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Final Report

BOSNIA HERZEGOVINA

LEGAL AND REGULATORY REFORM PROJECT

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United States Agency for International Development

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LEGAL and REGULATORY REFORM PROJECT

FINAL REPORT

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From June 1997 through November 2000, the USAID Legal and Regulatory Reform Project (USAID LRRP) provided technical assistance in Bosnia and Herzegovina (BiH). The goals of this assistance to both entities of BiH, i.e., the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS) were to:

- (i) provide comprehensive reform of commercial and non-banking financial activities;
- (ii) provide comprehensive reform of the accounting and auditing systems;
- (iii) ensure the sustainability of capital markets in general and the Securities Commission in each entity; and
- (iv) educate and train designated individuals, establish associations and foster their growth as well as the development and growth of governmental awareness of effective capital market tools to create and sustain economic growth.

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I. EXECUTIVE SUMMARY

The conflict that ravaged the Republic of Bosnia and Herzegovina in the early and mid-1990s largely destroyed what economic infrastructure remained after years of mismanagement under Yugoslavia. Following the end of hostilities, the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) – the two autonomous entities created by the Dayton Accords – embarked on economic reform programs, albeit at different speeds and in somewhat different directions.

The USAID Legal and Regulatory Reform Project (USAID LRRP) was launched in 1997 to provide technical assistance to both entities of Bosnia and Herzegovina (BiH) in three major areas: reform of commercial and non-banking financial activities; reform of the accounting and auditing systems; and development of sustainable capital markets.

Whereas work in the FBiH commenced in June 1997, USAID LRRP did not engage in ongoing activities in the RS until April 1998 when the political situation permitted such technical assistance.

From June 1997 through November 2000, USAID LRRP worked with a wide range of governmental institutions, self-regulatory organizations (SROs) and non-governmental organizations (NGOs) in both entities. Through a comprehensive program of technical assistance and training, USAID LRRP succeeded in improving the general business environment in both entities. This improved environment is one where the commercial legal framework has been strengthened, international accounting and auditing standards are applied and a regulatory and institutional framework for capital markets has been established.

II. INTRODUCTION

Over 42 months, USAID LRRP provided technical assistance to FBiH and RS in three areas: commercial law reform, accounting/auditing reform and capital market development.

Throughout this period, East-West Management Institute regularly submitted USAID LRRP monthly and quarterly reports to USAID, Washington, DC and the USAID Mission in BiH. These reports described in detail the challenges faced in each of the above areas and outlined the accomplishments achieved. Specific deliverables completed during each month (including legislation, seminar materials, seminar evaluation reports, articles published, etc.) were attached to the monthly report, in electronic form or in hardcopy when an electronic version was not available.

This final report describes the most important challenges faced and outlines the accomplishments achieved in each area. Attached to this report are seven attachments listing the deliverables completed in each area. East-West Management Institute is sending

all of these documents to USAID Washington and the USAID Mission in BiH in electronic form.

III. COMMERCIAL LAW COMPONENT

Legislative Drafting - Federation of Bosnia and Herzegovina

As a first step of the commercial law reform effort, USAID LRRP analyzed, translated and compiled inventories of existing FBiH laws and regulations. This resulted in the compilation of a comprehensive "Survey of Commercial Laws" for the FBiH, published in September 1997.

This survey demonstrated that the commercial law framework in the FBiH needed to be modernized. Most importantly, the 1995 Law on Enterprises required immediate attention.

Immediately thereafter, USAID LRRP established contacts with FBiH Ministries (the Ministry of Trade and the Ministry of Energy, Mining and Industry) working on revising the commercial code of FBiH. Throughout the winter and spring of 1998, USAID LRRP consulted with the expert team convened by the latter Ministry. As a part of the drafting process, USAID LRRP organized on its own behalf study tours to the Central European University in Budapest and also cooperated with World Learning in organizing a corporate governance study tour to Budapest and the US.

In addition to working with the above-mentioned expert team, USAID LRRP also consulted with experts from Chambers of Commerce, Bar Associations, academia, the business community, SROs and NGOs in order to draft a code that would reflect country specific realities.

