

**By-Law of  
the  
Deposit Protection Fund**

(“Official Gazette of Montenegro” no. 018/20 as of 18/03/2020, no. 107/20  
as of 04/11/2020, no. 058/21 as of 02/06/2021)

**I. GENERAL PROVISIONS**

**Article 1**

This By-Law shall regulate in more detail the governance and management of the Deposit Protection Fund (hereinafter: the Fund), powers of the Director General, the procedure of passing acts within the Fund’s competence, the internal organisation of the Fund, the manner of the Fund’s business operations, the conditions for and manner of investing funds, and other issues related to the Fund’s operations.

**Article 2**

The Fund is a legal person holding rights and obligations as established under the Deposit Protection Law (hereinafter: the Law) and this By-Law.

The Fund shall be the holder of rights, obligations and responsibilities in legal transactions involving the resources at its disposal.

**Article 3**

The Fund shall perform its activity and participate in legal transactions under the name: Fond za zaštitu depozita.

The abbreviated name of the Fund shall be “FZD”.

In communication with foreign parties, the Fund shall use the English translation of its full name that shall read: Deposit Protection Fund and the abbreviated name “DPF”.

The registered office of the Fund shall be in Podgorica.

**Article 4**

The Fund shall have its stamp and seal.

The stamp of the Fund shall be of round shape, with a 30mm in diameter and the following words imprinted: “Fond za zaštitu depozita, Podgorica”.

The Fund shall also have a rectangular seal with the name and registered office of the Fund imprinted.

The use of the stamp and seal shall be regulated in more detail in an internal regulation of the Fund.

**Article 5**

The Fund shall have its trademark consisting of small, stylish Latin letters displaying the abbreviated name of the Fund “fzd” and/or “dpf” in black colour on a light background and with a red coloured arch drawn above the abbreviated name to symbolize protection and coverage.

The trademark may be also be used in its black and white version.

## **II. GOVERNANCE OF THE FUND**

### **Article 6**

The Fund bodies shall be governed by the Managing Board of the Fund (hereinafter: the Managing Board).

### **Article 7**

In addition to the powers provided under the Law, the Managing Board shall:

- 1) pass internal regulations of the Fund (hereinafter: the internal regulations);
- 2) consider the implementation of the Fund's activities and the exercising of its function;
- 3) consider periodically, but at least on quarterly basis, reports on the trending of deposits;
- 4) consider and adopt annual and semi-annual reports on investments;
- 5) decide on the acquisition of immovable property;
- 6) adopt reports of the inventory commission;
- 7) give approvals to contracts whose value exceeds 20,000 euros;
- 8) establish the manner of cooperation with the government authorities and organisations, and other institutions in Montenegro;
- 9) establish the manner of cooperation with international financial institutions, organisations, and other deposit insurance schemes;
- 10) Determines annual working programme of the Fund
- 11) pass an internal regulation on determining the remuneration of the Managing Board members;
- 12) decide on the transfer of certain powers to the Director General of the Fund; and
- 13) perform other tasks and duties specified under this By-Law.

### **Article 8**

The Managing Board shall pass the Code of Ethics of the Fund to specify the code of conduct of the Managing Board members and employees of the Fund.

### **Article 9**

A Managing Board member shall, immediately upon learning of the occurrence of the circumstances which could terminate the office of a member of the Managing Board, notify the Managing Board thereof.

After considering the information under paragraph 1 above, the Managing Board shall notify the President of Montenegro thereof in writing.

### **Article 10**

The Managing Board shall appoint the Director General of the Fund in accordance with the Law and this By-Law.

The vacancy for the Director General of the Fund that the Fund advertises pursuant to the decision of the Managing Board shall be published in at least one printed media distributed in the territory of Montenegro.

### **Article 11**

The Secretary of the Fund shall prepare a report on the applicants to the advertised vacancy under Article 10 herein and submit it to the Managing Board.

The report referred to in paragraph 1 above shall contain: names and surnames of the applicants, their academic qualifications, work experience, and other information specified in the documentation submitted with the application, as well as the statement whether the applicants meet the eligibility criteria.

