

S T A T U T E
of the Registry of Securities
in the Federation of Bosnia and Herzegovina,
joint stock company, Sarajevo

In Sarajevo, December 2006

Based on Article 123 and 246 of the Law on Business Companies («Official Gazette of the Federation of Bosnia and Herzegovina», No. 23/99, 45/99, 02/02, 6/02, 29/03 and 68/05), the General Assembly of the Registry of Securities in the Federation of Bosnia and Herzegovina, joint stock company, Sarajevo, at its session held on December 19, 2006,
p a s s e s

**THE STATUTE
of the Registry of Securities
in the Federation of Bosnia and Herzegovina**

I BASIC PROVISIONS

Article 1

This Statute is passed by the First General Assembly of the Registry of Securities in the Federation of Bosnia and Herzegovina, joint stock company, Sarajevo (hereinafter: the Registry), held pursuant to Article 9 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), following the sale of 10% of the shares of the Registry owned by the Federation of Bosnia and Herzegovina to privately owned legal persons, according to the Privatization Plan of the Registry, pursuant to provisions of Article 6 of the Law on the Registry of Securities.

Article 2

This Statute determines:

1. the company name, the seat and the core activity of the Registry;
2. initial capital, class, number, nominal share value and the number of votes per class of shares;
3. method of initial capital increase and decrease;
4. establishment and use of the reserve fund,
5. distribution of gain,
6. method of covering loss;
7. method of convening the general assembly and decision-making, composition and jurisdiction of the board;
8. composition, method of appointment and release of duty, and authority of the Supervisory Board, Management and Audit Board of the Registry;
9. procedure of merger, acquisition, division and changes in the form of the Registry;
10. termination of the Registry, and
11. procedures of changes and amendments to the Statute.

II THE COMPANY NAME AND SEAT OF THE REGISTRY

Article 3

The Registry conducts business with the full company name of:
Registry of Securities in the Federation of Bosnia and Herzegovina, Joint Stock Company, Sarajevo.

The abbreviated company name is: Registry of Securities, d.d. Sarajevo.

The company seat is in Sarajevo, 62/II Maršala Tita Street.

The company seat and name may be changed pursuant to the Law on the Registry of Securities.

The Registry may have its offices (branch offices) outside the seat.

The offices outside the seat are established by a decision of the General Assembly of the Registry, at the proposal of the Supervisory Board of the Registry.

Article 4

The Registry uses in its business operations a seal that contains the crest of the Federation of Bosnia and Herzegovina and the following words written in Latin script: "Bosnia and Herzegovina – Federation of Bosnia and Herzegovina – Registry of Securities, d.d. Sarajevo".

The seal is made in two sizes: one with the diameter of 25 mm, and the other with 50 mm diameter.

The seals of the offices outside the seat are marked in the order of their establishment, with Arabic numbers.

The seals are made pursuant to a Resolution of the Ministry of Justice of the Federation of Bosnia and Herzegovina.

The Registry Management shall designate persons responsible for handling the seals and admission stamps of the Registry.

Article 5

The Registry may have a trademark the design of which is determined by the General Assembly of the Registry, at the suggestion of the Supervisory Board of the Registry.

III CORE ACTIVITY OF THE REGISTRY

Article 6

The core activity of the Registry is:

No. 67.120 – mediation in operations with securities.

The activity of the Registry from Paragraph 1 hereof means activities of registration, keeping and maintenance of the data on securities and activities of transfer in accordance with the law that regulates the issuance and trading with securities.

The Registry may perform activities of clearing and settlement in trading with securities and related operations, pending an approval by the Commission.

The Registry may perform other activities that are usually performed together with activities from Paragraphs 1, 2 and 3 hereof, in the amount and method necessary to perform such activities.

IV INITIAL CAPITAL OF THE REGISTRY

Article 7

Initial capital of the Registry is 1.240.300,00 KM.

- The initial capital from Paragraph 1 hereof is divided into 12.403 ordinary shares, with the nominal share value of 100,00 KM.

New shares can be issued by the Registry following the approval by the Commission, in accordance with the law.

Article 8

The shares of the Registry are dematerialized, indivisible and are made out to the bearer.

Article 9

Pursuant to the law, the Registry is entered in the Registry of Companies, and the Registry of Issuers kept by the Commission, and the shares of the Registry are registered electronically with the Registry.

Article 10

The transfer of the shares of the Registry can be made only following an approval by the Commission.

The provision from Paragraph 1 of this Article shall apply to new issuances of shares, unless a decision of the Commission on the issuance of a certain issuance stipulates otherwise.

