

Pursuant to Article 95, item 3 of the Constitution of Montenegro, I hereby pass the

**ENACTMENT
PROMULGATING THE LAW ON THE FINANCIAL STABILITY COUNCIL**

(Official Gazette of Montenegro, 44/10 of 30 July 2010)

I hereby promulgate the Law on the Financial Stability Council, adopted by the Parliament of Montenegro of 24th term at the tenth sitting of the second regular session in 2010, on 16 July 2010.

Number: 01-2025/2
Podgorica, 23 July 2010

The President of Montenegro
Filip Vujanović, m.p.

Pursuant to Article 82 paragraph 1 point 2 and Article 91 paragraph 1 of the Constitution of Montenegro, the Parliament of Montenegro of 24th term, at the tenth sitting of the first regular session in 2010, held on 16 July 2010 passed the

LAW ON THE FINANCIAL STABILITY COUNCIL

I BASIC PROVISIONS

**Subject Matter
Article 1**

This Law establishes the Financial Stability Council and governs the composition, *modus operandi*, scope of work and other matters of importance for its functioning, without prejudice to the pursuing of objectives and the exercising of functions of the Central Bank of Montenegro, the Securities Commission and the Insurance Supervision Agency.

**Aim of Establishment
Article 2**

The Financial Stability Council (hereinafter: the Council) shall be established with a view to monitoring, identifying, preventing and mitigating potential systemic risks in the financial system of Montenegro as a whole, in order to ensure the maintenance of the financial system stability and avoid impact of factors that may lead to widespread financial distress.

**II. THE COUNCIL COMPOSITION, MODUS OPERANDI AND SCOPE
OF WORK**

**Council Composition
Article 3**

Members of the Council shall be:

- 1) The Governor of the Central Bank of Montenegro (hereinafter: the Governor);
- 2) The Minister of Finance;
- 3) The President of the Council of the Insurance Supervision Agency;

4) The President of the Securities Commission.

Each member of the Council shall attend the Council meetings in person and he/she may not be represented.

Notwithstanding paragraph 2 of this Article, a member of the Council who is unable to attend the Council meetings for a period longer than six months may be substituted only by a person to be appointed by the competent state authority to perform all tasks of the absent member on a temporary basis.

Modus Operandi of the Council

Article 4

The Governor shall chair the Council.

The Council shall discuss the issues within its scope of activities at its meetings.

A Council meeting may be held if at least three of its members are present (the quorum). If a quorum is not met, the Chairperson may convene an extraordinary Council meeting with the same agenda.

The Chairperson of the Council shall convene a Council meeting at least quarterly or more frequently in cases when the Chairperson estimates that there is a need to discuss the issues of importance for the financial system stability.

The Chairperson shall also convene a Council meeting at the well-grounded request of at least one member of the Council.

Representatives of the Deposit Protection Fund, state authorities and organisations or certain professionals, may attend meetings of the Council upon invitation, with a prior consent of the majority Council members.

Minutes of the Council meetings shall be confidential.

The Council may establish standing or interim working bodies by way of its rules of procedure or a special decision of the Council.

Decision-making Modalities of the Council

Article 5

The member of the Council shall cast one vote.

The Council shall decide by majority votes of the present members.

In the event of a tie, the Chairperson shall have the casting vote.

Protection of Data and Information

Article 6

Members of the Council and persons invited to attend the Council meetings, as well as any other persons working or who have worked for the Council, including the employees of the authorities, organisations and agencies authorized for the surveillance of specific areas of

the financial system (hereinafter: the competent bodies) and which perform activities for the Council purposes, shall be bound, during and after the cessation of their duties, not to communicate or otherwise disclose any data and information, which are deemed to be secret.

The Council shall agree with the competent bodies on the manner to safeguard data and information wherefrom individual entities operating in the financial market can be identified.