The Law on Business Companies (LOBC) was published in the *Official Gazette of FBiH* (23/99) on June 21, 1999. It came into effect eight days thereafter and became applicable sixty days thereafter, namely on August 28, 1999 (Article 387). Companies registered in the Court Register on or before August 29, 1999 were required to comply with the Law and re-register no later than six months from the date the Law became applicable, i.e., by the end of February 2000 (Article 382). However, legislation enacted in September 2000 extended this deadline until the end of 2000.¹

The LOBC represents a major overhaul of commercial business legislation in the FBiH. It replaces the 1995 Law on Enterprises (LOE), passed during the war. The 1995 LOE regulated enterprises in an extraordinary environment: important capital market institutions such as a Securities Commission, Securities Registrar and Stock Exchange did not exist. Disclosure requirements were minimal, changes in share ownership were not transparent and minority shareholders had few informational, voting and financial rights.

¹ For an overview of the commercial law framework in both the FBiH and the RS, please see Attachment A: USAID LRRP Deliverables – Regulatory Environment for Business – Status October 2000.

For example: the 1995 LOE did not mandate a deadline for announcing a general meeting of shareholders. This was determined in each enterprise's statute. Obviously, this presented a problem for current and potential shareholders who did not have easy access to the statute.

The LOBC is a comprehensive law. It defines and describes the types of companies that may be established in the FBiH. These are: general partnership, limited partnership, joint stock company and limited liability company.

It also clearly-defines the responsibilities of the management of each type of company and the rights of investors in each (for example, members of limited liability companies or shareholders in joint stock companies).

It creates a transparent disclosure regime for all types of companies, especially for joint stock companies that must disclose material information to shareholders, the Securities Commission of the FBiH, the Share Registrar of FBiH, the *Official Gazette of the FBiH*, the court register and other institutions on an ongoing basis. Material information includes: all documents related to the founding of the joint stock company; annual general meeting of shareholders; changes in capital structure; share or bond issuance; reorganizations, consolidations and mergers; and liquidation and bankruptcy.

It refers specifically to the role of the Securities Commission of FBiH in establishing standards for and regulating corporate governance and the role of the Share Registrar of FBiH as central share register.

A detailed analysis of the LOBC concludes that it compares favorably to other continental European jurisdictions, particularly in terms of the disclosure required for joint stock companies and shareholders' rights guaranteed. It is also in harmony with European Union (UE) company law directives.

Unfortunately, however, the LOBC has not been fully implemented or enforced. At the close of USAID LRRP in November 2000, most companies had not yet re-registered in compliance with the LOBC. The fact that the Parliament of FBiH waited until September to extend the deadline for registration demonstrates the lack of urgency on the part of local institutions to implement new legislation.

The Law on Entry in the Court Register was published in the *Official Gazette of FBiH* (4/00) on February 14, 2000. This law is an important addition to the commercial law framework in that it establishes the legal requirements for registration of legal entities in the court register. The Decree on Entry in the Court Register was published in the *Official Gazette of FBiH* (12/00) on April 7, 2000. It outlines the procedure for registration of legal entities in the court register, on the basis of the above-mentioned Law.

In addition to its work on the above-mentioned laws that create the general commercial law framework, USAID LRRP also engaged in work on other legislation. For example, USAID LRRP provided comments on the draft Law on Bankruptcy produced by an expert team working with the German technical assistance agency Gesellschaft fuer technische Zusammenarbeit (GTZ).

Also, USAID LRRP launched an initiative to draft a Law on Registered Pledges. This initiative met with some initial resistance from the FBiH Minister of Justice, due to the fact that collateral (or a registered pledge) is viewed as an Anglo-Saxon legal construction and the Minister was unsure as to how it would fit in the FBiH's continental European legal framework. By providing a wealth of specialized information and focused training on this topic, USAID LRRP was able to convince the Minister to analyze this issue further.

First, USAID LRRP provided the Ministry of Justice with a translation of the European Bank for Reconstruction and Development (EBRD) concept paper and draft legislation. USAID LRRP then analyzed the experience of Central and Eastern European (CEE) countries in this field, and concluded that the Polish experience was the most relevant for BiH.

In December 1998, USAID LRRP took the Minister and a delegation from the Ministry of Justice of FBiH to Warsaw, Poland. There the group met with the Polish judicial, legal, legislative (parliamentary) and information technology experts who drafted the 1996 Law on Registered Pledges and the Pledge Registry and operate the central registry. One of the judges met, Jacek Czaja, is the author of the Commentary on the Polish Law on Registered Pledges and the Pledge Registry. USAID LRRP translated the Polish law and this 170-page commentary into local language for the FBiH (and later the RS) Ministry of Justice.

