

INSTRUCTIONS
ON THE PROCEDURE AND METHOD OF DETERMINING THE AMOUNT OF
FEEES TO BE PAID BY SYSTEM MEMBER INTO THE SAFETY FUND FOR THE
PERFORMANCE OF CLEARING AND SETTLEMENT ACTIVITIES

Sarajevo, 2006

Pursuant to Article 2 of the Law on the Registry of Securities (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 39/98, 36/99, and 33/04), Article 25 of the Book of Regulations on the Registration and Transfer of Securities with the Registry of Securities (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 32/99, 6/01, 51/01, 5/05, and 10/06), Article 44 of the Articles of Association of the Registry of Securities in the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 26/04, 70/04, and 23/06), and Article 23, Paragraph 2 of the Rules of the Registry of Securities in the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 11/06), the Supervisory Board of the Registry of Securities in the Federation of Bosnia and Herzegovina, at its 17th session held on May 16, 2006, at the proposal of the Registry Management, passed:

INSTRUCTIONS

ON THE PROCEDURE AND METHOD OF DETERMINING THE AMOUNT OF FEES TO BE PAID BY SYSTEM MEMBER INTO THE SAFETY FUND FOR THE PERFORMANCE OF CLEARING AND SETTLEMENT ACTIVITIES

1. These Instructions determine the method of opening, keeping and removing securities accounts with the Registry of Securities in the federation of Bosnia and Herzegovina (hereinafter: the Registry), in the system of registration held at the Registry (hereinafter: the Registration System).

2. The securities accounts from Item 1 hereof are opened in the Registration System in the form of an electronic record.

The Registry opens in the Registrations System:

- a) registration accounts;
- b) intermediary accounts;
- c) client accounts;
- d) group accounts;
- e) custody accounts;
- f) lien accounts.

The owner of an account from Paragraph 2, Items a), c) and f) may be either a legal or a natural person, domestic or foreign person, except persons from Paragraphs 4 and 5 hereof.

The owner of a intermediary account from Paragraph 2, Item b) hereof may be a professional intermediary to whom the Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: the Commission) issued a license to perform dealer business operations in trading securities, who is a member of the Registry clearing and settlement system.

The owner of a group account from Paragraph 2, Item d) hereof may be a professional intermediary to whom the Securities Commission of the Federation of Bosnia and Herzegovina (hereinafter: the Commission) issued a license to perform broker

business operations in trading securities, who is a member of the Registry clearing and settlement system.

The owner of a custody account from Paragraph 2, Item e) hereof may be a bank to which the Commission issued a license to perform custody business operations, and which is a member of the Registry securities transfer system.

3. Registration Account

3.1. A registration account of a securities owner is an account at which securities of a securities owner are directly kept within the Registry Registration System.

Securities from the property of the securities owner, that have not been transferred to a client account, a custody account or a lien account at the order of the owner of an authority, are kept in the registration account.

In case of joint ownership over securities, securities are kept in the registration account of one of the owners, pursuant to a written agreement concluded between owners.

3.2. A registration account shall be opened:

- in the process of issuer registration, for all holders of securities of the issuer, that did not possess a registration account, on the basis of a contract issuer concluded with the Registry on the performance of securities registration and transfer business operations;
- for legal or natural, domestic or foreign persons that acquired securities either by buying, gift, inheriting or otherwise, and who do not possess a registration account, on the basis of an application for securities transfer;
- for legal or natural, domestic or foreign persons that previously possessed only a client account opened with a Registry Member, within the Registration System, on the basis of an order to transfer securities of a securities owner, from the client account to a registration account, which contains the note: "Registry Account Not Opened" in the section titled: "Registry Account No.", that is delivered to the Registry directly by a Registry Member with which the client account from which are transferred is opened.

3.3. A registration account shall contain:

- a) account number;
- b) personal identification number from Item 3.4 hereof;
- c) name, surname, residence address (street and number, postal code, town and state), and citizenship for a natural person, or the company name and seat for a legal person;
- d) type, number, class and nominal value of securities per issuer;
- e) any restrictions of disposal of securities from the ownership of the registration account holder held in the registration account.