Provisions from Paragraphs 1 and 2 of this Article shall apply to all cases of lien and other burdening or limitation of share transfer.

V INITIAL CAPITAL INCREASE AND DECREASE

V.a Initial Capital Increase

Article 11

Increase of the initial capital is performed on the basis of a decision that, following a proposal by the Supervisory Board of the Registry, is made by the General Assembly of the Registry, with the two-third majority of votes representing shares.

The initial capital may be increased by:

- Issuing new shares through private placement,
- Increasing the initial capital from own sources, by increasing the nominal value of existing shares, or issuing free shares pursuant to the Law.

Article 12

The Decision from Article 11 hereof shall contain:

- the reasons, the amount and method of increase,
- new nominal value of the existing shares after the increase of the initial capital, or the class, number and nominal value of new shares;
- the deadline for subscription and the price of shares at the time of issuance or the method of determining it;
- the description of rights and limitations of rights contained in the securities from the new issuance and consequences to the rights contained in the previously issued securities;
- the limitation or termination of the preemption rights;
- the possibility of making payment for shares from a new issuance by entering commodities and/or rights and the methods of their appraisal.

Article 13

Pursuant to the law, changes in the amount of initial capital are entered in the Registry of Issuers with the Commission, in the Registry and the company registrar.

V.b Initial Capital Decrease

Article 14

Decrease of the initial capital is performed on the basis of a decision that, following a proposal by the Supervisory Board of the Registry, is made by the General Assembly of the Registry, with the two-third majority of votes representing shares.

The decision from Paragraph 1 hereof is published in at least one local daily newspaper, twice in the course of 30 days from the day it is made.

Article 15

Decrease of the initial capital of the Registry is achieved through the decrease of the nominal share value. The decision from Article 14 hereof shall contain the reason and the amount of the initial capital decrease.

Decrease of the initial capital of the Registry through the decrease of the nominal share value shall apply to all the shares.

VI METHOD OF ESTABLISHMENT AND USE OF THE FUND OF RESERVE

Article 16

The Fund of Reserve is established through the appropriation of a part of realized profit of the Registry and is used in accordance with the law.

The Fund of Reserve contains 25% of the initial capital of the Registry from Article 7 Paragraph 1 hereof.

The decision on the use of the Fund of Reserve is made by the General Assembly of the Registry, following a proposal by the Supervisory Board of the Registry.

VII ALLOCATION OF PROFIT

Article 17

The profit, stated in the annual report on financial activities of the Registry is allocated to the Fund of Reserve pursuant to Article 16 hereof and/or for other purposes according to the Law.

VIII COVERING LOSSES

Article 18

If the Registry states a loss in its annual report on financial activities, the General Assembly shall make a decision on covering of the losses by allocating funds from the Fund of Reserve.

If the funds from Paragraph 1 hereof are insufficient to cover the entire amount of loss, the General Assembly of the Registry shall make a decision on the decrease of the initial capital in the method from Article 15 hereof, in the amount of the loss not covered by the allocation of funds in accordance with Paragraph 1 hereof.

Article 19

If the Registry states a loss in its semiannual report that exceeds the sum of a one third of the initial capital and the amount of the Fund of reserves from Article 16 hereof, or when such circumstances occur that suggest that the value of property of the Registry is less or can amount until the end of the year to less than the amount of its debt, the Supervisory Board is obliged to report thereof to the General Assembly of the Registry.

On the basis of the report of the Supervisory Board of the Registry, that shall contain the balance sheet and the profit-and-loss statement with a report by an external auditor, the General Assembly of the Registry shall decide on the method of covering losses.

IX REGISTRY MANAGEMENT

Article 20

The managerial bodies of the Registry are:

1. General Assembly
2. Supervisory Board
3. Management
4. Audit Board

1. General Assembly

Article 21

The meeting of the General Assembly of the Registry is convened by the Supervisory Board of the Registry at its own initiative, at the proposal by the Management of the Registry or a request of a person from Article 25 Paragraph 1 hereof.

Notices of the agenda, the venue, date and time of the meeting of the General Assembly of the Registry, the method of giving powers-of-attorney, the method of voting at the General Assembly and the method and the deadline for application for shareholders to participate in the meeting of the General Assembly of the Registry shall be published at least in one daily newspaper issued throughout the territory of the Federation of Bosnia and Herzegovina and displayed in a visible location in the business premises of the Registry, 30 days prior to the date set as the day of the meeting, at the latest.

The agenda and proposals of decisions to be made at the General Assembly of the Registry published in the notice of convening of the General Meeting of the Registry may be amended only after a written proposal by a shareholder with at least 5% of the total number of votes representing shares, eight days from the date of publication of the notice at the latest.