In February 1999, USAID LRRP brought Judge Czaja and another Polish judge to Sarajevo to conduct training for the FBiH Ministry of Justice and comment on the FBiH draft Law on Registered Pledges.

In May 1999, USAID LRRP organized a similar study tour for the RS Minister of Justice and a delegation from that Ministry. Following the study tour, LRRP organized in Lublin, Poland an International Conference on Registered Pledges, bringing together experts from Poland, Ukraine, FBiH, the RS and the US. The conference studied the legal, legislative, technology and organizational aspects of registered pledges.

In addition to working on the legal drafting, USAID LRRP consulted on an ongoing basis with Norway Registers Development (NRD), the donor mandated to create a centralized court register in FBiH and RS. NRD invited a local (Bosnian) USAID LRRP attorney to attend a study tour to Norway in December 1998 to study the Norwegian system.

As a result of this focused initiative, a draft Law on Registered Pledges was delivered to Parliament in spring 2000. This draft Law is identical to the draft Law submitted to the RS Parliament.

The Law on Registered Pledges was adopted by the House of Peoples in September 2000. At the time of the close of USAID LRRP in November 2000, it had not yet been adopted by the House of Representatives.

The drafting and passage of the above-mentioned laws represents one of USAID LRRP's most important legacies, and their implementation and enforcement should be a priority of future donor assistance.

Legislative Drafting - Republika Srpska

Unfortunately, the political situation in the RS did not permit USAID LRRP to provide ongoing technical assistance until spring 1998.

As a result, USAID LRRP participated in a minor capacity in the drafting of the Law on Enterprises. This Law was published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 435 came into effect eight days thereafter. It establishes the legal framework for companies. The corporate governance structure of a joint stock company depends upon whether or not its shares are publicly-traded (Article 244). It does not mention a Securities Commission or Securities Registrar.

Unfortunately, this Law is not as comprehensive as the FBiH Law on Business Companies; it does not prescribe an exhaustive disclosure regime and does not mandate the Securities Commission to establish governance principles or protect shareholders' rights.

As in the FBiH, USAID LRRP analyzed, translated and compiled inventories of existing RS laws and regulations. This resulted in the compilation of a comprehensive "Survey of Commercial Laws" for the RS, published in September 1998.

In early 1999, USAID LRRP launched a registered pledges initiative in the RS. Despite the difficult political situation due to the situation in Kosovo and Yugoslavia, USAID LRRP was able to promote this initiative with the RS Ministry of Justice.

In May 1999, USAID LRRP organized a registered pledges study tour to Poland for the RS Minister of Justice and a delegation from that Ministry. (The study tour was similar to that conducted for the FBiH Ministry of Justice in December 1998.) Immediately following the study tour, LRRP organized in Lublin, Poland an International Conference

on Registered Pledges, bringing together experts from Poland, the Ukraine, FBiH, the RS and the US. The conference studied the legal, legislative, technology and organizational aspects of registered pledges.

At the time of the close of USAID LRRP in November 2000, the draft Law on Registered Pledges is still under parliamentary consideration in the RS. This draft law is identical to the draft Law under parliamentary consideration in the FBiH.

Training, Public Education and Local Capacity Building

USAID LRRP provided training and education to target groups representing key players in the legal system, commercial sector, associations and non-governmental organizations and the general public. USAID LRRP conducted seminars for thousands of government officials, attorneys, judges, bankers, businesspeople and journalists on specific aspects of the legal and regulatory reform program in both the FBiH and the RS, covering specific issues such as corporate governance and registered pledges.

In both entities, USAID LRRP held several legislative drafting seminars and training for its legal staff and representatives of Ministries, courts and other institutions.

Between January 1998 and October 2000, USAID LRRP implemented a comprehensive corporate governance training program in both entities. In the FBiH 2,955 participants attended full-day introductory seminars and 1,676 attended seminars on advanced topics. In the RS, more than 555 persons attended introductory seminars and over 33 attended seminars on advanced topics.²

The introductory seminars introduced participants to three models of corporate governance (the Anglo-US model, Japanese model and German model) from advanced capital markets. Focusing on compliance, disclosure and common practice, these seminars included case studies analyzing the failed merger of Volvo and Renault in 1993 and the successful merger of Daimler Chrysler AG in 1998. The advanced seminars focused on corporate governance in-country and analyzed the current regulatory environment and common practice. Advanced studies also included case studies, including an examination of the failure of the Polish energy conglomerate Elektra SA to disclose material transactions in 1998.

