

THE BANK BANKRUPTCY AND LIQUIDATION LAW

(OGRM 47/01 of 0 October 2001, OGM 62/08 of 15 October 2008, 44/10 of 30 July 2010, and 72/19 of 26 December 2019)

I BASIC PROVISIONS

Article 1

This Law shall govern the conditions and procedures of bank bankruptcy and liquidation.

Article 2

Bankruptcy proceedings shall be taken against a bank to which the Central Bank of Montenegro (hereinafter: the Central Bank) has revoked the licence and which liabilities have exceeded its assets.

Bankruptcy proceedings shall be further taken on a proposal of the liquidation administrator when, during the bank liquidation proceedings, it is determined that the bank's assets are not sufficient to meet the claims of its creditors.

Liquidation proceedings shall be taken against a bank to which the Central Bank has revoked the licence and which does not qualify for bankruptcy proceedings.

Article 3

The bankruptcy proceedings and liquidation proceedings over a bank shall be opened and conducted by the Central Bank.

Obligations arising from the bankruptcy proceedings shall be satisfied at the expense of the bankruptcy pool of assets.

II PROCEDURAL PROVISIONS

Article 4

The decisions in the bankruptcy and liquidation proceedings shall be made in form of decisions.

Article 5

Deleted (Law amending Bank Bankruptcy and Liquidation Law OGM 72/19)

Article 6

The decisions passed in the bankruptcy proceedings and/or liquidation proceedings shall be posted on a bulletin board of the Central Bank, the bank under bankruptcy and/or liquidation proceedings and their parts (hereinafter: the bank).

An administrative dispute may be initiated against the final decision adopted in the bankruptcy proceedings and/or liquidation proceedings, before the competent Court.

III BANKRUPTCY PROCEEDINGS

Article 7

The Council of the Central Bank shall assess the fulfilment of conditions for opening the bankruptcy proceedings and pass a decision on opening the bankruptcy proceedings.

In the case when the proposal for opening the bankruptcy proceedings has been submitted by the liquidation administrator, the Council of the Central Bank shall pass a decision on opening the bankruptcy proceedings no later than the day following the receipt of the proposal.

The decision on opening bankruptcy proceedings shall be final.

The decision on opening bankruptcy proceedings shall be published in the “Official Gazette of Montenegro” and at least two daily printed media distributed in the territory of Montenegro.

An administrative dispute may be initiated against the decision on opening bankruptcy proceedings.

The competent court shall pass a decision on the dispute within the meaning of paragraph 5 of this Article within 30 days following the day of the claim receipt.

Article 8

The obligation of the Deposit Protection Fund to guaranteed deposits pay-out of such a bank shall arise with the passing of the decision on opening the bankruptcy proceedings, in accordance with the law governing the deposit protection.

1. Bankruptcy Administrator

Article 9

The bankruptcy administrator shall be appointed by way of decision on opening the bankruptcy proceedings.

The bankruptcy administrator in the bankruptcy proceedings shall be a body of the Central Bank and shall decide by adopting administrative acts.

When accepting their duties and responsibilities, the bankruptcy administrator shall make a written statement to the bankruptcy board to the effect that they shall perform such duties in a conscientious manner.

Article 10

The bankruptcy administrator shall be appointed from the list of bankruptcy administrators approved by the Council of the Central Bank.

A person with expertise in banking operations, at least 3 years of work experience in banking and the unbiased behaviour of whom cannot be doubted, may be appointed as bankruptcy administrator.

Article 11

A person may not be appointed as bankruptcy administrator if such a person:

- 1) was convicted of a crime or proceedings have been taken against him for an offence making him unworthy of performing such function,
- 2) has claims against or obligations towards the bank,
- 3) is a member of the bank bodies, executive director or an official with special powers and responsibilities or is the external auditor of the bank or a person that is in the first-degree blood relationship with them, and in other cases where there is conflict of interests;
- 4) has related interests with the bank,
- 5) was released of the duty of the bankruptcy administrator by the Bankruptcy Board, a competent court or the Central Bank, due to performing his duties unconscientiously or in an unprofessional manner or due to abusing the official position,
- 6) was a debtor in the bankruptcy proceedings.