A meeting of the General Assembly may be cancelled in case that shareholders with more than 50% of votes confirm their absence from the meeting in writing, or fail to confirm their presence in the method from Article 23, Paragraph 2 hereof.

The meeting of the General Assembly is cancelled in the same method in which it is convened, with the obligation to publish the notice on cancellation three days prior to the date of the meeting at the latest.

Article 22

The General Assembly is convened at least once a year, and generally held at the seat of the Registry.

In case that the General Assembly is not held at the Registry seat, the Supervisory Board of the Registry is obliged to take all measure necessary for the successful meeting, and determine a venue that is most accessible to all shareholders.

In the event from Paragraph 2 hereof, the notice from Article 21 Paragraph 2 hereof must be sent within the same deadline via registered mail, fax or electronic mail to the address contained in the list of shareholders that the Registry published 30 days prior to the General Assembly or on the last work day preceding the deadline, if it is a holiday or a day of the weekend.

Article 23

The right to make decisions at the General Assembly belongs to the shareholder who was in the list of shareholders of the Registry 30 days prior to the date of the meeting or the last workday before that deadline, if it is a day of the weekend or a holiday.

The meeting of the General Assembly can be attended by shareholders, either in person or through proxies, who applied to the Voting Board of the Registry from Article 30 Paragraph 2 hereof in written, at least three days prior to the date set as the day of the meeting, at the latest.

The commission has the right to participate in the operations and decision-making of the General Assembly of the Registry pursuant to the shares owned by the Federation of Bosnia and Herzegovina.

In the sense of Paragraph 3 of this Article, the Commission and other legal persons, shareholders of the Registry shall realize their right to participate in the operations and decision-making of the General Assembly of the Registry through their legal representatives or by proxy.

The cost of holding the General Assembly is paid by the Registry.

Article 24

The President of the Supervisory Board of the Registry or, when the president is engaged or the Supervisory Board of the Registry decides so, one of its members presides over the General Assembly.

In case that the general Assembly is convened by a shareholder or the Audit Board of the Registry, the presiding person shall be appointed by the person convening the General Assembly.

The President and the members of the Supervisory Board and the Audit Board of the Registry, the Director and his Deputy shall be present at the General Assembly.

At the proposal of the Chairman, the General Assembly shall appoint the recording clerk and two shareholders to authorize the minutes.

Article 25

The General Assembly may be convened at the request of:

1. a shareholder or a group of shareholders with more than 10% of votes representing shares
2. a member of the Supervisory Board of the Registry
3. the Audit Board.

The request to convene the General Assembly, and a proposal of the agenda, is submitted to the Supervisory Board in writing.

If the Supervisory Board of the Registry does not publish a notice on convening of the General Assembly in the method from Article 21 Paragraph 2 hereof, within 30 days from the day the request was submitted, the requesting person may, directly, convene the General Assembly in the same method, and shall notify the Commission thereof in writing.

The persons from Paragraph 1 hereof are authorized to directly convene the General Assembly, without prior request to the Supervisory Board of the Registry, in case that the Supervisory Board has not convened the General Assembly for the purpose of appraisal of the annual report of the Registry, that includes the financial statements of the Registry, a report by an independent auditor, the Supervisory Board of the Registry and the Audit Board of the Registry, within five months from the end of the business year.

Article 26

The General Assembly of the Registry may decide if shareholders with more than 50% of votes representing shares are present, either personally or through a proxy.

In case that, after 60 minutes have elapsed since the scheduled beginning of the meeting, there is no quorum necessary for decision-making from Paragraph 1 hereof, the General Assembly is reconvened in the method prescribed in Article 21, Paragraphs 2 and 3 hereof.

Instructions on voting that the shareholder gave in the power-of-attorney shall be deemed valid for the re-convened meeting of the General Assembly, provided that no amendments were made to the agenda, and that the power-of-attorney was not suspended in the method prescribed by the law.

In the event from Paragraph 2 of this Article, a re-convened meeting of the General Assembly may decide if shareholders with more than 30% of votes representing shares are present, either personally or through a proxy.