#### **Article 12**

The Managing Board shall consider the report under Article 11 herein, determine the eligibility and pass a decision on the appointment of the Director General of the Fund.

In the event that no applicant meeting the eligibility criteria has applied, the Managing Board shall pass a decision on repeating the vacancy advertising.

The Director General whose term of office has expired shall continue performing this function until the appointment of a new Director General.

#### **Article 13**

The Managing Board shall pass the Rules of Procedure which shall regulate in detail the manner of work and decision-making of the Managing Board.

### **III. POWERS OF THE DIRECTOR GENERAL**

#### **Article 14**

In addition to the powers established under the Law, the Director General of the Fund shall:

- 1) propose acts to be considered, adopted or passed by the Managing Board;
- 2) pass the annual public procurement plan in accordance with the adopted financial plan;
- 3) pass a decision on the selection of the agent bank;
- 4) take decisions regarding the Fund's business operations other than those passed by the Managing Board;
- 5) sign acts, contracts, and other documents pertinent to the Fund's operations and for which signing he is authorized under the Law, this By-Law, other general acts of the Fund, and decisions of the Managing Board;
- 6) decide on the investment of funds in line with the investment policy;
- 7) decide on the procurements which value does not exceed 20,000 euros;
- 8) creates working groups;
- 9) be responsible for the a rational use of the Fund's resources;
- 10) determines the manners of promoting the deposit protection system;
- 11) ensures the transparency of the Fund's work;
- 12) disposes of the Fund's movable property;
- 13) perform other tasks and duties in accordance with the Law and this By-Law.

#### **Article 15**

The Director General shall represent and act on behalf of the Fund.

#### **Article 16**

The Director General shall give an initiative for initiating the misdemeanour proceedings against a bank in the cases specified under the Law.

The Director General shall submit the initiative under paragraph 1 above to the Central Bank of Montenegro without delay and no later than within eight days after becoming aware of the committed offence.

#### **Article 17**

In case of his absence and/or if so required for the purpose of work organisation, the Director General may delegate certain tasks and duties within his competence to another employee of the Fund.

The Director General may authorize another employee of the Fund or a person outside the Fund to represent the Fund for the purpose of protecting its property and other interests in legal transactions.

The Director General shall specify the scope and content of the delegated competences and

authorities in a written act transferring such powers and authorities.

#### **Article 18**

For the performance of specific highly skilled and multidisciplinary tasks, the Director General of the Fund may establish a working group.

Decision on the establishment of the working group shall specify a task and a deadline for implementation.

Decision under paragraph 2 above may prescribe the payment of special remuneration, subject to the Managing Board's approval.

#### **Article 19**

The Director General shall be an employee of the Fund.

The rights and obligations of both the Director General and the Fund shall be governed by the employment contract which shall be signed by the Chairman of the Managing Board on behalf of of the Managing Board.

#### **Article 20**

The term of office of the Director General shall terminate before the termination date:

- 1) at his personal request;
- 2) if he permanently loses the ability to perform his duty;
- 3) if he performs his tasks and duties unprofessionally or negligently;
- 4) if he violates the Code of Ethics.

At a proposal of a member of the Managing Board, the Managing Board shall determine the existence of circumstances under paragraph 1 above and decide on the dismissal of the Director General of the Fund.

### **IV. PROCEDURE OF PASSING ACTS**

#### **Article 21**

The Fund shall pass general acts, internal acts, and individual acts.

The Administrative and technical service of the Fund shall prepare the acts under paragraph 1 above for adoption.

#### **Article 22**

The Managing Board shall pass:

- the Fund's By-Law;
- general acts in the form of decisions and rules;
- internal acts.

The Director General shall propose acts under paragraph 1 above to the Managing Board.

A member of the Managing Board may initiate the adoption and/or amendments to acts within the Managing Board's competence.

The By-Law and general acts of the Fund shall be published in the "Official Gazette of Montenegro."

Acts under paragraph 1 indent 3 above shall be published by their posting on the notice board of the Fund.

#### **Article 23**

The Director General shall pass instructions, decision, and other acts governing internal operations of the Fund in line with the Law and this By-Law.