Article 12

The bankruptcy administrator shall be released of duty when:

- 1) it has been subsequently determined that he does not fulfil the conditions specified in Article 10 of this Law,
- 2) the existence of the reasons specified in Article 11 of this Law, due to which he could not have been appointed at all, has been subsequently determined;
- 3) he performs his duties in a nonprofessional manner and unconscientiously;
- 4) he becomes permanently incapable of performing his duties;
- 5) he submits a request for such release.

In the case that he submits the request for being released of the duty, the bankruptcy administrator shall have perform his duties until the new bankruptcy administrator is appointed.

Article 13

The bankruptcy administrator shall assume powers of the supervisory board and the management board of the bank, and shall carry them out pursuant to the needs of the bankruptcy proceedings, in accordance with this Law.

The bankruptcy administrator shall, in particular:

- 1) Secure the property of the bank;
- 2) Compile an estimation of the bankruptcy proceeding expenses;
- 3) Update business books, bookkeeping and other documentation of the bank until the day of the opening of the bankruptcy proceedings;
- 3a) submit to the Deposit Protection Fund data and, if required, documents needed for the calculation and pay-out of guaranteed deposits in accordance with the law governing deposit protection;
- 4) Perform the Inventory of the bank's assets;
- 5) Draw up the initial balance sheet;
- 6) Take care of the collection of the bank's claims;
- 7) Prepare the report on the bank's financial condition within 30 days from the beginning of his duties;
- 8) Pass a decision on the filed claims of the creditors, including claims of the Deposit Protection Fund arising from guaranteed deposits pay-out;
- 9) Convert into cash the bank's property that will be part of the bankruptcy pool of assets;
- 10) Compile the draft of the main distribution;
- 11) Draw up the closing bankruptcy balance sheet.

Article 14

Neither the bankruptcy administrator nor persons engaged by him to perform duties in line with this law shall be held liable for any damages incurred during the performance of their duties in line with the law and pertinent regulations, unless it has been proved that the specific action was done intentionally or by gross negligence.

The bank shall bear the costs of court proceedings against persons under paragraph 1 of this Article arising with regard to the performance of their duties.

Article 15

The bankruptcy administrator shall submit to the Bankruptcy Board written reports on the progress of the bankruptcy proceedings at least once in three months.

The bankruptcy administrator shall also submit reports on the progress of the bankruptcy proceedings upon the request of the Bankruptcy Board or the Council and/or the Governor of the Central Bank.

Article 16

During the performance of the duties of the bankruptcy administrator, the rights and obligations that the person appointed as bankruptcy administrator has been entitled to on the basis of his employment shall be suspended in the body, organisation or with the employer where he ceased to work temporarily.

The person referred to in paragraph 1 above shall not perform any other professional duty.

The bankruptcy administrator shall exercise the rights, obligations and responsibilities based on the employment in the bank until his return to the body, organisation or employer referred to in paragraph 1 of this Article.

The bankruptcy administrator shall be entitled to a salary established in the decision on his appointment, to the amount of an average salary of members of the management board in the bank received in a month preceding the opening of the bank bankruptcy proceedings.

The Council of the Central Bank may award special remuneration to the bankruptcy administrator determined on the basis of the scope and complexity of activities and results achieved during bankruptcy proceedings.

The salary and remuneration for the bankruptcy administrator, compensations to experts hired by him and salaries of the persons employed in the bankruptcy proceedings shall be paid to the expense of the bank's assets, as the costs of the bankruptcy proceedings.

2. Bankruptcy Board

Article 17

The Bankruptcy Board is a body of the Central Bank in bankruptcy proceedings and shall decide by adoption of administrative acts.

The Bankruptcy Board shall have five members appointed by the Council of the Central Bank.

A person who fulfils all the conditions for the bankruptcy administrator laid down in Article 10 of this Law may be appointed as member of the Bankruptcy Board.

