

Pursuant to Article 44 paragraph 2 item 3 of the Central Bank of Montenegro Law (OGM 40/10, 06/13, 7/17) and in conjunction with Article 52 paragraph 2, Article 109 paragraph 2, Article 116 paragraph 3 and Article 117 paragraph 3 of the Law on Financial Leasing, Factoring, Purchase of Receivables, Micro-Lending and Credit-Guarantee Operations (OGM 73/17), the Council of the Central Bank of Montenegro, at its meeting held on 13 April 2018, passed the following

D E C I S I O N

On documents supporting the request for granting approvals under the Law governing financial leasing, factoring, purchase of receivables, micro-lending and credit-guarantee operations

I. GENERAL PROVISIONS

Subject Matter

Article 1

This Decision prescribes the documents that shall be submitted to the Central Bank of Montenegro (hereinafter: the Central Bank) together with the request for granting approvals under the Law governing financial leasing, factoring, purchase of receivables, micro-lending and credit-guarantee operations (hereinafter: the Law). The approvals are requested for:

- 1) acquiring or increasing qualifying participation in a leasing company, factoring company, company for purchase of receivables, micro-credit financial institution, and credit-guarantee fund (hereinafter: financial services provider);
- 2) electing member of board of directors of the financial services provider;
- 3) electing executive director of the financial services provider;
- 4) founding subsidiaries and organisational units of the financial services provider abroad;
- 5) merging another financial services provider, and
- 6) transferring a portion of assets and liabilities of the financial services provider, including founding new financial services provider.

This decision shall not be applied to the financial services providers for which the documentation supporting the requests for granting approvals is specified in accordance with the separate laws.

Request and Documents

Article 2

The request for granting the approval under Article 1 herein shall be submitted to the Central Bank in writing, together with the documents prescribed herein and the evidence on payment of fee, pursuant to the regulation of the Central Bank governing the amount of tariff for the performance of the supervisory function of the Central Bank.

In the process of analysing the submitted requests, the Central Bank may request the applicant to submit, in a due time, lacking documents and additional information and data which are important in the process of deciding upon the request.

If the applicant does not comply with the request under paragraph 2 above in a due time, the Central Bank shall decide upon the request on the basis of available documents.

II. DOCUMENTS TO BE SUBMITTED TOGETHER WITH THE REQUESTS

Acquiring or Increasing Qualifying Participation

Article 3

The following documentation shall be submitted together with the request for acquiring and increasing the qualifying participation in the financial services provider:

1) For natural person:

- Personal information (name and last name, date and place of birth, address of permanent or temporary residence, citizenship),
- Summary of past and current working engagement (name of the employer and nature of work the person has been or is performing),
- Overview of investments of such person representing participation of 10% or more in capital of legal persons,
- Information on its financial situation,
- Evidence on reported and/or paid taxes for the last three years,
- evidence that the person is not sentenced for criminal offences,
- evidence on sources of funds for acquiring shares of the financial services provider;

2) For legal person:

- Certificate of registration of such legal person or other corresponding document,
- Annual financial statements (balance sheet, profit and loss statement and cash flow statement) for the last three years (and/or available financial statements if a legal person operates less than three years), with the auditor's opinion (if these statements are subject to an audit),

- Overview of the ownership structure of such legal person including the participation of shareholders and other natural and legal persons in capital of that legal person,
- Overview of investments of such person representing participation of 10% or more in capital of other legal persons,
- Personal information and information on qualifications and working experience for the executive director and members of the board of directors of that legal person and/or for the members of other corresponding managing body,
- Information on legal penalties against founders or executives in such legal person for the period of five preceding years.

The investor - applicant, who acquires or increases the qualifying participation in the capital of the financial services provider up to the level of 50% and more, shall also submit, together with the documents referred to in paragraph 1 above, the document incorporating the planned management strategy of the financial services provider.

Provisions of paragraph 1 item 2 above shall be applied *mutatis mutandis* when the investors are persons performing registered activity without being legal person.

When the investor submits the request under paragraph 1 above for acquiring or increasing qualifying participation together with the related party specified by the Law, the documents under paragraph 1 above shall be submitted also for the related party.

