

# **THE DEPOSIT PROTECTION LAW**

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## **I. BASIC PROVISIONS**

### **Subject Matter Article 1**

This law regulates the deposit protection scheme covering deposits placed with banks having their registered offices in Montenegro, the competences and operations of the Deposit Protection Fund (hereinafter: the Fund), and the guaranteed deposits payout aimed at protecting the interest of depositors and contributing to the maintenance of the banking system stability.

### **Definitions**

#### **Article 2**

Terms and definitions used in this law shall have the following meaning:

- 1) **Bank** is a legal person licensed by the Central Bank of Montenegro (hereinafter: the Central Bank) to offer banking services;
- 2) **Foreign bank** is a legal person having its registered office outside Montenegro, incorporated and registered as a bank with the competent authority in its home country;
- 3) **Branch** is a legally dependent part of a bank conducting all or some of the operations inherent in the business of that bank;
- 4) **Deposit** is any credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a bank must repay under the legal or contractual conditions, including any debt evidenced by a certificate issued by the bank;
- 5) **Guaranteed deposit** is a deposit and/or a part of a deposit held with a bank, which is paid out by the Fund in line with this law;
- 6) **Joint Account** shall mean an account opened in the names of two or more persons or over which two or more persons have rights that may operate against their signatures;

- 7) **Depositor** is a natural person or a legal person holding a deposit with a bank;
- 8) **Payout date** shall mean a day when the Fund makes guaranteed deposits available to depositors in a bank designated for the payout.

## **Principles of Deposit Protection**

### **Article 3**

The deposit protection scheme shall cover euro and/or other currency deposits placed with a bank prior to or on the day of the occurrence of the protected event and which payout is guaranteed under this law.

A bank is obliged to participate in the deposit protection scheme as provided for by this law.

A foreign bank branch licensed by the Central Bank shall not be obliged to participate in the deposit protection scheme.

Deposits placed with a foreign bank branch shall be protected in accordance with the underlying regulations of the country where the bank has its registered office.

## **II. DEPOSIT PROTECTION**

### **Occurrence of Protected Event**

#### **Article 4**

A protected event shall occur on the day when the Central Bank passes a decision on instigating bankruptcy proceedings against a bank.

The Central Bank is obliged to immediately inform the Fund on the decision on initiating bankruptcy proceedings against the bank.

In the case referred to in paragraph 1 of this Article, depositors of the bank shall be entitled to the guaranteed deposit payout to the amount and as provided for by this law.

The guaranteed deposits payout shall be made by the Fund, in accordance with this law.

A depositor shall not be entitled to the guaranteed deposit payout if he/she had been paid out the amount equal to the guaranteed deposit during the liquidation proceedings against the bank which was subject to the bankruptcy proceedings following such a payout.

## **Guaranteed Deposit**

### **Article 5**

The guaranteed deposit shall be determined for every individual depositor by reducing matured liabilities of a depositor with a bank, including any accrued interest, from aggregate deposits held by the depositor with that bank as at the protected event date.

The bankruptcy administrator shall provide the Fund with the information on a depositor's total claims and matured liabilities with the bank.

The Fund shall calculate and perform the payout of guaranteed deposits up to the amount of EUR 50,000 per depositor, regardless of the number and amount of deposits held by a depositor with a bank.

The guaranteed deposits payout shall be made in EUR and deposits in other currencies shall be translated in EUR at the medium rate under the official exchange rate announced by the Central Bank as at the protected event date.

## **Right to Guaranteed Deposit Payout**

### **Article 6**

The right to the guaranteed deposit payout shall have depositors holding deposits in a bank, including depositors of the bank branches operating abroad.