Article 27

The General Assembly of the Registry decides on:

1. initial capital increase and decrease,
2. issues of new shares of an existing or a new class,
3. limitations to or removal of the pre-emptive rights,
4. adoption of the annual report of the Registry that includes the financial statements of the Registry, a report by an independent auditor, the Supervisory Board of the Registry and the Audit Board of the Registry,
5. allocation of profit,
6. methods of covering losses,
7. sales, purchases, swaps and other transactions with the property of the Registry, in the amount greater than one third of book value total value of Registry property from the balance sheet from the end of the fiscal year, and on such transactions of a lesser amount for the approval of which the Supervisory Board of the Registry is authorized, if the transaction was not approved unanimously,
8. appointment and release of duty of the members of the Supervisory Board of the Registry individually,
9. appointment of the independent auditor and appointment and release of duty of the members of the Audit Board of the Registry,
10. fees of the members of the Supervisory Board and the members of the Audit Board,
11. changes and amendments to the Statute that do not relate to issues from Items 1 and 2 hereof or other issues that, in accordance with the law, the General Assembly of the Registry decides on, and the legal result of which are changes to certain provisions of the Statute of the Registry,
12. other matters relevant to the business operations of the Registry, in accordance with the law and this Statute.

Article 28

From the day the notice on convening of the General Assembly of the Registry, the shareholders have the right to access the list of the shareholders of the Registry, the financial statements together with a report by an independent auditor, the Supervisory Board of the Registry and the Audit Board of the Registry, and all other documents that relate to the decision proposals contained in the agenda of the General Assembly.

Article 29

Voting at the meeting of the General Assembly is performed by using ballots that contain the name of the company name of the shareholder, and the number of votes the shareholder has.

The voting is executed by circling on the ballot either the answer “FOR” or “AGAINST” the proposal of the decision or a name of the candidate in appointment of the bodies of the Registry.

The General Assembly of the Registry shall make decisions with a majority of two thirds of votes representing shares, on issues that are prescribed by the law as issues that must be decided on with such a majority of votes representing shares, separated in classes, or voting jointly with all other classes of shares.

The General Assembly of the Registry shall decide by a simple majority of votes representing shares on all other issues from its jurisdiction, except on issues that are decided on in the method from Paragraph 1 hereof, and on the appointment of the members of the Supervisory Board and the Audit Board of the Registry.

The General Assembly shall decide on the reports from Article 27 Item 3 hereof, on the allocation of profit and the method of covering losses for the business year, at the latest six months from the end of the business year.

Article 30

The presence of a quorum and the voting results at the General Assembly are determined by the Voting Board.

The Voting Board is appointed by the Supervisory Board of the Registry in the decision on the convening of the General Assembly.

In the event that the General Assembly is convened by a shareholder or the Audit Board of the Registry, the Voting Board will be appointed by the convening party.

The Voting Board consists of three members, none of who may be a member of the Supervisory Board or of the Management, nor a person possessing more than 5% votes representing shares of the Registry, nor a person under material influence or control of such persons, which does not include employees of the Registry.

The Voting Board:

- draws up the list of shareholders present, or represented and their proxies at the General Assembly and verifies their identity,
- determines the total number of votes and the number of votes of each shareholder and proxy,
- determines the presence of the quorum,
- determines the results of voting,
- delivers to the Chairperson of the General Assembly the ballots, the list of shareholders present or represented and other materials pertaining to the execution of their duty.

Article 31

A proxy of the shareholder shall possess a power-of-attorney to represent a shareholder of the Registry and must act in accordance to instructions received from the shareholder, or if there were no instructions, the proxy shall act in the best interest of the shareholder.

The proxy from Paragraph 1 hereof may be any natural person capable of conducting business, a legal person registered for the performance of mediation in trading with securities, and an association established and registered for the purposes of association and representing of shareholders when the powers from the power-of-attorney is exercised by a legal or empowered proxy of a legal person, or an association.

The power-of-attorney from Paragraph 1 is given in the form of a written statement signed by the shareholder and the proxy and submitted to the Registry in person, by mail, fax or e-mail at the latest before the deadline from Article 23 Paragraph 3 hereof.

The proxy is obliged to submit to the Voting Board a written power-of-attorney to represent the shareholders of the Registry.

The Voting Board is obliged to verify the powers-of-attorney and the identity of the proxy.

Article 32

If the shareholder of his proxy deliver to the Voting Board an authorized statement of the shareholder, an identification document or some other valid proof that denies the validity of the power-of-attorney within seven days from the day of the meeting of the General Assembly of the Registry, the Voting Board shall deem the votes on the basis of that power-of-attorney irregular and report thereof in written to the Supervisory Board of the Registry.

The Supervisory Board of the Registry is obliged to suspend the decision for which the irregular votes were decisive, and convene the General Assembly to decide on that item of agenda again, 30 days from the day of receipt of the notice from Paragraph 1 hereof at the latest.

Article 33

If the General Assembly refuses the suggestion of shareholders holding more than 20% of votes representing shares to appoint an auditor to perform outstanding audit of all the cases relating to business operations of the Registry in the previous years, the auditor shall be appointed by the Commission.