Member of the Bankruptcy Board shall be released of duty for the reasons stated in Article 12 of this Law.

Member of the Bankruptcy Board shall have the right to compensation in the amount set by the Council of the Central Bank.

Article 18

The Bankruptcy Board shall supervise the performance of the bankruptcy administrator, give instructions for the conduct of the bankruptcy proceedings, decide on appeals against decisions of the bankruptcy administrator, provide information to the Governor of the Central Bank as needed and upon request, propose the release of duty of bankruptcy administrator, give his approval and perform other duties in accordance with this law.

3. Opening the Bankruptcy Proceedings

Article 19

Deleted (Law amending Bank Bankruptcy and Liquidation Law OGM 44/10)

Article 20

Deleted (Law amending Bank Bankruptcy and Liquidation Law OGM 44/10)

Article 21

During the bankruptcy proceedings, only the bank's operations that are in the interest of creditors may be performed.

Article 22

The Council of the Central Bank may decide to open and close the bankruptcy proceedings when it establishes that the property of the bank is insufficient, or of insignificant amount, to cover the expenses of the proceedings.

The Council of the Central Bank may decide that the expenses of the bankruptcy proceedings be covered temporarily against the funds of the Council of the Central Bank, with the Central Bank having the right to reimbursement after the bankruptcy pool of assets has been formed.

Article 23

Creditors shall be informed on the opening of the bankruptcy proceedings by way of a notice which shall be published on the day of passing the decision on opening the bankruptcy proceedings.

The notice referred to in paragraph 1 of this Article shall be announced by posting on the bulletin boards of the Central Bank and the bank.

The notice referred to in paragraph 1 of this Article shall be published in the "Official Gazette of Montenegro", in the mass media outlets and on the web site of the Central Bank.

The decision on opening the bankruptcy proceedings shall be submitted to the bank, the Deposit Protection Fund, foreign banks in which the bank has opened an account, and the Central Registry of Business Entities (hereinafter: CRPS).

Article 24

The notice on the opening of bankruptcy proceedings shall include the following:

- 1) Name and head office of the Central Bank;
- 2) name of the Central Bank body which has passed the decision;
- 3) Extract from the decision on opening the bankruptcy proceedings;
- 4) Name of the bankruptcy administrator, with detailed information;
- 5) Invitation to creditors to file their claims with supporting evidences to the bankruptcy administrator within 30 days from the day of publication of the notice in the “Official Gazette of the Republic of Montenegro”, warning them also that the claims not filed in a timely manner shall be rejected;
- 6) Invitation to debtors to settle their debts without delay;
- 7) The date as of which the notice was posted on the bulletin board.

4. Legal Effects of Opening the Bankruptcy Proceedings

a) The Time of Coming into Force

Article 25

Legal effects of opening the bankruptcy proceedings shall come into force on the day when the notice on opening the bankruptcy proceeding has been posted on the bulletin board in accordance with Article 23 paragraphs 1 and 2 of this Law.

At the moment of the reception of the decision on opening the bankruptcy proceedings by the payment system operator where the bankrupt bank has opened the account, the operator shall block all accounts of the bank and shall prohibit the bank to use its financial funds.

The blockade of the account of the bank referred to in paragraph 2 of this Article shall not refer to financial or other funds that may be used for the purpose of meeting the obligations in the payment system under the orders received before and to the moment of the reception of the decision referred to in paragraph 2 above.

b) Bankruptcy Pool of Assets

Article 26

The bankruptcy pool of assets shall be formed as of the day of opening the bankruptcy proceedings.

The bankruptcy pool of assets shall consist of all of the bank’s movable, immovable, tangible and intangible property, wherever it is located, all of the bank’s claims, all contractual rights, all intellectual rights and other rights acquired under the law.

By way of exception from paragraph 2 of this Article, bank’s property or security (collateral), which the bank has pledged to secure loans for meeting the obligations in the payment system and which has been taken from other participant in the payment system, shall not be included in the bankruptcy pool of assets.

c) Accounts and Name of the Debtor

Article 27

On the day of opening the bankruptcy proceedings, all the bank’s accounts shall be closed and powers of the persons authorised to dispose of the bank’s assets shall cease, and upon request of the bankruptcy administrator, a new account shall be opened to be used for the bank’s operations.