A restriction of disposal of securities from Paragraph 1, Item e) hereof relates to:

- restrictions of trading or transferring securities pursuant to an order of the securities owner or an authority;

- entering the rights on securities of third persons (lien and other), pursuant to an order of the securities owner or an authority.

Securities with restrictions of disposal from Paragraph 2 hereof are contained in the field titled "Account Balance – Restricted" of the account statement.

- 3.4.** A registration account in the Registry Registration System shall be opened:
- a) for domestic natural persons
 - under their personal identification number (JMB – NIN);
 - under a temporary personal number (KID), in case that the personal identification number is incorrect, or is denied by the Registration System;
 - b) for foreign natural persons under a temporary identification number (KID);
 - c) for domestic legal persons under their identification number (MB – CID);
 - d) for foreign legal persons:
 - under their identification number from the company registrar (MB – CID);
 - under a temporary identification number (KID) in case that they do not possess an identification number from the company registrar.

3.5. The Registry keeps special records on registration accounts of foreign natural and legal persons opened under a temporary identification number.

Records from Paragraph 1 hereof shall contain:

- a) the application for the registration account – order form No. 9.
The order form No. 9 is contained in the appendix hereto and is its integral part;
 - for a foreign natural person: a certified copy of the passport;
 - for a foreign legal person: a certified copy of the company registrar statement, dated from the previous six months at the most.

Certified copies of documents are to be filed translated into one of the official languages in use in Bosnia and Herzegovina, made by a certified court translator, certified by the court.

3.6. The Registry shall amend the personal information contained in the Registry Registration System, from Item 3.3, indentation b) and c) hereof at the written request of the owner of the registration account held with the Registry or an issuer securities of which the account owner possesses in the registration account held with the Registry, on the basis of Internal Procedures for Operations of Changing/Amending Personal Information of Securities Owners.

In case that some personal information is changed in the registration account with the Registry, the same information shall be changed in other accounts from Item 2 hereof, which the owner possesses within the Registration System under the same identification number.

- 3.7.** The securities balance in the registration account shall occur in case that:
- the Registry performs a transfer on the basis of a transfer application filed by the new securities owner or the proxy of the new owner, or a professional intermediary – member of the securities transfer system (hereinafter: member of

- the transfer system), pursuant to the contract, court decision or decision of another authority;
- a member of the transfer system transfers securities from the registration account to the client account opened with the member of the transfer system, on the basis of an order by the securities owner;
 - the Registry performs a corporate action based on a request of the issuer;
 - the registry enters a right of a third party or a restriction of disposal on the securities in the registration account, based on an order by the owner or an authority.

3.8. The Registry shall close and remove the registration account pursuant to a written order of the securities owner, in case that no securities are contained in it.

The Registry shall remove the registration account opened under a temporary identification number after the registration account owner or the issuer securities of which it holds delivers the correct identification number, in case that the registration system already includes a registration account opened under that identification number, under the name of the same securities owner.

The registration account from Paragraph 2 hereof shall be removed after the transfer of securities from the registration account opened under a temporary identification number are transferred to the registration number opened under the correct identification number.

3.9. The securities owner who possesses a registration account and an authorized person of the Registry may make an inquiry into the registration account balance.

3. Client Account

4.1. A client account is an account opened by a transfer system member – professional intermediary in the Registry Registration System, after the contract on the performance of broker business operations is concluded with the client, on the basis of a written order of the client.

The professional intermediary – member of the transfer and settlement system registers the client account for securities trading.

4.2. A client account may be:

- a client account of the custodian bank for transfer that a member of the transfer system may open only on the basis of the order by the custodian bank. The transfer system member shall open a custody bank account for the custodian bank, for which the custodian bank delivered the registration code from Item 7.8. hereof;
- a client account of the securities owner that the member of the transfer system opens on the basis of an order of the securities owner, or order by domestic or foreign, legal or natural persons who intend to purchase securities. The client account of the securities owner may not be opened on the basis of an order by the custodian bank. The transfer system member may open one or more client accounts for securities owners. The transfer system member keeps in the client

account of the securities owner securities on behalf and for the account of the client.

