

THE BANK BANKRUPTCY AND LIQUIDATION LAW
(OGRM 47/01 and OGM 62/08 and 44/10)

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 commenced 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 resolutions and conclusions.

Article 5

The conclusions shall be used to issue an order to the Bankruptcy Administrator and/or Liquidation Administrator for the performance of individual actions, and to decide on issues not decided by way of resolution under this Law.

An objection against the conclusion shall not be allowed.

Article 6

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

Resolutions on commencing bankruptcy proceedings and/or liquidation proceedings shall be published in the "Official Gazette of Montenegro" and at least two daily newspapers distributed in the territory of Montenegro.

An administrative dispute may be initiated against the final resolution adopted in the bankruptcy proceedings, before the competent Court.

III BANKRUPTCY PROCEEDINGS

Article 7

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

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

The decision on commencing bankruptcy proceedings shall be final.

Decision on commencing 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 commencing bankruptcy proceedings.

The competent court is obliged to pass a resolution 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 payout of such a bank shall arise with the passing of the decision on commencing bankruptcy proceedings, in accordance with the law governing deposit protection.

1. Bankruptcy Administrator

Article 9

Bankruptcy Administrator shall be appointed by a resolution on commencing bankruptcy proceedings.

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

When accepting his duties and responsibilities, the Bankruptcy Administrator shall make a written statement to the Bankruptcy Board to the effect that he 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 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 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 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 in the following cases:

- 1) If it has been subsequently determined that he does not fulfil the conditions specified in Article 10 of this Law,
- 2) If 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) If he performs his duties in a nonprofessional manner and unconscientiously;
- 4) If he becomes permanently incapable of performing his duties;
- 5) If 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 the obligation to perform his duties until the new Bankruptcy Administrator is appointed.

Article 13

The Bankruptcy Administrator shall assume the rights and obligations of the bank management bodies and executive directors 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 till the day of the commencement of the bankruptcy proceedings;
- 3a) submit to the deposit Protection Fund data and, if required, documents needed for the calculation and payout of guaranteed deposits in accordance with the law governing deposit protection;
- 4) Perform the Inventory of the bank's assets;
- 5) Prepare 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 duties;
- 8) Pass a decision on the filed claims of the creditors, including claims of the Deposit Protection Fund arising from guaranteed deposits payout;
- 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) Prepare 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 above 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 Central Bank.

Article 16

During the performance of the duties of a 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, organization 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/her return to the body, organization 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 executive directors in the bank received in a month preceeding the commencing of the bank bankruptcy proceedings.

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 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 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 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. Commencing the Bankruptcy Proceedings

Article 21

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

Article 22

The Central Bank may decide to commence 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 Central Bank may decide that the expenses of the bankruptcy proceedings be covered temporarily against the funds 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 commencing the bankruptcy proceedings by way of a notice which shall be published on the day of passing the decision on commencing bankruptcy proceedings.

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

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 resolution on commencing 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 registration court.

Article 24

The notice on the commencement 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 resolution on commencing 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 Commencing the Bankruptcy Proceedings

a) The Time of Coming into Force

Article 25 (OG MNE no. 62/08)

Legal effects of commencing the bankruptcy proceedings shall come into force on the day when the notice on commencing 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 commencing the bankruptcy proceedings by the operator of the payment system 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 above 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 commencing 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 commencing the bankruptcy proceedings, all the bank's accounts shall be closed and powers of the persons authorized 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 and authorities of managing bodies of the bank and the executive directors of the bank, representatives and procurators shall cease to exist and shall be transferred to the Bankruptcy Administrator on the day of commencing the bankruptcy proceedings.

e) Employment

Article 29

Employment for all bank employees shall terminate as of the day of commencing 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 Central Bank, employ up to 10% of the number of employees that the bank had before the day of commencing 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 bank's management bodies, executive directors and other employees, although their function or employment with the bank has ceased, shall be obliged to 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

Article 31

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

f) Validity of Contract

Article 32

The contracts entered into with the bank before commencing the bankruptcy proceedings shall remain valid, unless the Bankruptcy Administrator, with consent of the Bankruptcy Board, notifies the other side of rescinding the contract within 90 days as of the day that legal consequences of the commencing 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 as 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 commencing 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 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 not later than 6 months after 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 commencing bankruptcy proceedings, and the creditors shall be obliged to 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 this Law.

Article 36

On the day of commencing 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 stopped.