Seminar materials also included handouts demonstrating corporate governance in practice, including: corporate annual reports and financial statements; announcements of annual general meetings of shareholders; agendas for annual general meetings of shareholders; bank credit-rating reports; tombstones advertising successful share issues and share

² For details on all the commercial law seminars conducted by USAID LRRP, please see Attachment C: USAID LRRP Deliverables – Commercial Law Seminars Held between June 2, 1997 and October 31, 2000.

placements; and dividend payment announcements. These materials were distributed to seminar participants in English-language original and translation into local language.

As mentioned above, USAID LRRP organized a specialized registered pledges study tour for the FBiH Ministry of Justice (December 1998) and the RS Ministry of Justice (May 1999), as well as an international conference on this topic in Lublin, Poland (also May 1999).

Other targeted training programs included an international business arbitration program at CEU in Budapest (April 1998) and sponsoring a group's attendance at a corporate governance conference in Germany (September 1998).

In addition to targeted training programs, LRRP worked with the USAID public education contractor to facilitate public debate, mobilize public opinion, and foster understanding of and support for commercial sector development and legal reform. Prior to each seminar, press releases were placed in local media outlets; following the seminars, materials were printed in serialized form in business publications (including *ZIPS* and *Banke u Bosni i Hercegovini*) in order to reach a wider audience of both targeted professionals and the general public. The program also hosts roundtable discussions on an ongoing basis to explain the project's activities to local journalists.

In cooperation with other USAID-funded projects and local organizations (including the Privatization Agency), LRRP also published several informational brochures on topics of interest to the media, government, legal and business communities. USAID LRRP established excellent cooperation with the FBiH Securities Registrar and published several articles on corporate governance, shareholders' rights and corporate disclosure requirements in *Informator*, the Users' Business Bulletin of the FBiH Securities Registrar.

On an ongoing basis, LRRP local and expatriate staff worked with local experts to prepare materials for television and radio interviews and informational programs. Another LRRP public education highlight was the project website, containing a wealth of commercial law information, including texts of relevant legislation in local language and English translation.

LRRP also instituted a major outreach program with the Law Faculties in Sarajevo, Mostar and Banja Luka as well as the Economics Faculties in these cities and Zenica. LRRP expatriate and local experts lectured on numerous topics, and worked with Deans and faculty to develop commercial law curricula. These new curricula are already educating the next generation of businesspeople and lawyers, and providing them with the capacity to participate in the new commercial environment.

Throughout the course of its 42-month lifespan, USAID LRRP worked closely with World Learning to design study tours on commercial law issues. For example, USAID LRRP expatriate and local staff designed training requests for corporate governance study

tours for parliamentarians (March 1998 to the US and Hungary), collateral lending study tours for judges (February 1999 to Poland) and collateral lending study tours for journalists (May 2000). USAID LRRP. USAID LRRP conducted in-country training prior to each study tour in order to introduce participants to the subject matter and country-specific experience.

IV. ACCOUNTING AND AUDITING COMPONENT

As in all transition economies, the goal of accounting and auditing reform in BiH is a radical change in the way businesses operate. Old questions must now be answered from a completely different perspective, namely the profit motive. These questions, ranging from financial to management to operational to strategy, must be analyzed on the basis of sound, reliable and audited financial data

Immediately upon the establishment of USAID LRRP, expatriate and local accounting and auditing experts reviewed the accounting standards in the F BiH, comparing them to U.S. Generally Accepted Accounting Standards (GAAP) and International Accounting Standards (IAS). LRRP has also reviewed the auditing standards, comparing them with U.S. Generally Accepted Auditing Standards and International Standards of Audit. Based on the results of these reviews, USAID LRRP implemented a reform strategy based on the following three-pronged approach:

- Drafting and adopting international accounting and auditing standards and working with responsible Ministries and government agencies to ensure that commercial enterprises use them;
- Training practitioners in both the private and public sectors, and developing accounting and auditing curriculums with institutions of higher learning; and,
- Developing self-regulatory organizations with the capability to serve, regulate and certify accountants and auditors.

In 1998, once the political situation permitted similar ongoing work in the RS, this same process and methodology were launched and implemented there.