Financial funds from the bank’s closed accounts shall be transferred to the new account.

In signing, the words: “in bankruptcy proceedings” shall be added to the name of the bank, together with the indication of the new account number that shall be used for performing the bank’s operations.

d) Transfer of Functions

Article 28

Powers of the supervisory board and the management board of the bank, representatives and procurators shall cease to exist and shall be transferred to the bankruptcy administrator on the day of opening the bankruptcy proceedings.

e) Employment

Article 29

The employment for all bank employees shall terminate as of the day of opening the bankruptcy proceedings.

Employees that will have their employment terminated shall exercise their rights in accordance with the general regulations on labour relations.

In order to complete the operations in accordance to Article 21 of this Law and for the purpose of increasing the bankruptcy pool of assets and preventing the detrimental consequences for the bank and creditors, the bankruptcy administrator may, without consent of the Governor of the Central Bank, employ up to 10% of the number of employees that the bank had before the day of opening the bankruptcy proceedings.

The persons referred to in paragraph 3 of this Article shall be entitled to salary in the amount determined by the bankruptcy administrator, subject to the consent of the Bankruptcy Board.

Payment of the salaries referred to in paragraph 4 of this Article shall be made at the expense of the bankruptcy proceedings costs.

Article 30

Members of the supervisory board, members of the management board and other employees, although their function or employment with the bank has ceased, shall provide to the bankruptcy administrator all necessary data and information until the bankruptcy proceedings have been closed or until released of that obligation by the Bankruptcy Board.

e) Interest rates

Article 31

The interest rate on the claims of creditors shall stop accruing as of the day of opening the bankruptcy procedure.

f) Validity of Contract

Article 32

The contracts entered into with the bank before opening the bankruptcy proceedings shall remain valid, unless the bankruptcy administrator, with consent of the Bankruptcy Board, notifies other party of rescinding the contract within 90 days as of the day that legal consequences of the opening the bankruptcy procedure have come into force.

If the bankruptcy administrator rescinds the contract, the other contractual party may only claim compensation of actual damages, as a bankruptcy creditor, in the order of priority referred to in Article 48 of this Law.

Article 33

The bankruptcy administrator may cancel a lease contract under a 30-day notice, independently of legal or contracted time limits.

Cancelling the lease contract referred to in paragraph 1 of this Article shall not interfere with the right of the other contractual party for damages in accordance with Article 32, paragraph 2, of this Law.

g) Challenge the Legal Actions

Article 34

The bankruptcy administrator and creditors shall have the right to challenge the legal actions that the bank has made to the detriment of creditors during the last three years preceding the day the legal effects of opening the bankruptcy proceedings have come into force, before the Commercial Court.

The bankruptcy administrator must initiate the challenge proceedings for any legal actions that involve:

- 1) transactions of bank related parties, in line with the law governing the banking operations, under the preferential terms or conditions;
- 2) fictitious legal operations that prevent payments to the bank creditors.

The lawsuit to challenge legal actions may be filed within no later than 6 months following the day the legal effects of the bankruptcy proceedings have come into force.

h) Execution and collateral

Article 35

All pending lawsuits against the bank shall be suspended on the day of opening bankruptcy proceedings, and the creditors shall notify the bankruptcy administrator of any such lawsuits and file their claims pursuant to provisions of this Law.

No lawsuit against the bank may be filed except as provided in accordance with this Law.

Article 36

On the day of opening the bankruptcy proceedings, no collateral can be foreclosed against the bank nor can compulsory enforcement be done for the purpose of settlement of claims in respect of which there is an enforcement decision.

Any proceedings related to security foreclosure and enforcement referred to paragraph 1 of this Article shall be terminated.

No new lien or other encumbrances may be attached to the bank's property during the bankruptcy proceedings.

