prevail.

**On behalf of
Central Bank of Bosnia and
Herzegovina**

**Kemal Kozarić, MSci
Governor**

No. 01-946/07
13 September 2007

**On behalf of
Central Bank of Montenegro**

**Ljubiša Krgović
President of the Council**

No. 0102-4950/1
11 September 2007