The following shall not be entitled to the guaranteed deposit payout under paragraph 1 above:

- 1) Legal persons providing insurance services;
- 2) State bodies and organizations, municipal bodies and organizations and/or other forms of local self-government;
- 3) Funds for mandatory health, pension and social insurance;
- 4) Voluntary pension funds and their management companies;
- 5) Investment funds and their management companies;
- 6) Banks, credit unions, microcredit financial institutions and persons performing credit and guarantee operations;
- 7) Persons in whose name and for whose account a bank, on their order, performs operations for which the provider of funds is a sole bearer of risk;

- 8) Legal persons with direct or indirect participation in the bank capital or voting rights arising from at least 5% share in the bank capital;
- 9) Persons who are members of the bank managing bodies and/or standing bodies of the bank management, persons responsible for daily bank operations, managers of organizational units in the bank, legal persons holding, whether directly or indirectly, at least 5% share in the bank capital or voting rights, as well as their spouses and children;
- 10) Persons responsible for the auditing of the bank's financial reports over the past three years before the initiation of the bankruptcy proceedings;
- 11) Depositors holding non-nominative deposits;
- 12) Holders of securities and other financial instruments issued by a bank or which payout is guaranteed by the bank.

In addition to persons under paragraph 2 of this Article, the right to the guaranteed deposit payout under this law shall not have:

- 1) Depositors for whom the supervision reports of the Central Bank established that they have contributed to deterioration of the financial position of the bank and who, as the holders of bank accounts, have received higher interest rates or financial advantages in obtaining a loan or other banking services, and particularly if they:
  - a) have obtained a loan which, due to the type of transaction, risk level, creditworthiness of the borrower or the type of provided collateral would otherwise not be granted to another person;
  - b) have paid significantly lower interest on loans than those paid by other depositors of the bank;
  - c) have received higher interest on deposits than those paid to other depositors of the bank.
- 2) Persons convicted of criminal offence constituting money laundering or terrorism financing, involving their deposits.

## **Right to Guaranteed Deposit Payout in Exceptional Cases**

### **Article 7**

The right to the guaranteed deposit payout shall be determined for each owner of a joint account according to the total amount of their aggregate deposits placed with a bank.

The share of all depositors in funds held in the joint account shall be calculated equally among the account owners, unless the owners of such account submit the evidence proving that their shares are not equal.

A deposit by a depositor, within the meaning of this law, shall be considered funds in all accounts of a company without the status of a legal person, all accounts of an intestate or all accounts of co-owner unions.

If a depositor has acted as a representative for the account of a third party, the right to the guaranteed deposit payout shall be determined with regard to that third party.

A person on whose behalf a deposit was placed with a bank shall be entitled to request the payout from the Fund, unless otherwise agreed.

## **Bank Participation in the Deposit Protection Scheme**

### **Article 8**

A bank shall pay the deposit protection premium (hereinafter: the premium) as provided for by this law.

A licensed bank shall be included in the deposit protection scheme following the payment of the initial premium.

A bank participation in the deposit protection scheme and the premium payment shall cease with the revocation of the bank licence.

The Central Bank is obliged to immediately inform the Fund on the issuing and revocation of the bank license.

## **Information on the Deposit Protection Scheme**

### **Article 9**

A bank shall provide to its present and potential depositors a written information on the deposit protection scheme, which shall be easily available on the bank's premises and on the bank's website.

The information referred to in paragraph 1 to this Article shall contain the following information on:

- the right to the guaranteed deposit payout;
- the amount and manner of the guaranteed deposit calculation;
- the occurrence of the protected event;
- the procedure of the guaranteed deposits payout.

A bank shall provide any additional information on the deposit protection scheme and the conditions and the procedure of the guaranteed deposit payout at a depositor's or a potential depositor's request, and it may not charge such information.

A bank shall make the information under paragraph 1 above available in its branch operating abroad in the official language of the host country.

A bank may not use the information on its participation in the deposit protection scheme for advertising any of its banking products.

The Fund shall establish a detailed manner of informing depositors and potential depositors on the deposit protection scheme and the use of information under paragraph 5 above.