4.3. The transfer system member shall open a client account of the custodian bank based on the order by the custodian bank as a client account type “U”, with the “no owner” ownership type; this account shall contain:

1. the account number;
2. the registration code from Item 7.8. hereof.

The custodian bank shall deliver the registration code to the transfer system member together with the order from Paragraph 1.

The client account of the custodian bank is an account that shall be duly reported to the stock exchange and the organized market; in the event of settlement, sold securities are transferred from the custody accounts from Item 7.3. hereof, via a group custody account and the client account of the custodian bank into the buyer account, and purchased securities are transferred via the client account of the custodian bank and a group custody account into custody accounts from Item 7.3. hereof.

The balance of the client account of the custody bank is 0 at all times.

4.4. The transfer system member shall open a client account of the securities owner as a client account type “C”, with the “single” ownership type, and it shall contain all elements from Item 3.3., indentation a), b), c), and d).

In case that the client already possesses a registration account with the Registry, or a client account from Paragraph 1 hereof with the same or another transfer system member, the transfer system member to which the client filed the order to open an account shall open a client account from Paragraph 1 hereof, by entering the personal number of the client, and activate the entry by pressing “F4” key of the keyboard.

An opened client account from Paragraph 2 hereof shall contain identical information (name, parents’ name, surname and residence address for the natural person, and the company name and seat address for the legal person) as the previously opened registration account, or client account.

The transfer system member is obliged to act accordingly to the method from Paragraph 2 hereof in case that the transfer system member does not possess the information that the client possesses a registration account with the Registry, or a client account with another transfer system member.

In the event that the transfer system member is denied access to the Registry Registration System due to an error in communication, the transfer system member may deliver the written orders from Paragraph 2 hereof directly at the Registry premises, and the Registry shall act in accordance with the orders by the end of the following work day at the latest.

4.5. In the event that the information in the registration system differ from the information in the identification document of the client on the basis of whose order the client account from Item 4.4. hereof is opened, the transfer system member is obliged to instruct the client to correct the information contained in the registration system, either personally or via the issuer.

The “personal number” information may only be changed via the issuer whose securities the securities owner possesses, in the event that the personal number is

registered in the registration system as a temporary personal number, in case that the securities owner is a domestic legal or natural person.

4.6. In case that the client does not possess a registration account or a client account from Item 4.4. opened with one or more transfer system members, the transfer system member to which the client filed the order to open an account shall deliver the client order to open a client account – order form No. 9 to the registry, either via post or directly at the registry premises.

The transfer system member shall deliver to the Registry, together with the order from Paragraph 1:

a) for domestic natural persons:

- a copy of the identification document;

b) for foreign natural persons:

- a certified copy of the identification document – passport;

c) for domestic and foreign legal persons:

- a certified copy of the company registrar statement, issued within previous six months.

The transfer system member shall be held responsible for the accuracy of the information from Paragraphs 1 and 2 hereof.

The Registry shall act immediately on the order from Paragraph 1, or by the end of the following work day at the latest.

4.7. The transfer system member may correct errors made during the entry of information required to open a client account from Item 4.4. hereof in the client account opened prior to the coming into force hereof, by delivering an order to correct the information to the Registry, together with a copy of the identification document for a natural person, or a court registrar statement for the natural person, owner of the client account.

The order to correct the errors from Paragraph 1 hereof shall be filed by the transfer system member in the RNI form, that is included in the appendix hereto and is its integral part.

The Registry shall act immediately on the order from Paragraph 1, or by the end of the following work day at the latest.

4.8. By transferring securities to the client account of the securities owner from Item 4.4., the records of securities ownership in the list of securities owners and account balance statement shall not change.

Client accounts from Items 4.3. and 4.4. shall be used for trading (selling and buying) securities in the organized public market.

The transfer system member is obliged to enter into the order to be entered in the stock exchange trading system the exact client account number and the number and symbol of securities bought or sold; otherwise, the transfer system member shall be held accountable for all damages occurring from the entry of wrong information.