Election of a Member of Board of Directors

Article 4

The financial services provider shall, together with the request for granting the approval for electing member of the board of directors, submit the following:

- 1) the questionnaire referred to in Annex 1 herein, which is attached to this Decision and makes an integral part thereof, and which is personally filled out and signed by a person requesting the approval;
- 2) the original or certified copy of the university degree acquired in accordance with the regulations governing higher education in Montenegro or degree acquired abroad that is equivalent to university degree acquired in Montenegro;
- 3) proposal of the decision on the election of the member of the board of directors with a detailed explanation of reasons for the election of the proposed person for the member of the board of directors;
- 4) information that there are no legal impediments for the election of the proposed person as member of the board of directors.

During the process of the assessment of the fulfilment of requirements for electing member of the board of directors, the Central Bank may require the financial services provider, and/or a person for which the approval is required, to submit the following:

- 1) an evidence that there are no legal impediments for the election of the proposed member of the board of directors, including the evidence that the proposed person is not executive director of the financial services provider unless when the financial services provider is single member party;
- 2) an evidence from the competent authority that the degree acquired abroad is equivalent to the university degree acquired in Montenegro;
- 3) personal references on professional qualifications of the candidate that may be given by: the members of the board of directors of a company or other legal person from the financial sector (except the financial services provider that submits the request for granting approval), academics, university professors or other persons that have gained professional or personal reputation from their recent successful work.

Election of an Executive Director

Article 5

The financial services provider shall, together with the request for granting approval for electing executive director, submit the following:

- 1) The questionnaire referred to in Annex 1 which is personally filled out and signed by a person requesting the approval;
- 2) original or certified copy of the university degree acquired in accordance with the regulations governing higher education in Montenegro or degree acquired abroad that is equivalent to university degree acquired in Montenegro;
- 3) proposal of the decision on the election of the executive director with a detailed explanation of reasons for electing the proposed person as the executive director of the financial services provider;
- 4) information that there are no legal impediments for the election of the proposed person as member of the board of directors.

During the process of assessing the fulfilment of requirements for the election of the executive director of the financial services provider, the Central Bank may require the financial services provider and/or a person requesting the approval to submit the following:

- 1) an evidence that there are no legal impediments for the election of the proposed person;
- 2) an evidence from the competent authority that the degree acquired abroad is equivalent to university degree acquired in Montenegro;
- 3) personal references on professional qualifications of the candidate that may be given by: the members of the board of directors of a company or any other legal person from the financial sector (except the financial services provider that submits the application for granting approval), academics, university professors or other persons that have gained professional or personal reputation from their recent successful work.

Founding Subsidiaries and Organisational units of the Financial Services Provider Abroad

Article 6

The financial services provider shall, together with the application for granting approval for founding subsidiaries and organisational units of the financial services provider abroad, submit the following:

- 1) For founding a subsidiary:
 - Basic information on subsidiary and/or organisational unit to be founded abroad,
 - Business plan of the subsidiary for the first three business years, with the projection of impact of the subsidiary's activities on the operations of the financial services provider,
 - Information on persons who will govern the subsidiary,
 - Projection of the organisational structure and human potential of the subsidiary;
- 2) For founding organisational unit, except a representative office:
 - Basic information on organisational unit to be founded, including organisational structure,
 - Information on the volume and type of services to be provided through the organisational unit,
 - Projection of impact of the organisational unit activities on the operations of the financial services provider,
 - Information on persons which will govern the organisational unit operations;
- 3) For founding a representative office:
 - Basic information on representative office to be founded,
 - Information on organisational capacities and human potential of the representative office and projected costs for the functioning of the representative office,
 - Information on persons who will govern the representative office.

Merger of another Financial Services Provider

Article 7

In the case of merging a financial services provider to another financial services provider, a financial services provider to which other bank is merged (hereinafter: the absorbing financial services provider) shall submit a request to the Central Bank for granting the approval for merger, supported by the following:

- 1) decision of the General Meeting of the merged financial services provider on merger to the absorbing financial services provider;
- 2) decision of the General Meeting of the absorbing financial services provider on acceptance of merger;
- 3) information on conditions and reasons for merger;

- 4) consolidated balance sheet and profit and loss statement of merged financial services provider and absorbing financial services provider using information from the month that precedes submission of the request above;

Transfer of a Portion of Assets and Liabilities

Article 8

The financial services provider that is in the process of restructuring shall submit the request for granting approval for transferring a portion of assets and liabilities to the new financial services provider, supported by the following:

- 1) A decision of the financial services provider's General Meeting on the division of a part of its assets and liabilities when forming a new financial services provider;
- 2) Information on conditions and reasons for restructuring, including also information on new financial services provider to be founded;
- 3) Balance sheet and profit and loss statement of the financial services provider using information from the month that precedes submission of the request above including changes arising from the planned transfer of assets and liabilities.