Article 37

Deleted (Law amending Bank Bankruptcy and Liquidation Law, OGM 44/10)

Article 38

The property that is not the ownership of the bank must be returned to its owner upon submitted request by the bankruptcy administrator within a reasonable time.

5. Deciding on Claims

a) Filing of Claims

Article 39

Outstanding claims of the bank creditors shall be considered matured on the day of occurrence of legal effects of the opened bankruptcy proceedings.

The creditors shall file their claims with supporting evidence with the bankruptcy administrator within 30 days following the publication of the notice in the "Official Gazette of Montenegro".

The claims filed after the deadline specified in paragraph 1 of this Article shall be rejected as untimely submitted.

The claims from the bank's business records shall be considered filed.

The claims identified by a final and binding court decision before the opening of the bankruptcy proceedings shall be considered filed.

b) Examination of Claims

Article 40

The bankruptcy administrator shall examine the filed claims of creditors.

The bankruptcy administrator shall decide on the filed claims within 30 days from the day of expiration of the time for their filing.

By way of exception from paragraph 2 of this Article, claims of the payment system participants referred to in Article 26 paragraph 3 of this Law and the rights arising from them shall be determined by the bankruptcy administrator within 24 hours after his appointment, by passing special decision.

Exceptionally, the time limit specified in paragraph 2 of this Article may be extended for 30 days by decision of the Bankruptcy Board, upon the proposal of the bankruptcy administrator.

c) Decisions and Appeals Regarding Filed Claims

Article 41

The bankruptcy administrator shall deliver decisions on the filed claims and claims considered to have been filed to the creditors no later than by the expiration of time limits set out in Article 40 of this Law, whereby the amount of claims on deposits protected under the law regulating deposit insurance shall be reduced by the amount of calculated guaranteed deposits to be paid out by the Deposit Protection Fund.

An appeal against the decision referred to in paragraph 1 of this Article may be lodged with the Bankruptcy Board within 8 days from the day of receiving the decision.

The Bankruptcy Board shall decide on the appeal referred to in paragraph 2 of this Article within 8 days as of the day of receiving the appeal.

The appealing party shall have a right to bring proceedings against the Bankruptcy Board's decision set forth in paragraph 3 of this Article or if the Bankruptcy Board fails to make its decision within the prescribed time, with the competent court, within 8 days as of the day of receiving the Bankruptcy Board's decision or as of the day of expiry of the deadline for making decision, in order to determine the disputed claims in question.

Article 42

The notice over the filed claims that contains data on creditors and the amount of filed, recognised, partially recognised or disputed claims shall be posted on the bulletin board of the Central Bank and of the bank.

The notice referred to in paragraph 1 of this Article shall not contain the data that represent business secret of the bank.

g) Offsetting of claims

Article 42a

The bankruptcy administrator may offset mutual claims of the bank and its creditors that have occurred before passing a decision on opening bank bankruptcy proceedings.

6. Sales

Article 43

The bankruptcy administrator shall have the right to transfer a part or total assets and/or liabilities of the bank under bankruptcy proceedings to other bank or banks (hereinafter: other bank).

Transfer under paragraph 1 above shall be performed without approval of depositors and other creditors as well as without the approval of the debtors of the bank.

Taxes, contributions, fees, duties and other levies stipulated in the law shall not be paid for the transfer under paragraph 1 above.

Pursuant to the contract on transfer of assets and liabilities of the bank under bankruptcy proceedings to other bank, assets encumbered with mortgage or other rights in rem may be transferred.

Assets referred to in paragraph 1 of this Article subject to the execution judgment or assets under the prohibition of disposals may not be transferred.

The value of assets and/or liabilities to be transferred to other bank shall be determined in the contract on transfer of assets and/or liabilities of the bank under bankruptcy proceedings to other bank.

The Council of the Central Bank shall approve transfer of assets and/or liabilities of the bank under bankruptcy proceedings to other bank in the form of approval of the proposed contract referred to in paragraph 6 of this Article.