Article 34

The decisions of the General Assembly shall be deemed null and void if:

1. The meeting of the General Assembly was not convened in accordance to Article 21 Paragraph 2 hereof;
2. it was not entered in the minutes;
3. it was deemed null and void by a decision of the court.

Article 35

Minutes shall be taken on the work of the General Assembly that shall contain:

1. the company name and seat of the Registry;
2. the venue and time of the meeting;
3. name and surname of the Chairperson of the General Assembly, the recording clerk, the persons who authorize the minutes and the members of the Voting Board;
4. agenda;
5. decisions made;
6. information on voting;
7. objections of the shareholders and the members of the Supervisory Board of the Registry to the decisions of the General Assembly.

The suggestions and reports submitted at the General Assembly of the Registry shall be attached to the minutes in writing.

The Supervisory Board of the Registry shall provide for the minutes to be made within 30 days from the date of the meeting of the General Assembly.

The minutes shall be signed by the Chairperson of the General Assembly, the recording clerk and the persons who authorize the minutes.

A shareholder of the Registry may demand that he be delivered a copy or an abstract of the minutes of all the held meetings of the General Assembly of the Registry.

Article 36

The Registry shall permanently keep all the minutes of meetings of the General Assembly of the Registry, records on attendance and voting by the shareholders, notices and invitations to the General Assembly.

2. Supervisory Board of the Registry

Article 37

The Supervisory Board of the Registry has a president and four members, appointed and resolved of duty by the General Assembly of the Registry.

The president and the members of the Supervisory Board are appointed simultaneously, for a period of four years.

The president and members of the Supervisory Board of the Registry shall be entered into the Registry of Issuers with the Commission.

The Supervisory Board may appoint the deputy president of the Supervisory Board from the members of the Supervisory Board.

If the mandate of the president or a member of the Supervisory Board of the Registry from Paragraph 3 hereof expires before the end of the period at which he was appointed, the mandate of the president or the member of the Supervisory Board of the Registry who was appointed to his position shall last to the end of the period at which the president or the member whose mandate expired was appointed.

The General Assembly can resolve of duty the president and members of the Supervisory Board of the Registry before the end of the period at which they were appointed:

- in response to a personal request,
- in the event that the president or a member is unable to perform or does not perform the function of a member of the Supervisory Board,
- in case of disloyalty to the Registry, unlawful or negligent execution of duties, or failure to exert due consideration.

The proposal for relieving of duty of a member of the Supervisory Board shall also contain the name of the candidate proposed for the position.

The names of the president and the members of the Supervisory Board of the Registry are entered in the Registry of issuers with the Commission.

The president and the members of the Supervisory Board of the Registry are entitled to a fee determined by a special decision of the General Assembly.

Article 38

A shareholder or a group of shareholders with at least 5% of votes representing shares may propose candidates for the position of a member of the Supervisory Board of the Registry, except for the first mandate of the Supervisory Board of the Registry.

The proposal from Paragraph 1 hereof is submitted in writing, eight days from the day of publishing of the notice on convening of the General Assembly of the Registry, the agenda of which contains the item of the appointment of the president and members of the Supervisory Board of the Registry.

The proposal from Paragraph 1 hereof that has been delivered to the Supervisory Board of the Registry prior to the publishing of the notice from Article 21 hereof shall be submitted to the shareholders, together with other materials.

The candidates for the position of the president and the members of the Supervisory Board of the Registry shall give a written agreement to be candidates.

Article 39

The president and the members of the Supervisory Board of the Registry are appointed by voting, in accordance hereof, whereas to every vote representing share belongs a number of votes that is equal to the number of members of the Supervisory Board of the Registry that are being appointed, including the president.

In determining the results of voting, the Voting Board distributes uniformly the total number of votes per one ballot to all the candidates whose names are circled on one ballot.

The General Assembly appoints the candidate who received the most votes as the president, and the candidates with the next largest numbers of votes as the members of the Supervisory Board of the Registry.

If two or more candidates receive the largest but equal number of votes, the General Assembly shall appoint the one candidate, among those with equal number of votes, chosen by the shareholder with most shares of the Registry as the president.