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

Article 37

Article 38

The property that is not the ownership of the bank must be turned over 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 commenced bankruptcy proceedings.

The creditors shall file their claims with supporting evidence with the Bankruptcy Administrator within 30 days from 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 commencement 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 participants of the payment system 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, recognized, partially recognized 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 claims

Article 42a

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

6. Sales

Article 43

Bankruptcy administrator may 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 of realty may be transferred.

Assets referred to in paragraph 1 subject to 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 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 above.

The Central Bank may grant the approval under paragraph 7 above 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 completed 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 goes into 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 authorized 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 commencing 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 commencing the bankruptcy proceedings came into force shall be settled as the costs of the bankruptcy proceedings.

b) Order of Priority

Article 48

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

- 1) Secured claims up the amount of their respective collaterals, less any reasonable costs of sale;
- 2) Debts to the Central Bank under the 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.

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 satisfying creditors.

The draft of the main distribution shall be publicized by being displayed 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 resolution on the main distribution that shall be delivered to the creditors and he shall be obliged to execute payments to the creditors within 15 days from the day of the adoption of the resolution.

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 resolution on the closing of the bankruptcy proceedings.

The resolution of the Central Bank on closing the bankruptcy proceedings shall be final.

Legally valid and binding resolution on closing the bankruptcy proceedings shall be published in the "Official Gazette of Montenegro" and delivered to the registration court for the purpose of deletion of the bank from the Central Registry of the Commercial Court.

Article 51

If the Bankruptcy Administrator, after commencing 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 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 Central Bank shall pass a decision on the bank liquidation and appointment of the liquidation administrator.

The resolution on the bank liquidation shall be final.

The resolution 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 is obliged to pass a resolution 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 Chief Executive Officer of the bank, the authorized body of which has passed the decision on the termination of activities, shall be obliged to 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 instituting 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 apply in the bankruptcy proceedings as well.

Article 55

The provisions of this Law relating to the bankruptcy proceedings shall accordingly apply to the liquidation proceedings also, unless otherwise determined 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, on the basis of the bank's charter 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.

Request for settlement of creditors referred to paragraph 2 of this Article must be submitted to the persons under paragraph 2 of this Article within not later than 6 months after the completion of the liquidation proceedings.

V PENALTY PROVISIONS

Article 57

A pecuniary fine ranging from EUR 500 to EUR 1,000 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 commencing the bankruptcy proceedings; submit to the Deposit Protection Fund data, and if needed, documentation required for the calculation and payout of guaranteed deposits in accordance with the law governing the deposit protection, make an inventory list of the bank's assets; compose initial balance sheet; take care of collecting the bank's claims; compose report of the bank's financial condition; pass a decision on filed creditors' claims, including Deposit

Protection Fund's claims based on guaranteed deposits payout; undertake measures on converting the bank's assets into cash; compose the draft of the main distribution or compose closing bankruptcy balance sheet (Article 13 hereof).

Article 58

A pecuniary fine ranging from EUR 500 to EUR 1,000 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 commencing the liquidation proceedings; make an inventory list of the bank's assets; compose opening liquidation balance sheet; take care of collecting the bank's claims; compose report of the bank's financial condition; undertake measures on converting the bank's assets into cash; compose the draft of the main distribution or compose closing liquidation balance sheet (Article 55 paragraph 1 read in conjunction with Article 13).

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

TRANSITIONAL AND FINAL PROVISIONS

Article 59

Bankruptcy proceedings and/or liquidation proceedings commenced before and up to the day of entering into force of the Central Bank of Montenegro Law and the Banking Law shall be completed in line with the provisions of this law.

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 Law on Banks ("Official Gazette of the Republic of Montenegro", No.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 the Republic of Montenegro".

NOTE:

The consolidated version does not contain provisions under Articles 40, 41 and 42 of the Law Amending the Bank Bankruptcy and Liquidation Law (OGM 44/10 as of 30 July 2010) that read:

"Article 40

Bankruptcy proceedings and/or liquidation proceedings commenced before and to the date of entry into force of this law shall be completed in line with this law.

Article 41

Until the harmonisation of the Central Bank governance and management with the provisions under Article 143 of the Constitution of Montenegro, the activities within the authority of the Central Bank under this law shall be performed by the executive officers of the Central Bank and/or the Council of the Central Bank in the manner prescribed in the Bank Bankruptcy and Liquidation Law (OGRM 47/01 and OGM 62/08).

Article 42

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