The Council of the Central Bank may grant the approval under paragraph 7 of this Article if the other bank, after the transfer of assets and/or liabilities of the bank under bankruptcy proceedings, may continue its operations in the manner which does not jeopardize the bank's financial condition and compliance of its business with this law and regulations passed on the basis of this law.

The bankruptcy administrator shall, within five working days following the transfer, inform bank's depositors, other creditors and debtors on the transfer of assets and/or liabilities executed in accordance with this Article.

If the transfer of assets and/or liabilities has been performed along with the payment of the premium by the other bank, the premium paid shall be included in the bankruptcy pool of assets.

Article 44

The property of the bank that enters the bankruptcy pool of assets shall be sold by public auction.

The bankruptcy administrator may, subject to a previously obtained consent of the Bankruptcy Board, perform the sale also by collecting the bids or by direct negotiation.

The initial price for the sale of the property shall be the price established by authorised appraiser, but such appraisal shall be non-binding as to determination of a minimum price.

The Bankruptcy Board shall give its consent to the place, time and price of the sale including final approval of the sale itself, unless the sale has been performed by public auction.

Article 45

In any sale, the bankruptcy administrator should:

- 1) Accomplish as favourable price as possible, in order to protect creditors of the bank;
- 2) Secure equality of potential buyers;
- 3) Disable any type of discrimination in the process of bidding and considering the bids.

Article 46

Once the Bankruptcy Board gives its consent, the decision on the sale shall be final.

The sale of the bank's assets may not be granted to the debtor of the bank who defaulted on its obligations toward the bank, which contributed to the occurrence of the conditions for opening the bankruptcy proceedings.

7. Settlement of Creditors

a) Settlement of Costs of Proceedings

Article 47

The distribution of the bankruptcy pool of assets may begin even if all the property has not been converted into cash.

Before the settlement of creditors begins, the bankruptcy administrator shall set aside from the bankruptcy pool of assets the amount necessary for payment of the bankruptcy proceeding costs.

Earnings of the bank's employees and damage compensations for injuries at work received before the day when legal effects of opening the bankruptcy proceedings came into force shall be settled as the costs of the bankruptcy proceedings.

b) Order of Priorities

Article 48

The claims of bank's creditors shall be paid according to following order of priorities:

- 1) Secured claims up the amount of their respective collaterals, less any reasonable costs of sale;
- 2) Claims of the Central Bank based on loans granted to the bank or other obligations of the bank created during the interim administration or the bank bankruptcy proceedings in accordance with this Law;
- 3) Claims of the Deposit Protection Fund in accordance with guaranteed deposits;
- 4) Claims of depositors whose deposits have been protected in line with the law regulating deposit protection, arising from the difference in deposits that have not been paid out by the Deposit Protection Fund;
- 5) Claims of other depositors;
- 6) Claims of other creditors, except creditors under point 7) hereof;
- 7) Claims of creditors arising from subordinated debt and/or hybrid instruments;
- 8) Claims of the bank shareholders.

Claims of the creditors of the bank shall be paid according to the following order of priorities:

- 1) secured claims up the amount of their respective collaterals, less any reasonable costs of sale;
- 2) claims of the Central Bank arising from the loans granted to the bank or other liabilities of the bank incurred during the interim administration, resolution proceedings or the bankruptcy proceedings against the bank, in accordance with the law;
- 3) claims of the Deposit Protection Fund based on the paid covered deposits;
- 4) claims of natural persons and legal persons classified as micro, small and medium enterprises under the law governing the accounting, based on eligible deposits that exceed the coverage level;
- 5) claims based on eligible deposits not covered under items 3) and 4) of this paragraph;
- 6) claims based on debt instruments for which the following conditions have been met:
 - the original contractual maturity of the instrument is of at least one year,
 - the instrument is not itself a derivative and it does not contain embedded derivatives,
 - contract on instrument and, where applicable, the prospectus related to the issuance of that instrument, contains a provision on the treatment of that instrument in the event of the bankruptcy proceedings against the bank;
- 7) claims of other creditors, other than the creditors referred to in items 8) through 11) of this paragraph;
- 8) claims of the bank's shareholders;
- 9) claims arising from instruments issued by the bank, which, in accordance with the law governing the operations and organisation of credit institutions, meet the requirements for Tier 2 capital instruments of the bank and other subordinated claims that are paid, in case of the bankruptcy proceedings against the bank, pursuant to the provisions of the contract, simultaneously with the claims based on Tier 2 capital instruments of the bank;
- 10) claims arising from instruments issued by the bank, which, in accordance with the law governing the operations and organisation of credit institutions, meet the requirements for Additional Tier 1 capital of the bank and other subordinated claims that are paid, in case of the bankruptcy proceedings against the bank, pursuant to the provisions of the contract, simultaneously with the claims based on Additional Tier 1 capital instruments of the bank;
- 11) claims arising from capital instruments issued by the bank, which, in accordance with the law governing the operations and organisation of credit institutions, meet the requirements for Common Equity Tier 1 capital of the bank and other subordinated claims that are paid, in case of the bankruptcy proceedings against the bank, pursuant to the provisions of the contract, simultaneously with the claims based on Common Equity Tier 1 capital instruments.