Article 40

The president and the members of the Supervisory Board of the Registry may not be:

- members of the Registry Management,
- presidents and/or members of supervisory board in more than three companies,
- older than 70 on the day of appointment,
- in matrimony with each other or in kinship neither in an ascendant line, nor in a collateral line, nor in-laws up to the third degree,
- be a person convicted for a criminal act which is incompatible with service in the Supervisory Board;
- be a person convicted for an economic infraction which is incompatible with service in the Supervisory Board, within five years from a valid court ruling, excluding the duration of the prison sentence,
- be a person barred by a court ruling from performing activities under the jurisdiction of a supervisory board,
- be a member of a legislative, executive or court authority, nor a member of the Supervisory Board of an enterprise from Article 6 Paragraph 3 of the Law on the Securities Registry, or of a bank, investment fund, pension fund, or insurance company;
- possess directly or indirectly more than 5% of the securities of an enterprise from Article 6 Paragraph 3 of the Law on the Securities Registry, or a bank, investment fund, pension fund, or insurance company;
- perform duties in a political party;
- participate in political activities;
- conduct activities incompatible with the principles of protection of investors or Registry's independence.

By giving written approval from Article 38 Paragraph 4 hereof, the candidate for the position of the president of a member of the Supervisory Board of the Registry who performs one of duties stated in Paragraph 1 Lines 5 and 7 hereof shall leave that duty or suspend duty in the course of the mandate as the president or a member of the Supervisory Board of the Registry.

The president and members of the Supervisory Board of the Registry may resign from the membership in the Supervisory Board of the Registry by delivering a written statement to the president or deputy president of the Supervisory Board of the Registry or the Registry Management.

Article 41

The Supervisory Board of the Registry shall pass its Rules of Procedure.

Sessions of the Supervisory Board of the Registry shall be held at least once in a three-month period.

Sessions of the Supervisory Board of the Registry are convened by the president of the Supervisory Board of the Registry, or in his absence, by the deputy president.

The president and members of the Supervisory Board of the Registry have the right to request all data on the business operations of the Registry and the presence of Registry Management members at the sessions of the Supervisory Board of the Registry.

The president of the Supervisory Board of the Registry is obliged to convene a session at the request of the director, or deputy director of the Registry or two members of the Supervisory Board of the Registry, 14 days from the day on which the request was filed at the latest, or the session shall be convened by the requesting party.

Article 42

A written invitation to the session of the Supervisory Board of the Registry, containing the venue and the date of the meeting, the time and the agenda of the session, shall be delivered to the members of the Supervisory Board 14 days before the session at the latest.

Together with the invitation, materials for every item of agenda are delivered.

In exceptional situations, when due to objective reasons the session materials could not be prepared earlier, the president may, if it is necessary or other urgent circumstances demand so, convene the Supervisory Board of the Registry in accordance to procedure for urgent situations, with a deadline shorter than the one from Paragraph 1 hereof, or convene the session orally or hold it via telephone or fax.

Article 43

The quorum of two thirds of total number of members of the Supervisory Board of the Registry is necessary for holding sessions of the Supervisory Board of the Registry. Since two thirds of the total number of members of the Supervisory Board of the registry is not a whole number, the two thirds are then rounded up to the immediate lower whole number, so that the quorum for the meeting of the Supervisory Board of the Registry is three members of the Supervisory Board.

The Supervisory Board of the Registry decides with the majority of votes of the present members.

The president and member of the Supervisory Board of the Registry may not vote on issues that relate to him personally.

Persons who are not members of the Supervisory Board of the Registry may be present to the session only on the basis of a written invitation of the president of the Supervisory Board of the Registry.

Article 44

The Supervisory Board of the Registry is authorized to:

1. supervise the work of the Registry and the Registry Management,
2. adopt the report of the Management on business operations following the annual and semiannual statements and the balance sheet and the profit-and-loss statements and the audit reports,
3. report to the General Assembly on business operations of the Registry, that includes the audit report, report on work of the Supervisory Board of the Registry and the Audit Board and the Business Plan for the next business year,
4. appoint and relieve of duty the Registry Management,

5. propose the distribution and the method of using the profit and the method of covering losses,
6. approve purchases, sales, swaps, leasing and other transactions with property in the course of a business year, amounting to 15-33% of the book value of the total Registry property;
7. appoint president and members of the Fee Committee and the Appointment Committee,
8. occasionally form other commissions and determine their composition and tasks,
9. convene the General Assembly.

Article 45

President and members of the Supervisory Board of the Registry are obliged to perform their duties and responsibilities in accordance to the best interests of the shareholders and the Registry and may not perform duties in collision with the business of a joint stock company without prior notice and approval of other members of the Supervisory Board of the Registry.

The president and members of the Supervisory Board of the Registry are obliged to report to the Supervisory Board of the Registry every direct or indirect interest in a legal person with which the Registry has or intends to establish business relations, in which case they may not decide on issues that relate to the connection between the Registry and other legal persons in which they have a direct or indirect financial interest.