### **III. THE FUND The**

#### **Fund's Status**

##### **Article 10**

The Fund is a legal person having the rights, obligations and responsibilities as provided for by this law and the Fund's By-law.

The registered office of the Fund is in Podgorica.

#### **Competences of the Fund**

##### **Article 11**

In accordance with this law, the Fund shall protect depositors against a loss of a part of or all their deposits and to promote the deposit protection scheme.

In exercising its competences, the Fund shall:

- 1) establish the rate for the premium calculation;
- 2) collect the premiums;
- 3) invest its funds;
- 4) calculate and perform the payout of the guaranteed deposits;
- 5) pass secondary legislation provided for under this law, and
- 6) perform other activities in accordance with the law.

## **The Fund's Operations**

### **Article 12**

The Fund shall operate through the account opened with the Central Bank.

The Fund shall be subject to taxes in accordance with the law.

The audit of the Fund's financial statements shall be performed by an auditing firm (hereinafter: the auditor) in line with the law regulating accounting and auditing.

## **The Fund's Bodies**

### **Article 13**

The Fund's bodies shall be the Managing Board of the Fund (hereinafter: the Managing Board) and the Director General.

## **The Fund's Governance**

### **Article 14**

The Fund shall be governed by the Managing Board.

The Managing Board shall comprise three members.

Members of the Managing Board shall be appointed by the Central Bank, provided that one member shall be nominated by the Ministry of Finance and one member shall be nominated by the Association of Montenegrin Banks and Financial Institutions.

The Chairman of the Managing Board shall be designated in the decision on the appointment of the Managing Board members.

## **Requirements for the Managing Board Member Appointment**

### **Article 15**

A person that may be appointed a member of the Managing Board of the Fund shall be a person with a recognized integrity, holding a university degree, being highly knowledgeable in banking and/or finance.

A member of the Managing Board may not be:

- 1) an employee in a bank, a member of the managing body and/or standing bodies of the bank management or a bank consultant;
- 2) a person holding, whether directly or indirectly, at least 5% of shares in a bank,
- 3) a person who was a member of the management or held a managerial position in a bank as at the day of, or over the period of three years prior to, the initiation of bankruptcy proceedings against the bank,
- 4) a person who has been convicted to an unconditional prison sentence or has been convicted for acts that make him/her unworthy for the position of the Managing Board member,
- 5) a person being a spouse or a relative in the straight or lateral lines of kinship, up to and including the second degree of kinship, of another member of the Managing Board or the Director General of the Fund.

## **The Managing Board Decision-Making and Responsibility**

### **Article 16**

The Managing Board shall take decisions at meetings to be held at least once in a quarter and decisions shall be rendered by the majority vote of all members.

The Chairman of the Managing Board shall convene and chair the Managing Board meetings.

The Director General of the Fund shall attend the Managing Board meetings and shall have no voting right.

The modus operandi and decision-making of the Managing Board shall be regulated in the rules of procedure of the Fund.

The Managing Board shall be responsible for the exercising of the Fund's functions.

Members of the Managing Board shall be entitled to remuneration in accordance with the Fund's financial plan.

The amount of remuneration referred to in paragraph 6 above may not be higher than the amount of one average salary of employees in the Fund.



## **Conflict of Interest**

### **Article 17**

Members of the Managing Board shall discharge their duties in such a manner to ensure that their personal interests do not affect impartiality in the discharge of their duties.

A member of the Managing Board having a personal interest or parties related to him or who is in any other way, either directly or indirectly, connected to the subject matter of decision-making shall disclose such interest at the beginning of a Managing Board meeting and shall not participate in the discussions and voting on any issues related to the subject matter concerned, unless otherwise decided by the Managing Board.

A member of the Managing Board and the Director General may not become an employee in a bank within the period of one year following the expiry of their term of office in the Fund.

## **Term of Office of a Managing Board Member**

### **Article 18**

Members of the Managing Board shall be appointed to a four-year term of office and no member shall be appointed for more than two consecutive terms.

A member of the Managing Board may be relieved of duty before the expiry of his/her term of office:

- 1) at the member's personal request;
- 2) when the member has met the retirement requirements;
- 3) if the member has permanently lost his/her capabilities for discharging his/her duty;
- 4) if the member discharges his/her duties in an unprofessional and unscrupulous manner;
- 5) if the member has violated the Code of Ethics.

The Central Bank, at the Managing Board's proposal, shall determine the existence of circumstances under paragraph 2 of this Article and pass a decision on the relieving of duty of the member of the Managing Board.

In parallel with the relieving of duty of such a member, the Central Bank shall appoint a new member of the Managing Board.

The term of office of the member under paragraph 4 above shall last until the expiry of the term of office of the member being relieved of duty.

## **Authorities of the Managing Board**

### **Article 19**

The Managing Board shall:

- 1) appoint the Director General of the Fund;
- 2) pass the By-law of the Fund;
- 3) pass secondary legislation provided for by this law;
- 4) establish the premium calculation rates;
- 5) pass the financial plan;
- 6) adopt annual financial reports and consider the report and opinion of the auditor;
- 7) consider the annual report of the Fund;
- 8) establish the investment policy and take investment decisions;
- 9) appoint the auditor;
- 10) pass the rules of procedure of the Managing Board; 11) perform other activities specified under this law and the By-law of the Fund.

Secondary legislation to be passed by the Fund shall be published in the Official Gazette of Montenegro.

## **Reporting on the Fund's Operations**

### **Article 20**

The Managing Board shall submit to the Central Bank for adoption the annual report on the Fund's operations in the previous year, no later than by 31 May of a current year.

In addition to the report referred to in paragraph 1 of this Article, the Managing Board shall submit the Fund's annual financial plans and reports to the Central Bank.

Reports and annual financial plans referred to in paragraphs 1 and 2 above shall be submitted to the Government and Parliament of Montenegro for consideration.

## **The Director General**

### **Article 21**

The Director General shall:

- 1) organise the Fund's work and operations;
- 2) represent and act on behalf of the Fund and be responsible for the legality of the Fund's operations;
- 3) propose the Fund's By-law and secondary legislation;
- 4) propose the premium calculation rate;
- 5) propose the financial plan of the Fund;
- 6) propose annual financial statements with the auditor's report and opinion;
- 7) propose the annual operating report of the Fund;
- 8) propose the investment policy of the Fund;
- 9) implement decisions of the Managing Board;
- 10) decide on the investment of the Fund's resources up to the amount specified under the By-law of the Fund; 11) issue separate decisions to depositors not entitled to the guaranteed deposit payout;
- 12) decide on the rights, obligations and responsibilities of the Fund employees;
- 13) take care of the utilisation of funds for the covering of operating costs of the Fund;
- 14) perform other tasks in line with the law and the By-law of the Fund.

The Managing Board shall appoint the Director General, as per the job vacancy announcement, to a four-year term and he/she may be reappointed.

The person to be appointed the Director General shall meet the requirements prescribed for the Managing Board members.

During his/her term of office, the Director General shall enjoy the rights provided for in the general labour regulations.

During his/her term of office, the Director General may not perform any other professional duty or any other activity, except those involving scientific and research work.

## **Legal Protection**

### **Article 22**

In the implementation of their legally prescribed powers, members of the Managing Board, the Director General, and employees of the Fund shall not be

held liable for any damage which could arise during the performance of their duties in accordance with the law and regulations passed on the basis of the law, unless proved that the specific activity has been performed in bad faith or as an act of gross negligence.

The Fund shall bear the costs of protecting the persons under paragraph 1 above in litigations disputing the performance of duties in accordance with the law and regulations passed on the basis of the law.

## **By-law of the Fund**

### **Article 23**

The By-law of the Fund shall provide for a detailed regulation of the Fund's governance, powers of the Director General, procedure of passing regulations under the Fund's competence, internal organisation, manner of performance, and other issues related to the Fund's operations.

The By-law of the Fund shall be published in the Official Gazette of Montenegro.

## **Fund's Resources**

### **Article 24**

The Fund's resources shall be provided from the following:

- 1) revenues from collected initial premiums;
- 2) revenues from collected regular premiums;
- 3) revenues from invested funds;
- 4) revenues from the indemnification of the Fund in bank bankruptcy proceedings;
- 5) donations, and
- 6) other revenues in accordance with the law.

In case the resources under paragraph 1 above are insufficient for the Fund's liabilities arising from the deposit protection scheme, the Managing Board may decide to provide the lacking funds by:

- 1) charging an extraordinary premium;
- 2) borrowing from the Budget of Montenegro;
- 3) taking loans from foreign banks and financial institutions,
- 4) issuing securities.

## **Use of the Fund's Resources**

### **Article 25**

The Fund's resources shall be used for the guaranteed deposits payout and the following:

- 1) payment of expenses arising from the procedure of the guaranteed deposits payout;
- 2) payment of costs related to the investment of funds;
- 3) repayment of the principal and interest on loans and borrowings made by the Fund,
- 4) repayment of liabilities arising from issued securities;
- 5) costs of employees' salaries and fringe benefits,
- 6) financing of the Fund's current operating and other expenses, in accordance with the Fund's financial plan.

## **Investments**

### **Article 26**

The Fund's resources may be invested in the following:

- 1) securities issued or guaranteed by Montenegro;
- 2) securities issued by a foreign bank, a financial institution and/or a country holding a high rating assigned by an internationally recognized rating agency;
- 3) deposits in central banks and foreign banks holding high ratings assigned by an internationally recognized rating agency;

More detailed conditions and manner of investing funds shall be established in the Fund's By-law and investment policy.

## **Initial Premium**

### **Article 27**

A licensed bank shall pay the initial premium to the amount of EUR 50,000 to the Fund's account before the commencement of its operations.

## **Regular Premium**

### **Article 28**

The Fund shall calculate and charge the regular premium on a quarterly basis, provided that the respective quarters begin on the first day of January, April, July, and October of a current year.

The premium calculation base shall comprise an average amount of total deposits with a bank as at the last day of each month for the previous quarter.

The rate for the regular premium calculation may not exceed 0.8%.

The Managing Board shall pass a decision on the regular premium rate and the manner of the regular premium calculation for the following year, as a rule, at the end of November of a current year.

Banks shall pay the regular premium at the beginning of a quarter for the current quarter, no later than eight days following the receipt of an invoice from the Fund.

## **Differential Premium**

### **Article 29**

The Managing Board may, in accordance with the risk profile of an individual bank and in line with the specifically established methodology, determine different rates for the regular premium calculation (differential premiums).

For the purpose of establishing the risk profile of an individual bank, the Central Bank shall submit to the Fund, at the latter's request, all available data on the bank's rating and operating risk.

The Fund is obliged to keep confidential data referred to in paragraph 2 of this Article.

The Managing Board shall establish the methodology for the differential premiums under paragraph 1 of this Article.

## **Reduction of the Regular Premium**

### **Article 30**

Should the resources under Article 22 paragraph 1 points 1), 2), 3), 4) and 6) hereof reach the level of at least 10% of the guaranteed deposits, the Managing

Board may pass a decision on reducing the regular premium rate and/or temporary discontinuation of the regular premium collection.

## **Extraordinary Premium**

### **Article 31**

In case the lacking resources for the guaranteed deposits payout by the Fund are to be provided through the collection of an extraordinary premium, the total amount of both the regular and the extraordinary premium in one year may not exceed the amount of 1.5% of total deposits in banks as at the last day in a month preceding the occurrence of the protected event.

The Managing Board shall pass a decision on the introduction of the extraordinary premium, specifying the amount of the lacking resources and the extraordinary premium base and rate.