Debt instruments referred to in paragraph 2 item 6) of this Article means bonds and other forms of transferable debt and instruments by which debt is created or recognized.

Payment of claims of a lower priority shall be made when higher priority claims have been paid in full.

Claims within the same priority shall be paid pro-rata, if sufficient funds do not exist for payment in full.

c) Main Distribution

Article 49

The bankruptcy administrator shall prepare a draft of the main distribution that shall contain data on: the claims, creditors, amount of claims and amount of financial funds determined for distribution, order of priority of claims and other data of importance for settling the creditors.

The draft of the main distribution shall be posted on the bulletin board in the Central Bank and in the bank.

An appeal against the draft of the main distribution may be lodged with the Bankruptcy Board within 8 days as of the day of its publication.

After deciding on the appeals, the Bankruptcy Board shall approve the main distribution.

On the basis of the approved main distribution, the bankruptcy administrator shall pass a decision on the main distribution that shall be delivered to the creditors and the bankruptcy administrator shall execute payments to the creditors within 15 days from the day of the adoption of the decision.

8. Closing the Bankruptcy Proceedings

Article 50

When the Bankruptcy Board accepts the report of the bankruptcy administrator that all the operations are over, it shall propose to the Central Bank to pass the decision on the closing of the bankruptcy proceedings.

The Council of the Central Bank shall adopt a decision on closing the bankruptcy proceedings.

Legally valid and binding decision on closing the bankruptcy proceedings shall be published in the "Official Gazette of Montenegro" and delivered to the CRPS for the purpose of deletion of the bank from that registry.

Article 51

If the bankruptcy administrator, after opening the bankruptcy proceedings, determines that further conduct of the proceedings would cause non-proportional costs, he shall stop further conversion of the bankruptcy pool of assets into cash and propose to the Council of the Central Bank to close the proceedings.

Any pending proceedings that are related to the bankruptcy proceedings shall be stopped.

IV LIQUIDATION PROCEEDINGS

Article 52

The Council of the Central Bank shall pass a decision on the bank liquidation and appointment of the liquidation administrator.

The decision on the bank liquidation shall be final.

The decision on the bank liquidation shall be delivered to the bank and to the registration court.

An administrative dispute may be initiated against the decision on bank liquidation before the competent court.

The competent court shall pass a decision on the dispute within the meaning of paragraph 4 of this Article within 30 days following the day of the claim receipt.

Article 53

The Chairperson of the management board of the bank, the authorised body of which has passed the decision on the termination of activities, shall submit such decision to the Central Bank on the next day following the day it was passed.

Article 54

If, upon the completion of the liquidation balance sheet, it has been established that the conditions for opening the bankruptcy proceedings have been fulfilled, the liquidation administrator shall submit such a proposal to the Central Bank.

In the case referred to in paragraph 1 of this Article, the actions carried out in the liquidation proceedings shall also apply in the bankruptcy proceedings.