III. FINAL PROVISION

Entry into Force

Article 9

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro, and it shall apply from 11 May 2018.

THE COUNCIL OF THE CENTRAL BANK OF MONTENEGRO

CHAIRMAN

Decision number: 0101-3393-7/2018
Podgorica, 13 April 2018

G O V E R N O R,

Radoje Žugić, m.p.

QUESTIONNAIRE
for the candidate for member of the board of directors and executive director of
the financial services provider

I. Name and address of a financial services provider	
II. Position to which request for granting approval refers (member of the board of directors or executive director)	
III. General information on candidate	
1) Name and last name	
2) Permanent and temporary residence	
3) Date and place of birth	
4) Citizenship	
5) Business telephone number and e-mail address	
IV. Education Indicate all degrees of education, with the duration time and finishing year, and acquired academic knowledge	
V. Professional skills Indicate chronologically all types of further professional training, name of the topic, organizer and duration of further professional training, with information on obtained licenses and certificates	
VI. Curriculum vitae Indicate: 1) chronologically all employers and job positions and period over which the candidate performed specific job	

<p>2) Experience in financial and non-financial sector (indicate in detail type of jobs which the candidate performed)</p> <p>3) whether the candidate was relieved from the term of office of the member of board of directors, executive director or similar term of office in a legal person, and if so, indicate the reasons for his removal and/or reasons for submitting requirements for removal.</p>	
<p>VII. References</p> <p>Indicate information on persons that have had an insight in professional abilities of the candidate and from whom the Central Bank may require personal references for electing the candidate. Persons providing the reference may be members of the board of directors of a company or any other legal person from the financial sector (except the financial services provider submitting the request for granting the approval), academics, university professors and other persons that have gained professional and personal reputation from their recent work. If the candidate cannot propose persons for providing such references, indicate also such fact. If the candidate has already obtained personal references for the election, such reference shall be submitted to the Central Bank with this questionnaire.</p>	
<p>VIII. Relation with other parties</p> <p>Indicate whether the candidate is a member of board of directors or executive director of a bank or another financial services provider (and/or a company engaged in financial leasing, factoring, purchase of receivables, micro-lending or credit-guarantee operations).</p>	
<p>IX. Bankruptcy and enforcement against the candidate's property</p> <p>Indicate whether there have there been any bankruptcy proceedings or enforcement against the candidate's property, and if so, indicate the volume and time of the enforcement.</p>	

<p>X. Management and governance in a financial institution or other business organisation</p> <p>Indicate whether a candidate has been on leading positions in a financial institution or other company at the time when such company was subject to bankruptcy or liquidation proceedings, and if so, indicate the details related to the bankruptcy proceedings of that company.</p>	
<p>XI. Sentencing</p> <p>Indicate whether</p> <p>1) a candidate has been subject to a safety measure prohibiting further conduct of professional work, business activity or duty, imposed by a competent court, and if so, indicate the imposed measures and their duration;</p> <p>2) a candidate has been sentenced for a crime, and if so, indicate a type of criminal offence and type of penalties.</p>	
<p>XII. Criminal proceedings</p> <p>Indicate whether a criminal proceedings has been pending against the candidate, and if so, indicate type of criminal offence</p>	
<p>XIII. Other</p> <p>Indicate other data and information not specified under this questionnaire and which can be important based on candidate's assessment in the process of considering the request for granting the approval.</p>	

I hereby declare that all answers are true and complete to the best of my knowledge, and that I did not conceal any information which may affect the decision of the Central Bank on the request for granting the approval for my election as a member of the board of directors and/or executive director of the financial services provider.

Place and date:

Signature of a candidate:
