

Chapter V

MONETARY UNIT, BANKNOTES AND COINS

Article 38. Monetary Unit

1. The monetary unit of Bosnia and Herzegovina shall be the "Convertible Marka", divided into one hundred "Feninga", the symbols for which shall be "KM" and "F" respectively. The Convertible Marka shall be issued by the Central Bank and put into circulation through its head office and main units.
2. The Convertible Marka shall be legal tender for payments of all public and private obligations and debt throughout Bosnia and Herzegovina. In particular, all public institutions and private individuals or enterprises must accept the Convertible Marka in settlement and payment of any obligation to them.
3. Only the Convertible Marka shall be used for receipts and payments of the budget and common institutions of Bosnia and Herzegovina (including payments and contributions by the Federation of Bosnia and Herzegovina and the Republika Srpska to the budget of Bosnia and Herzegovina), and in the official accounts of the common institutions of Bosnia and Herzegovina.
4. The budgets and the official accounts of their public institutions of the Federation of Bosnia and Herzegovina and the Republika Srpska, as well as tariffs, fees, and other charges collected on account of public utilities or public transport services, shall be denominated in Convertible Marka. In addition, other currencies may be used for these purposes as units of account.
5. Public officials of the Federation of Bosnia and Herzegovina and the Republika Srpska will undertake all efforts to promote the use of the Convertible Marka in the payments of all revenues and expenditures of their budgets, public agencies, and public enterprises at all levels of government. During that process, other currencies in use prior to the entry into force of this Law will continue to be used. Following the introduction of the Convertible Marka by Central Bank, the Presidency of Bosnia and Herzegovina will review these efforts every three months on the basis of an analysis submitted by the International Monetary Fund of the efforts made by the authorities to promote the use of the Convertible Marka.
6. Payments in transactions among physical persons, private enterprises, and mixed enterprises shall be in whatever currency the parties to the transactions agree to, including the foreign currencies which are widely circulating in the Federation of Bosnia and Herzegovina and in the Republika Srpska on the day this Law comes into force.

Article 39 . Issue and withdrawal of currency

The Governing Board of the Central Bank shall be the sole authority in Bosnia and Herzegovina for decisions on issuing legal tender currency and for withdrawing legal tender currency from circulation, through its head office, main units, and other branches in the Federation of Bosnia and Herzegovina and the Republika Srpska.

Article 40 . Accounting treatment of currency issued

The aggregate amount of banknotes and coins in circulation shall be noted in the accounts of the Central Bank (head office, main units, and other branches) as a liability of the Central Bank as a whole; accordingly, such liability shall not include banknotes and coins in the currency reserve inventory.

Article 41 . Legal tender

Banknotes and coins issued as legal tender by the Central Bank and not withdrawn from

circulation shall be accepted, at their face value, in payment of all public and private debts in Bosnia and Herzegovina.

Article 42 . Currency features and interim notes (Coupons)

1. The Governing Board of the Central Bank shall determine the face value and size of banknotes and coins in accordance with Article 7, paragraph e, of this Law. The design of the banknotes and coins shall be decided by the Governing Board with the approval of the Presidency of Bosnia and Herzegovina.

2. As an interim measure until a permanent solution for the design of the notes has been agreed upon, and as legal tender for cash payments, the Central Bank will put in circulation "Coupons." The Central Bank shall not issue coins as long as the Coupons are in circulation.

3. The Coupons will have common design elements as well as distinct design elements for the Federation of Bosnia and Herzegovina and the Republika Srpska. The two versions of the Coupons will be of the same size for a given denomination, and will have also the following common elements:

a. the word "Coupon" will be on the note; and

b. the sentence: "To the bearer of this Coupon, the Central Bank of Bosnia and Herzegovina will pay upon demand [--] Convertible Marka" will be on the note in readable terms;

c. the denomination of the coupon will appear in highly identifiable numbers on both sides of the note;

d. as a technical security feature, the Coupon will bear serial numbers.

Both versions of the coupon will have equal status as legal tender throughout the territory of Bosnia and Herzegovina.

4. The Federation of Bosnia and Herzegovina and the Republika Srpska will each have its own design features on the Coupons. The design of the notes shall be fully consistent with the Dayton Treaty and will not include elements offensive to the other Entity. The text on the Coupon may be written in different alphabets at the choice of the Entities, one being in the Cyrillic alphabet and the other in the Latin alphabet. The names of the Federation of Bosnia and Herzegovina and the Republika Srpska will not appear on the Coupons.

5. The Governing Board of the Central Bank will undertake all the necessary endeavors to ensure that the Coupons will be available for circulation in both the Federation of Bosnia and Herzegovina and the Republika Srpska within three months from the adoption of this Law.

Article 43. Currency production and safekeeping

The Central Bank shall arrange for the printing of bank notes and the minting of coins, for the security and safekeeping of unissued bank notes and coins, and for the custody and destruction, as necessary, of plates, dies, and retired banknotes and coins, that are legal tender in Bosnia and Herzegovina.

Article 44. Unfit currency

1. Unfit currency shall be withdrawn, destroyed, and replaced with banknotes or coins by the Central Bank.

2. The Central Bank may decline to exchange banknotes or coins if their designs are illegible, misshaped or perforated, or if more than forty percent of their surface has been lost. Such currency shall be withdrawn and destroyed without indemnity to the owner, except that, in special cases, the Central Bank may grant compensation in whole or in part.

3. The Central Bank shall not be required to provide any compensation for banknotes or coins that were lost, stolen or destroyed; it may confiscate without compensation any banknotes that have been altered in their external appearance, in particular banknotes that have been written

on, painted on, overprinted, stamped or perforated, or to which adhesive matter has been applied.

Article 45. Currency inventory and issue plan

The Central Bank shall directly administer the currency reserve inventory, make issue plans, and the head office, main units, and other branches of the Central Bank will ensure the prompt supply of banknotes and coins of Convertible Marka, in order to meet the currency needs of the economy of Bosnia and Herzegovina.

Article 46. Currency recall

1. The Central Bank may decide to call in and withdraw from circulation any Convertible Marka banknotes or coins that are circulating within the territory of Bosnia and Herzegovina, by issuing in exchange therefor other banknotes or coins in equivalent amounts; the decision shall be taken unanimously by the Governing Board and shall be issued in the form of a regulation of the Central Bank and shall specify the period during which the banknotes or coins must be presented for exchange and where (the head office, main units, or other branches of the Central Bank) they are to be so presented.
2. At the end of the exchange period referred to in Section 1, banknotes and coins called in for exchange shall cease to be legal tender.

Article 47. Reproduction and counterfeiting of currency

1. Whoever: (i) falsely makes, forges, counterfeits or alters any banknote or coin that is legal tender, whether in Bosnia and Herzegovina or abroad, or any check, security or payment card, whether denominated in currency of Bosnia and Herzegovina or in another currency; or (ii) possesses, transports or issues any such banknote, coin, check, security or payment card when he knew that it was falsely made, forged, counterfeited or altered; or (iii) manufactures, possesses or transports any plate, stone, paper, die or other object or substance when he knew that it was destined to be used in falsely making, forging, counterfeiting or altering any such banknote, coin, check, security or payment card; shall be guilty of a criminal offense.
2. Any reproduction of banknotes, coins, checks, securities or payment cards, whether denominated in currency of Bosnia and Herzegovina or in another currency, and the creation of any objects that by their design imitate any such banknote, coin, check, security or payment card, shall require the prior written authorization of the Central Bank.