Article 55

The provisions of this Law relating to the bankruptcy proceedings shall apply accordingly to the liquidation proceedings also, unless otherwise specified by this Law.

The provisions of the bankruptcy proceedings governing the challenging of legal actions shall not be applied in the liquidation proceedings.

Article 56

If any funds have been left after the completion of liquidation proceedings, such funds shall be distributed among the bank shareholders, in accordance with the memorandum of association and other relevant acts of the bank.

The claims of the creditors that have not been filed by the day of distribution of the liquidation pool of assets shall be settled, upon completion of the liquidation proceedings, by the persons in the favour of which the balance of the liquidation pool of assets remaining after the main distribution has been paid, but only up to the amount of the value of the assets taken over.

The request for settlement of creditors referred to paragraph 2 of this Article must be submitted to the persons referred to in paragraph 2 of this Article no later than 6 months after the completion of the liquidation proceedings.

V PENALTY PROVISIONS

Article 57

A pecuniary fine ranging from 500 to EUR 1,000 euros shall be imposed for an office on the bankruptcy administrator if he fails to: secure the bank's assets; update the bank's business books, book-keeping and other documentation of the bank until the day of opening of the bankruptcy proceedings; submit to the Deposit Protection Fund data, and if needed, documentation required for the calculation and pay-out of guaranteed deposits in accordance with the law governing the deposit protection, make an inventory list of the bank's assets; draw up initial balance sheet; take care of collecting the bank's claims; draw up report of the bank's financial condition; pass a decision on filed creditors' claims, including Deposit Protection Fund's claims based on guaranteed deposits pay-out; undertake measures on converting the bank's assets into cash; draw up the draft of the main distribution or draw up closing bankruptcy balance sheet (Article 13).

Article 58

A pecuniary fine ranging from 500 to EUR 1,000 euros shall be imposed for an offence on the liquidation administrator if he fails to: secure the bank's assets; update the bank's business books, book-keeping and other documentation of the bank until the day of opening of the liquidation proceedings; make an inventory list of the bank's assets; draw up opening liquidation balance sheet; take care of collecting the bank's claims; draw up report of the bank's financial condition; undertake measures on converting the bank's assets into cash; draw up the draft of the main distribution or draw up closing liquidation balance sheet (Article 55 paragraph 1 read in conjunction with Article 13).

A pecuniary fine ranging from ranging from 500 to EUR 1,000 euros shall be imposed for an offence on the liquidation administrator if he fails to submit to the Central Bank a proposal for carrying out the bankruptcy proceedings when the conditions for that have been fulfilled (Article 54).

TRANSITIONAL AND FINAL PROVISIONS

Article 59

The bankruptcy proceedings and/or liquidation proceedings commenced after the day the Central Bank of Montenegro Law and the Banking Law have entered into force shall be completed in line with the provisions of this law.

Article 59a

The bankruptcy proceedings or liquidation proceedings commenced until the day this Law has entered into force shall be completed in line with the provisions of the law pursuant to which they have been commenced.

Article 59b

The powers of management bodies and the chief executive officer of the bank specified in the Bank Bankruptcy and Liquidation Law (OGRM 47/01 and OGM 62/08, 44/10) referred to in Article 13 paragraph 1, Article 16 paragraph 4, Article 28 paragraph 1, Article 30 and Article 53 paragraph 1 of this Law shall apply until the beginning of duties of supervisory board and the management board of the credit institution in accordance with the law governing the operations and organisation of credit institutions.

Article 59c

The provision of Article 48 paragraph 2 of this Law shall apply as of the date of application of the law governing the operations and organisation of credit institutions, when paragraph Article 48 1 of the Bank Bankruptcy and Liquidation Law (OGRM 47/01 and OGM 62/08, 44/10) shall cease to apply.

Article 60

As of the entry into force of this law, Chapter VIII “Bankruptcy” (Articles 79-87) and Chapter IX “Liquidation” (Articles 88-91) of the Banking Law (OGRM 52/00) shall cease to be valid.

Article 61

This Law shall enter into force on the eighth day following that of its publication in the “Official Gazette of Montenegro”.