A bank is obliged to pay the extraordinary premium within eight days following the receipt of the invoice from the Fund.

## **Non-Recovery of Paid Premiums**

### **Article 32**

The premium paid by a bank for deposit protection cannot be recovered.

## **Providing Data and Information**

### **Article 33**

A bank shall provide the Fund with monthly data and information necessary for the performing of the Fund's activities.

The Fund shall specify the type of data and information under paragraph 1 above, including the deadlines and manner of their submission.

The bank shall be responsible for the accuracy of data and information submitted to the Fund.

## **Verification of Information**

### **Article 34**

The Fund may request the Central Bank to examine the data and information under Article 33 of this law.

The Central Bank shall immediately inform the Fund on the results of the examination under paragraph 1 above.

## **Confidentiality**

### **Article 35**

Members of the Fund's Managing Board, the Director General, employees, as well as other persons hired by the Fund to perform the Fund related activities, shall be obliged to keep confidential all data on the operations of banks and/or the Fund which they have obtained during the performance of their duties.

The confidentiality obligation for persons under paragraph 1 above shall maintain after the termination of their respective membership, employment or engagement.

By way of exception from paragraph 1 of this Article, confidential data may be made available to the competent authorities in accordance with the law.

## **IV. GUARANTEED DEPOSIT PAYOUT**

### **Obligations of the Fund in Case of Protected Event Occurrence**

#### **Article 36**

The Fund shall inform depositors on the occurrence of the protected event and prepare the guaranteed deposits payout.

The Fund is obliged to make the guaranteed deposits available to all depositors no later than within 15 business days following the protected event date.

By way of exception from paragraph 2 of this Article, the Managing Board may, at the bank bankruptcy administrator's request, pass a decision on extending the deadline for initiating the payout of guaranteed deposits for additional 10 business days and immediately inform the depositors thereof.



The Fund shall, without delay and in at least two print media distributed in the territory of Montenegro and on the Fund's website, publish the information about the protected event occurrence, the Fund's obligation to execute the payout of guaranteed deposits, the manner of calculation, and the amount of guaranteed deposits.

The Fund shall pass a decision on the selection of one or more banks for the payout of the guaranteed deposits (hereinafter: the payout bank) within 10 business days following the protected event date.

The Fund shall publish the information on the payout bank, the place and date of commencement of the guaranteed deposits payout in at least two print media distributed in the territory of Montenegro and on the Fund's website.

## **Calculation and Payout of Guaranteed Deposits**

### **Article 37**

The bank bankruptcy administrator shall submit to the Fund, in electronic format, data and other documents necessary for the calculation and payout of the guaranteed deposits under this law within 10 business days following the protected event date.

On the basis of data and documents under paragraph 1 above, the Fund shall calculate and establish the amount of the guaranteed deposit for every individual depositor and furnish the payout bank with these data.

On the basis of data under paragraph 2 above, the payout bank shall open accounts for every individual depositor no later than one day before the guaranteed deposits payout date.

Depositors shall acquire the right to dispose of their guaranteed deposits as at the payout date.

The Fund shall prescribe detailed conditions, manner and procedure of the guaranteed deposits payout.

## **Right of the Fund to Indemnification**

### **Article 38**

Any claim of a depositor on a bank up to the amount of the calculated guaranteed deposit shall be transferred to the Fund at the payout date.

During a bank bankruptcy proceeding, the Fund shall report all claims to the amount of its total liability for the guaranteed deposits payout, regardless of whether all depositors have already been compensated at the moment of reporting.

The Fund shall be entitled to the settlement of funds from the bankruptcy pool of assets up to the reported amount under paragraph 2 above, taking the priority in the claims settlement in accordance with the law governing bank bankruptcy and liquidation.

### **Special Procedure for Excluding Depositors**

#### **Article 39**

The Fund shall issue separate decisions to every individual depositor under Article 6 paragraphs 2 and 3 of this law.

The decision under paragraph 1 above shall be final.