Acts under paragraph 1 above shall be passed by the Director General of the Fund at his own initiative, and their passing may be at the initiative of a member of the Managing Board.

Acts under paragraph 1 above shall be published by their posting on the notice board of the Fund.

The Director General shall pass individual acts governing the rights and obligations of the Fund's employees.

#### **Article 24**

In the procedure of payout of the guaranteed deposits, the Director General shall pass individual orders to depositors not entitled to the payment of guaranteed deposit in line with the Law.

In addition to provisions of the Law, deciding on the rights of depositors under paragraph above shall be subject to provision of the law governing the administrative procedure.

The Director General shall pass a conclusion to decide on objections to the calculation of the guaranteed deposits.

## **V. INTERNAL ORGANISATION AND MANNER OF OPERATIONS**

#### **Article 25**

The functions within the Fund's authority shall be exercised in the manner to provide for the attainment of objectives and ensure the unification, integrity, efficiency and rationality.

#### **Article 26**

Tasks and duties performed by the employees of the Fund shall be categorized in accordance with the nature, importance, complexity, and responsibility.

Job titles, individual job requirements, the number of incumbents, job descriptions, the manner of job evaluation and all other job systematization related issues shall be regulated in the act on internal organization and job classification scheme.

Act under paragraph 2 above shall be passed by the Managing Board at the Director General's proposal.

#### **Article 27**

The Secretary of the Fund shall perform tasks an of the secretary of the ManagingBoard.

#### **Article 28**

Rights and obligations of employees in the Fund shall be subject to general labour regulations.

The Director General shall decide on the employees` rights and obligations.

An employee is obliged to perform tasks and duties delegated to him/her under the employment contract and to act in accordance with the law, other internal regulations and acts of the Fund.

The employees in the Fund shall be entitled to salary to be specified in the employment contract, in accordance with the Law and the Fund's act.

#### **Article 29**

In performing their tasks and duties, the employees are required to act in the manner that: ensures the observance of the highest standards of business conduct, the avoiding of conflict of interest,s preventing damage to the reputation of the Fund, ensuring data protection, and respect for the obligation of keeping professional secrecy and disclosing confidential information.

The employees may, subject to the approval of the Director General of the Fund, engage in other work and activities with another employer, provided that it is not contrary to the interests of the Fund.

### **Article 30**

During their employment service, the employees are obliged to educate themselves, professionally qualify and advance with a view to ensuring a higher quality and a greater efficiency in performing their jobs.

The Fund shall enable the education, professional qualification and advancement of its employees when that is required by the work process and the introduction of a new manner and organisation of operations.

A decision allowing an employee's education, professional qualification and advancement shall be passed by the Director General.

## **VI. FINANCIAL OPERATIONS**

### **Article 31**

The Fund's assets shall comprise of monetary assets, securities, fixed assets, and equipment.

### **Article 32**

Monetary assets of the Fund shall be provided from the collection of premiums, revenues from investments, donations, revenues indemnification of the Fund in bank bankruptcy proceedings, and other revenues in accordance with the law.

The Fund may also acquire immovable property on the account of indemnification in bank bankruptcy proceedings, subject to a decision of the Managing Board.

Liquidation of immovable property under paragraph 2 above shall be made at the proposal of the Director General, subject to a decision of the Managing Board.

### **Article 33**

The Managing Board shall, no later than by 30 November of the current year, pass the financial plan of the Fund for the following financial year, at the Director General's proposal.

The financial plan may be modified during a business year, subject to the procedure governing for its passing.

### **Article 34**

The Fund shall have an account with the Central Bank of Montenegro.

The Director General shall dispose of the funds in the account in accordance with decisions of the Managing Board, the investment policy, and the financial plan of the Fund.

### **Article 35**

The Fund shall maintain business books in accordance with the applicable regulations and the International Accounting Standards and/or the International Financial Reporting Standards.

### **Article 36**

Financial statements of the Fund shall be audited by an audit firm in the manner specified under the law governing accounting and auditing.

The same audit firm may audit the Fund's financial statements no more than during three consecutive years.

### **Article 37**

Any excess of revenues determined in the annual financial report of the Fund shall be entered as assets of the Fund.