Administrative and Technical Operations

Article 7

The Central Bank of Montenegro (hereinafter: the Central Bank) shall perform administrative and technical operations for the Council, including but not limited to the following:

- ensuring the collection of data and information, including statistical data and information, required for the functioning of the Council;
- providing administrative support in the preparation of analysis required for the functioning of the Council;
- providing administrative support to the Council regarding international cooperation with other relevant bodies.

The Central Bank shall perform the activities under paragraph 1 of this Article without jeopardising the exercising of the principles of Central Bank independence.

The Council shall have a Secretary to be appointed by the Governor from among employees of the Central Bank, upon the opinion communicated by the Council.

The Council Chairperson shall give instructions to the Secretary with regard to performing the Council-related tasks.

III. SCOPE OF WORK OF THE COUNCIL

Scope of Work

Article 8

In pursuing the objectives referred to in Article 2 of this Law, the Council shall:

- 1) determine, collect and analyse data and information of importance for the financial system stability and a potential financial crisis management;
- 2) ensure coordination and exchange of data and information among the competent bodies;
- 3) assess and identify threats to the financial system and/or the financial system vulnerabilities;
- 4) identify risks in the financial system and determine their impact on the financial system stability;
- 5) adopt the contingency plan for financial crisis management (hereinafter: the Contingency Plan) for the entire financial system and organize stress testing and financial crisis simulation exercises;
- 6) monitor the financial system development;
- 7) monitor best practices with a view to adopting regulatory standards in the financial system areas.

The Council shall adopt the Plan under paragraph 1 point 5 of this Article based on the individual plans for financial crisis management adopted by the competent bodies.

The Council shall pass its rules of procedure, at its first session.

Collection and Exchange of Data and Information

Article 9

The competent bodies shall be obliged to submit to the Council, upon its request and within the timeframe to be specified by the Council, data and information necessary for the exercising of its functions.

Data and information under paragraph 1 of this Article shall be submitted to the Council, as a rule, in a summary or an aggregate form, in the manner to ensure that individual entities operating in the financial market cannot be identified.

The Council may also request data and information under paragraph 1 of this Article directly from individual entities operating in the financial market, which shall be obliged to submit to the Council the requested data and information within the timeframe to be specified by the Council.

The Council shall submit to the competent bodies the systemic risk data and information needed for the fulfilment of their respective tasks and duties.

The Securities Commission and the Insurance Supervision Agency shall submit to the Central Bank quarterly reports on the conditions from the areas within their competence no later than within 45 days following the expiry of the reported quarter. The Central Bank shall forward the submitted reports to the Council within five days following that of their receipt.

The Central Bank may also request from the Securities Commission and the Insurance Supervision Agency to submit additional data and information and specify the deadline for their submission. The Central Bank shall forward the submitted additional data and information to the Council within five days following that of their receipt.

The competent bodies shall designate persons responsible to submit data and information to the Council and their list shall be the subject to the Council approval.

The confidentiality level determined by the providers of data or information shall be observed in the exchange of reports, data and information under this Article.

Article 10

The Council may issue public statements regarding the issues within its scope of work.

The Council shall adopt unanimously the public statements.

The communication of public statements on the issues within the scope of work of the Council shall be regulated in more detail in the rules of procedure of the Council.

Reporting Obligations

Article 11

The Council shall submit the report on its work and activities within its scope of work to the Parliament of Montenegro once a year by 30 June of the current year for the previous year.

The Council shall also prepare reports on specific issues within its scope of work at the request of the Parliament of Montenegro, the Government of Montenegro or the Central Bank.

IV. TRANSITIONAL AND FINAL PROVISIONS

Constituting the Council

Article 12

The Council shall hold a constitutive meeting no later than within 90 days following that of the entry into force of this Law.

The Governor shall convene the constitutive meeting of the Council.

Article 13

The Council sessions shall be chaired by the President of the Council of the Central Bank of Montenegro, until the appointment of the Governor, including the right of convening the constitutive meeting.

Entry into Force

Article 14

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

SU-SK No 01-435/11
Podgorica, 16 July 2010

Parliament of Montenegro of 24th term
The Speaker
Ranko Krivokapić, m.p.