An administrative dispute may be carried out against the decision under paragraph 1 above.

### **V. PENALTY PROVISIONS**

#### **Article 40**

A pecuniary fine ranging from EUR 2,500 to EUR 20,000 shall be imposed upon a legal person - a bank, if:

- 1) the bank has not provided and/or has charged the information on the deposit protection scheme to depositors and potential depositors (Article 9 paragraphs 1 and 3);
- 2) the bank has used its participation in the deposit protection scheme in advertising its banking products (Article 9 paragraph 5);
- 3) the bank has commenced its operations prior to the payment of the initial premium (Article 27);
- 4) the bank has not paid or has delayed in the regular premium payment (Article 28 paragraph 5)
- 5) the bank does not pay or it delays the payment of the extraordinary premium (Article 31 paragraph 3)
- 6) the bank has not provided or has not provided timely or has provided inaccurate data and information (Article 33 paragraphs 1 and 3);

- 7) the bank has not submitted data required for the calculation and payout of guaranteed deposits within 10 business days following the protected event date (Article 37 paragraph 1);
- 8) the bank has not opened guaranteed deposit payout accounts for every individual depositor (Article 37 paragraph 3).

A pecuniary fine ranging from EUR 550 to EUR 2,000 shall be imposed upon the responsible person in the legal person -the bank for the violations under paragraph 1 of this Article.

#### **Article 41**

A pecuniary fine ranging from EUR 550 to EUR 2,000 shall be imposed upon a natural person if he/she has become an employee in a bank before the expiry of the one-year period following the expiration of his/her term of office in the Fund (Article 17 paragraph 3).

### **VI. TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 42**

The Fund as established under the Deposit Protection Law (OGRM 40/03, 65/05) shall continue operating in accordance with this law.

#### **Guaranteed Deposit in Transitional Period**

#### **Article 43**

By way of exception from Article 5 paragraph 3 of this law, the Fund shall calculate and pay out the guaranteed deposits as follows:

- as of the day of entry into force of this law until 31 December 2011, up to the amount of EUR 20,000 per depositor, regardless of the number and the amount of deposits the depositor holds in a bank.
- from 1 January to 31 December 2012, up to the amount of EUR 35,000 per depositor, regardless of the number and the amount of deposits the depositor holds in a bank.

## **Payout Date in Transitional Period**

### **Article 44**

By way of exception from Article 36 paragraph 2 of this law, in the period from the entry into force of this law until 31 December 2011, the Fund shall make the guaranteed deposits available to depositors with the payout bank no later than within 45 business days following the protected event date.

## **Appointment of the Fund's Bodies**

### **Article 45**

The Central Bank shall appoint members of the Managing Board in accordance with this law within 30 days following that of the entry into force of this law.

The Managing Board shall appoint the Director General within 60 days following the Managing Board appointment date.

## **Functioning of the Fund's Bodies until the Appointment**

### **Article 46**

Members of the Managing Board appointed pursuant to the Deposit Protection Law (OGRM 40/03, 65/05) shall continue their term of office until the appointment of a new Managing Board in accordance with this law.

The President of the Managing Board appointed in accordance with the Deposit Protection Law (OGRM 40/03, 65/05) shall perform the duties of the Director General of the Fund until the appointment of the Director General of the Fund in accordance with this law.

## **Passing of Secondary Legislation**

### **Article 47**

The By-law of the Fund shall be brought in line with this law within 90 days following that of the entry into force of this law.

Secondary legislation necessary for the implementation of this law shall be passed within six months from the day of entry into force of this law.

Secondary legislation adopted on the basis of the Deposit Protection Law (OGRM 40/03, 65/05) shall apply until the legislation referred to in paragraphs 1 and 2 of this Article is adopted.

### **Repeals**

#### **Article 48**

The Deposit Protection Law (OGRM 40/03, 65/05) shall be repealed on the day of entry into force of this law.

### **Entry into Force**

#### **Article 49**

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