After the trading day ends, in case that a deal is concluded on the basis of an order to sell by the transfer system member (of which the Sarajevo Stock Exchange shall inform the transfer system member), the transfer system member shall deny the order of

the client to transfer securities from the client account to the registration account, or the custody account of the client.

4.9. The client account shall be removed by the transfer system member on the basis of a written order of the client if the account balance is 0; in the event that the client account balance is other than 0, the transfer system member may delete a client account after it performs the transfer, based on the order of the client, of securities from the client account to the registration account of the same client, or the custody account or another client account opened with the same or other transfer system member.

The removed client account shall be filed in the registration system, and the transfer system member may not re-open it, or open a client account for another client under the same number, nor may it be open under the same number by another transfer system member.

In the event that a transfer system member is removed from the Registry System Membership, the Registry may, on the basis of a written order by the transfer system member delivered directly to the Registry, transfer securities from the client account to the registration account of the same client, or the custody account or another client account opened with the same or other transfer system member.

4.10. The transfer system member and an authorized person of the Registry may access the client account balance from 4.3.

The client account owner, transfer system member and an authorized person of the Registry may access the client account balance from 4.4.

The transfer system member with which the client account is opened may access the client securities account balance online.

4. Group Account

5.1. A group account is an account opened by the Registry based on the order – professional intermediary that is a member of the clearing and settlement system in the registry Registration System (hereinafter: member of the clearing and settlement system), and is used to correct errors in buying and selling securities at the stock exchange and other regulated markets.

The Registry shall open a group account for the clearing and settlement system member.

A clearing and settlement system member may possess only one group account.

5.2. In case of reporting a sale or purchase of securities from a non-existent – incorrect client account, the clearing and settlement system member shall correct the error in such a way that by 10:00 a.m. of the first subsequent workday following the conclusion of the securities trading (T+1), via the group account shall link the incorrect client account it designated for trading with the correct client account.

The balance of the group account shall be 0 at all times.

5.3. The Registry shall remove a group account on the basis of an order by the clearing and settlement system member, or in the course of duty in case that the

Commission suspended the license of the clearing and settlement system member to perform broker business operations.

The Registry shall, in the course of duty, assign a group account of a clearing and settlement system member the “suspend” status, in the event that the Commission should suspend its license to perform broker business operations.

A removed group account shall be filed in the Registry Registration System, and may not be re-opened, nor may a new group account be opened under the same number for the same or another transfer system member.

6. Intermediary Account

6.1. An intermediary account is an account in which balance of securities is kept, for securities that the clearing and settlement system member purchased for its own name and account within the performance of dealer business operations.

The registry shall open an intermediary account at the request of a member of the clearing and settlement system, licensed by the Securities Commission of the Federation of Bosnia and Herzegovina for the performance of dealer business operations.

A clearing and settlement system member may have only one intermediary account.

6.2. The clearing and settlement system member, as the account owner, and an authorized person of the Registry may access the intermediary account balance.

6.3. The Registry shall remove an intermediary account on the basis of an order by the clearing and settlement system member, or in the course of duty in case that the Commission suspended the license of the clearing and settlement system member to perform broker business operations.

The Registry shall, in the course of duty, assign an intermediary account of a clearing and settlement system member the “suspend” status, in the event that the Commission should suspend its license to perform broker business operations.

6.4. A removed intermediary account shall be filed in the Registry Registration System, and may not be re-opened, nor may a new intermediary account be opened under the same number for the same or another transfer system member.

7. Custody Account

7.1. A custody account is an account opened by the Registry in the registration system, based on an order (order form No. 9) of a custodian bank that is a member of the securities transfer system (hereinafter: custodian bank), with which the Registry concluded a special contract.

7.2. A custody account from Item 7.1. may be:
a) an individual custody account – type U;
b) a group custody account – type V.

- 7.3.** An individual custody account may be:
- a) an individual custody account opened in the name of the securities owner;
 - b) an individual custody account opened in the name of the custodian bank.