### **Article 38**

The Fund shall invest available assets in accordance with the Law and the investment policy.

The Fund shall specify the aims and forms of assets investments in its investment policy, by observing the principles of good practice in risk management.

The Managing Board shall ensure the safety of investment of the collected monetary assets and liquidity of the Fund, with the revenues to risk ratio being in accordance with the adopted investment policy.

The Fund may hire third parties to invest the Fund's resources.

### **Article 39**

Any shortfall of funds for the payout under the deposit protection scheme shall be provided in accordance with the Law.

The Director General shall prepare the analysis of financial effects of the funding sources and propose to the Managing Board a decision on the provision of the shortfall of funds.

When deciding on the manner of acquiring the lacking resources, the Managing Board shall consider all available options and opt for the most cost-efficient and rational manner of acquiring these resources.

## **VII. TRANSPARENCY**

### **Article 40**

The Fund's operations shall be transparent.

The Fund shall inform the public on its operations by posting information on its website and via the media, by holding press conferences, issuing publications and in any other appropriate manner.

The annual activity report of the Fund shall be published on the Fund's website.

### **Article 41**

The Director General or the person he authorized shall communicate statements and information on the Fund's operations.

The Director General shall pass decisions governing the communication of information in accordance with the law governing free access to information.

### **Article 42**

The Managing Board shall inform the public about its work, passed decisions, conclusions, taken positions, as well as the important discussed issues, through press releases that are to be published on the website of the Fund, by holding press conferences, giving interviews, and in other appropriate manners.

### **Article 43**

In case of the protected event, the Director General of the Fund shall take care of the implementation of activities on informing depositors of the occurrence of the protected event.

Activities under paragraph 1 above shall be coordinated by the Chairman of the Managing Board and the Director General of the Fund.

## **VIII. TRADE SECRET**

### **Article 44**

Data and information which disclosure to an unauthorized person would be detrimental to the interests and reputation of the Fund and banks, the deposit protection scheme as a whole, or which are specified in the law or any other regulation as trade secrets shall be considered confidential.

The following shall be considered confidential in particular, but not limited to:

- 1) Information on the banks` pursuit of business;
- 2) assessment of a bank`s risk profile and rating;
- 3) information submitted to the Fund by the Central Bank classified as confidential;
- 4) information submitted by banks that are specified as banking secret in accordance with the law.

The Managing Board of the Fund shall regulate in more detail other data and information to be considered trade secrets, the manner of their protection, and the procedure in case of disappearance and/or disclosure of data and information and documents.

## **IX. COOPERATION**

### **Article 45**

The Fund shall cooperate with the Central Bank of Montenegro and the Ministry of Finance in performing tasks and duties within its authority.

The act governing the establishment of cooperation referred to in paragraph 1 above shall be signed by the Director General on behalf of the Fund.

### **Article 46**

The Fund shall establish cooperation with international financial institutions, deposit insurance schemes in other countries, and with organizations in charge of deposit insurance organised at the regional, European, and global levels.

In achieving cooperation under paragraph 1 above, the Fund may join and be a member of international and other deposit insurance organisations.

Decision on the manner of exercising cooperation shall be passed by the Managing Board, at the proposal of the Director General.

### **Article 47**

The Fund may, by applying the principle of reciprocity, exchange data and information in accordance with the concluded bilateral or multilateral agreements.

The exchange of data and information under paragraph 1 above shall not be considered as the disclosure of data information to an unauthorized person referred to in Article 45 herein.

## **X. AMENDMENTS TO AND INTERPRETATION OF THE BY-LAW**

### **Article 48**

Amendments to this By-Law may made in line with the procedure governing its passing.

### **Article 49**

In case of any ambiguities, the interpretation of provisions of this By-Law shall be provided by the Managing Board of the Fund.

## **XI. FINAL PROVISIONS**

### **Article 50**

This By-Law shall come into force on the eighth day following that of its publication in the "Official Gazette of Montenegro".

**Article 51**

The By-Law of the Deposit Protection Fund (OGM 7/15, 76/17) shall be repealed with effect from the date of entry into force of this By-Law

**THE MANAGING BOARD OF THE DEPOSIT PROTECTION FUND**