Article 46

The president and members of the Supervisory Board of the Registry are obliged to act loyally towards the Registry, in the following method:

- deliver to other members of the Supervisory Board reports on his/her own transactions of securities that affect the interest of the Registry and its shareholders,
- report on the membership in supervisory boards, audit boards and management of other companies,
- report on any competition or conflict of interest with the Registry if required by the law,
- deliver reports that may influence decisions made by the Registry bodies, or the activities, business results or interest of the Registry and its shareholders, opposed to the best interest of the Registry and its shareholders,
- not to impose personal interests and interest of third parties, opposed to the best interest of the Registry and its shareholders,
- not to recommend the suspension of the pre-emptive rights or issuing shares under the conditions varying from those valid for the existing shareholders on the basis of bias or inconsistency, opposed to the best interest of the Registry and its shareholders as a group,
- not to violate laws, these rules or other regulation nor in any way be disloyal to the Registry.

If the president or members of the Supervisory Board of the Registry should act contrary to Paragraphs 1 and 2 hereof, the Registry is entitled to be paid indemnity for the damage it endured.

President and members of the Supervisory Board of the Registry bear unlimited joint responsibility for the damages caused by failing to perform their duties or by not performing them in an appropriate manner.

3. Registry Management

Article 47

The Registry Management is composed of the director and deputy director of the Registry.

The Registry Management organizes and manages the work, represents the Registry and takes responsibility for the legality of the Registry operations.

The director, with the approval of his deputy:

- prepares proposals of the work plan with the financial plan, reports on work and financial statements of the Registry, the Book of Regulations on Work and Jobs Division, general by-laws and decisions for the Supervisory Board of the Registry and the General Assembly of the Registry,
- realizes the conclusions and decisions of the Supervisory Board and General Assembly of the Registry,
- at the request of the Supervisory Board of the Registry, prepares reports on issues from the operations of the Registry,
- passes the general by-laws of the Registry that are not in the jurisdiction of the Supervisory Board and General Assembly of the Registry,
- adopts single by-laws and decisions pursuant hereto,
- decides on investing sums up to 50.000 KM, and over that sum on investing up to 15% of the Registry property book value, subject to approval by the Supervisory Board of the Registry,
- hires employees, i.e. concludes contracts on work with employees,
- performs other tasks prescribed by the law and this Statute.

Together with the report on the annual business operations of the Registry, the Registry Management is obliged to deliver to the Supervisory Board a statement on the adherence to the laws, other regulation, Rules of Managing Joint Stock Companies ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 24/06), the Statute and other general by-laws of the Registry.

In the execution of its operations, the registry Management is obliged to act in the best interest of the Registry and its shareholders.

In the performance of its activities, the Registry Management may establish an expert group composed of the department heads in the Registry.

The president and members of the Supervisory Board of the registry have the right to be present at the meetings of the Registry Management.

The Registry Management shall hold a meeting at the request of the Supervisory Board of the Registry, in which case the president of the Supervisory Board will be present.

Article 48

The director and deputy director are appointed and relieved of duty by the Supervisory Board of the Registry.

The Supervisory Board of the Registry shall appoint the director and deputy director of the Registry following the publishing of a public job notice.

The public notice from Paragraph 2 hereof containing the required degree, work experience and other requirement in accordance with the Book of Regulations on Labor in the Registry shall be published in "The Official Gazette of the Federation of Bosnia and Herzegovina" and a local daily newspaper.

The status, authority, responsibilities and rights of the director and deputy director of the Registry are set in the contract on work between the Supervisory Board of the Registry and the director, or deputy director of the Registry.

The mandate of the director and deputy director of the Registry shall be four years.

The mandate of the director and deputy director of the Registry, who at the time of coming into force of this Statute are performing the function of the director and deputy director, shall last until the end of the mandate from the work contract concluded between them and the Supervisory Board of the Registry, prescribed by the Statute of the Registry that was valid before this Statute came into force.

If the director, or deputy director file a written resignation, they are obliged to continue with the performance of their work in the notice period that is determined in the work contract and which may not be less than 30 days.

Article 49

The director and deputy director of the Registry are obliged to act in accordance with the instructions by the Supervisory Board of the Registry and participate in all sessions of the Supervisory Board of the Registry, and report to the Supervisory Board of the Registry on material events from the operations of the Registry and events that effect the work of the Registry.

Article 50

The director shall, with the approval by the deputy director of the Registry, shall authorize by a special resolution one or more department heads to perform the operations necessary for orderly functioning of the Registry, in the event of their absence.

4. Audit Board

Article 51

The Audit Board shall be composed of the president and two members, who may not be members of the Supervisory Board of the Registry or Registry Management, or employed in the Registry, nor have a direct or indirect financial interest in the Registry, except the fee for their function, and must be otherwise independent from the Registry.