7.4. A custody account from Item 7.3., indentation a) is an account opened by the Registry in the registration system, based on an order (order form No. 9) of the custodian bank, following the conclusion of a contract on the performance of custody business operations between the custodian bank and a client, and it shall contain:

1. account number;
2. personal number from Item 3.4.;
3. name, surname, residence address (street and number, postal code, town and state), and citizenship for a natural person, or the company name and seat for a legal person;
4. type, number, class and nominal value of securities per issuer.

Together with the order from Paragraph 1 hereof, the custodian bank shall deliver to the Registry the documents from Item 4.6., Paragraph 2, either via post, or directly in the Registry premises.

The custodian bank shall keep in the account from Paragraph 1 hereof the securities for the name and account of its client.

In case that the custodian bank already possesses a registration account, or a client account opened with the Registry, the custody account from Paragraph 1 hereof shall be opened by entering the personal number from Paragraph 1, indentation 2, and activated by pressing the F4 key of the keyboard.

An opened custody account shall contain identical information (name, parents' name, surname and residence address for the natural person, and the company name and seat address for the legal person) as the previously opened registration account, or client account.

On the basis of a written order by the client, the custodian bank may transfer securities iterated in the order from the registration account to the custody account.

In securities contained in the custody account from Paragraph 1 hereof, the securities ownership records in the owners- list and account balance statement shall not change, the securities owner shall be registered as the owner of securities.

7.5. A custody account from Item 7.3. indentation b) is an account opened by the Registry in the registration system, on the basis of an order by a custodian bank, following the conclusion of a special contract on the performance of custodian business operations between the custodian bank, member of the clearing and settlement system, and the Registry.

The account from Paragraph 1 hereof shall be opened by the Registry in the name of the custodian bank.

For securities contained in the custody account from Paragraph 1 hereof, in the list of securities owners and the account balance statement, the custodian bank shall be registered as the owner.

The custodian bank is obliged to keep records of securities owners whose securities are contained in the custody account from Paragraph 1 hereof.

7.6. A group custody account is an account opened by the Registry in the registration system, based on an order of the custodian bank, following the conclusion of a contract on the performance of custody business operations between the custodian bank, member of the clearing and settlement system, and the Registry, and it shall contain:

1. account number;
2. registration code from Item 7.8 hereof.

The Registry shall open a group custody account as a type V account – “no owner” type of ownership.

The custodian bank may possess only one group custody account, and the account balance shall be 0 at all times.

A group custody account is linked by the registration code from Item 7.8. hereof with the client account of the custodian bank from Item 4.3. hereof.

The custodian bank is obliged to state in the order to buy/sell issued to the member of the clearing and settlement system the client account number of the custodian bank from Item 4.3. hereof.

The custodian bank is obliged to allocate the bought and sold securities to accounts from Item 7.3 hereof by 10:00 of the first workday following the conclusion of the securities trading (T+1) for which it issued an order via the group account.

7.7. The Registry is obliged to act in accordance with orders from Items 7.4., 7.5., and 7.6. hereof, by the end of the following workday at the latest, and return to the custodian bank the completed order containing the following information: the number of the account opened and the registration code, via post, as registered mail.

The order to open a custody account for a custodian bank from Items 7.4., 7.5., and 7.6. hereof is a simultaneous order to the Registry to open a registration code for the custody account that is to be opened based on the order.

7.8. A registration code is an electronic link in the registration system via which two securities accounts are connected in the registration system, and via which automatic transfer is achieved for securities that were traded in the organized market between account linked by the registration code, namely thus:

- bought securities are transferred through the group custody account, from the client account of the custodian bank registered for trading to the custody account from Item 7.3., in accordance with the allocation of the custodian bank;
- sold securities are transferred from the custody account from Item 7.3., via the group custody account, in accordance with the allocation of the custodian bank to the client account or a custody account of the client.

7.9. The Registry shall remove a custody account on the basis of an order by the custodian bank, or in the course of duty in case that the Commission suspended the license of custodian bank to perform custodian business operations.

A removed custody account shall be filed in the Registry Registration System, and may not be re-opened, nor may a new custody account be opened under the same number for the same or another custodian bank.

The Registry shall, in the course of duty, assign a custody account of a custodian bank the “suspend” status, in the event that the Commission should suspend its license to perform custodian business operations.

7.10. In the event that the membership of the custodian bank in the securities transfer system is terminated, pursuant to the Rules of the Registry, the Registry shall transfer securities from custody accounts from Item 7.3. to registry accounts of clients from Item 3 hereof, in the method determined by Article 21 of the Rules of the Registry.

Together with the order to transfer securities from individual custody accounts from Item 7.3., indentation b) hereof, the custodian bank is obliged to deliver to the Registry the records from Item 7.5., Paragraph 4 hereof.

In the event from Paragraph 1 hereof, the client of the custodian bank does not possess a registration account opened in the registration system, the order to transfer securities from the custody account shall be considered an order to open a registration account in the registration system, in the name of the client.

7.11. The custodian bank, the securities owner and an authorized person of the Registry may access the custody account balance from Item 7.3., indentation a).

The custodian bank, and an authorized person of the Registry may access the custody account balance from Item 7.3., indentation b).

The custodian bank with which the custody account is opened may access it online.

7. Lien Account

8.1. A lien account is a sub-account of the registration account, custody account, intermediary account or a client account in which securities with lien are kept separately.

A lien account, as a sub-account of the registration account is opened by the Registry on the basis of an order to enter lien, filed by the securities owner, or on the basis of a court resolution on distress of securities.

A lien account, as a sub-account of the custody account is opened by the Registry on the basis of an order to enter lien, filed by the custodian bank, or on the basis of a court resolution on distress of securities.

A lien account, as a sub-account of the client account is opened by the Registry on the basis of a court resolution on distress of securities, or by a member of the securities lien system on the basis of an order by a client.

A lien account, as a sub-account of the intermediation account is opened by the Registry on the basis of an order to enter lien, filed by the transfer system member, or on the basis of a court resolution on distress of securities.

8.2. The securities owner and an authorized person of the Registry may access the balance of the lien account that contains the securities in which lien is registered.

In addition to persons from Paragraph 1 hereof, the custodian bank may access the lien account as a sub-account of the client custody account.

In addition to persons from Paragraph 1 hereof, the member of the securities lien system may access the lien account as a sub-account of the client account.

The securities lien system members and the custodian bank may access the lien account balance online.

8.3. A lien account shall be removed by the removal of the lien registered in securities, and filed in the Registry Registration System, and may not be re-opened, nor may a new lien account be opened under the same number.

8. Account Balance Statement

The Registry is obliged to issue a statement of the securities account balance to account owners from Item 2 hereof, pursuant to Article 8 Paragraph 4 of the Law on Securities (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 39/98, and 36/99), in accordance with the request delivered to the Registry, together with the documents and proof of payment of the service fee pursuant to the Decision on Determining the Type and Amount of Fees for the Services of the registry of Securities in the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, No.11/05, 01/06, and 23/06), in accordance with the Internal Procedures on the Issuance of Account Balance Statements Per Request, No.: QP 7-50/01, dated March 7, 2006, and Instructions 01, No.: WI 7-50/01-01, dated March 7, 2006.

9. Enforcement and Coming Into Force of Instructions

10.1. The Registry and Registry system members are obliged to act in accordance herewith; if otherwise, they shall be held accountable for all damages resulting from their actions.

10.2. Changes and amendments hereto shall be made in accordance with the same procedure in accordance with which it was passed.

10.3. These Instructions shall come into force on the day they are passed in the session of the Supervisory Board of the Registry.

By coming into force hereof, the validity of Instructions on the Keeping of Securities Accounts in the Registration System of the Registry of Securities in the Federation of Bosnia and Herzegovina, No.: 04-2-NO-XXXII-6/03, dated December 13, 2003, is terminated.

10.4. These Instructions shall be published at the official web site of the Registry: www.rvp.ba, and delivered to Registry system member via e-mail.

No.: 04-2-NO-XVII-3111/06
In Sarajevo, May 16, 2006

President
of the Supervisory Board of
the Registry of Securities
Mihret Dizdar