The president and members of the Audit Board are appointed, relieved of duty and replaced in accordance with the same procedure as for the presidents and members of the Supervisory Board of the Registry.

Persons who, in accordance to Article 40 hereof, may not be members of the Supervisory Board of the Registry, may not be members of the Audit Board.

Mandate of the members of the Audit Board is four years, with the possibility of reappointment.

Fees and other rights of the members of the Audit Board are determined in the contract, based on a decision of the General Assembly of the Registry.

Article 52

The Audit Board is obliged to perform audit of the annual and semiannual financial statement and the audit of the financial operations of the Registry at the request of the shareholder who has at least 10% of votes representing shares, and report thereof to the General Assembly of the Registry and the Supervisory Board of the Registry, eight days from the end of the audit at the latest.

In addition to operations from Paragraph 1 of this Article, the Audit Board shall monitor and direct the volume and results of independent audit and point out risks that may influence the business success of the Registry and propose measure for the mitigation of financial and other risks.

Article 53

The Audit Board is authorized to demand that a session of the Supervisory Board of the Registry and the General Assembly be convened when it considers the interests of shareholders to be at risk or when it establishes irregularities in the work of the president or members of the Supervisory Board of the Registry or members of the Registry Management.

5. Appointment Committee and Fees Committee

Article 54

The Supervisory Board of the Registry may also appoint members of the Appointment Committee and the Fees Committee, at the proposal of the president of the Supervisory Board of the Registry.

The scope of tasks of the Appointment Committee and the Fees Committee shall be determined in the decision on the appointment of the committee members from Paragraph 1 hereof.

The Committees from Paragraph 1 hereof shall meet as necessary and at the request of the president of the Supervisory Board of the Registry, and the procedure and method of work is the same as for the Supervisory Board of the Registry determined hereby.

6. Registry Secretary

Article 55

The Registry has a secretary, appointed by the Supervisory Board of the registry after the first meeting of the General Assembly, at the proposal by the director of the registry, for the same period as the Registry Management.

The salary and other financial rights of the registry secretary are set in a contract signed by the secretary and the Supervisory Board of the Registry, at the proposal by the Registry Management.

The secretary of the Registry shall be:

- responsible for keeping the registrar of minutes from the meetings of the General Assembly and the Supervisory Board of the Registry and keeping of documents pertinent to the business operations of the Registry, except the financial statements,
- authorized to execute decisions of the General Assembly, Supervisory Board and the Registry Management,
- responsible for the preparation for sessions and taking minutes of the General Assembly and the Supervisory Board of the Registry.

X. MERGER, DIVISION AND CHANGE OF THE ORGANIZATIONAL FORM OF THE REGISTRY

Article 56

Merger, division and change of the organizational form of the Registry is performed in the method determined by a *lex specialis*.

XI. TERMINATION OF THE REGISTRY

Article 57

The Registry has been established by the Law on Securities Registry and shall be terminated in the method prescribed thereby.

XII. BUSINESS RECORDS, ANNUAL FINANCIAL STATEMENTS OF THE REGISTRY

Article 58

The Registry shall keep business records and prepare financial statements in accordance with the law and other regulation.

XIII. CHANGES AND AMENDMENTS TO THE STATUTE

Article 59

Changes and amendments hereto shall be made in the method and in accordance to the procedure for its adoption.

Article 60

Proposals of the changes and amendments to the Statute of the Registry may be submitted by a shareholder or a group of shareholders with at least 5% of the total number of votes representing shares.

The proposals of the changes and amendments to the Statute shall be determined by the Supervisory Board of the Registry and delivered to the General Assembly of the Registry to adoption.

XIV. TRANSITORY AND FINAL PROVISIONS

Article 61

This Statute shall come into force on the day of its adoption.

On the date of coming into force and the beginning of the application of this Statute, the Statute of the Registry (“Official Gazette of the Federation of Bosnia and Herzegovina”, No. 26/04, 70/04, and 23/06) shall cease to be valid.

On the date of passing of this Statute, the current mandate of the Supervisory Board and the Audit Board is terminated, and the General Assembly shall appoint the president and members of the Supervisory Board and Audit Board, pursuant hereto.

Article 62

This Statute shall be published in “The Official Gazette of the Federation of Bosnia and Herzegovina” and on the official web site of the Registry (www.rvp.ba).

No.: 04-2-S-1-9578/06

In Sarajevo, December 19, 2006

Mihret Dizdar

Chairman
General Assembly
of the Registry of Securities
d.d. Sarajevo