New Standards and New Regulations

USAID LRRP approached accounting and auditing reform methodically in both entities.

In the F BiH, after analyzing existing standards USAID LRRP experts developed revised or entirely new standards with government counter-parts and groups of professionals and experts under the Institute of Accounting and Auditing (IAA). Attention was devoted to consider harmonizing standards in the F BiH and the RS as well as to harmonize these standards with those of the European Union (EU) and the previously-mentioned international norms.

The F BiH has made significant progress in accounting and auditing reform. The IAA of F BiH and the F BiH Ministry of Finance have approved the following: The Codex of Accounting Principles, 32 new Accounting Standards based on IAS (IAS 1 through 38), 34 Standards on Auditing, 10 Auditing Practice Statements and a Glossary of Terms and

Framework of International Standards on Auditing based on the International Federation of Accountants' ISA. Beginning on January 1, 1999 all businesses registered in the FBiH must issue financial statements in accordance with these accounting and auditing standards.³

In the RS, the Association of Accountants and Auditors (AAA) of the RS issued the Framework of IAS, 33 new Accounting Standards based on IAS (IAS 1 through 39) and IFAC ISA and related services. The RS Ministry of Finance approved all of them. Beginning on January 1, 2000 all businesses registered in the RS must issue financial statements in accordance with these accounting and auditing standards.

Training and Education

Training was a crucial component of USAID LRRP's strategy to ensure successful accounting and auditing reform in both entities. Without training, new standards and laws have little effect. Therefore, USAID LRRP conducted regular drafting seminars for government officials, legal experts, IAA and AAA members, and others responsible for creating new accounting and auditing standards.

LRRP also conducts training seminars for accountants and auditors, company managers and board members, government officials, academics and others to explain the effects of proposed or new procedures and to teach participants how to comply with them.

Over the past three years, More than 2,500 persons have been trained in the FBiH and 600 in the RS on accounting and auditing issues. Highlights of completed LRRP training activities in this area include:

- A series of multi-day seminars in major FBiH and RS cities providing an overview of international accounting and auditing principles (conducted in cooperation with the local accounting organizations and Chambers of Commerce);
- Dozens of individual seminars for professionals and academics on cash flow statements, financial accounting/reporting, marketing, business plan development, and management accounting in both entities;
- Specialized training sessions on estimates, approximations, and the "reasonable man" concept as they relate to accounting and the use of financial statements by investors; and,

³ Again, for a broad overview of the commercial law framework in both the FBiH and the RS, please see Attachment A: USAID LRRP Deliverables – Regulatory Environment for Business – Status October 2000.

- A four-day auditing seminar in the RS, stressing the necessity of having proper financial statements in attracting investment through capital markets.⁴

Throughout the course of its 42-month lifespan, USAID LRRP worked closely with World Learning to design study tours on accounting and auditing issues.

Accounting and auditing reform are prerequisites for economic development in the Federation and RS. This reform will enable both entities to make more efficient use of capital, human and natural resources, re-integrate into the world economy, create effective capital markets and attract international investment.

⁴ For details on all the accounting and auditing seminars conducted by USAID LRRP, please see Attachment D: USAID LRRP Deliverables – Accounting and Auditing Component – June 1997 - October 2000 (in chronological order).

V. CAPITAL MARKETS COMPONENT

Through the entire 42 months of operation, USAID LRRP worked to develop a viable legal and regulatory infrastructure for capital markets in both the FBiH and the RS.

The FBiH Securities Commission was established in April 1998 and the RS Securities Commission in April 2000. Although the Laws establishing the Commission in each entity are somewhat different, each Commission has broad oversight responsibilities including: corporate registration; registration of privatization investment funds; enforcement of periodic disclosure requirements by companies and funds; and regulation of the offer and sale of securities. As capital markets develop in both entities, these functions will become increasingly important. Indeed, even during the life of USAID LRRP, regulatory responsibility grew dramatically with the establishment of fund management companies, privatization investment funds, and brokerage houses in both entities.

The establishment of a Securities Commission in each entity and provision of significant technical assistance to both Commissions is a major achievement of USAID LRRP. This success should be recognized in two capacities: First, in terms of the success of overcoming numerous obstacles in establishing a new regulatory agency; and second, in terms of avoiding the mistakes made by other transition economies, notably the Czech Republic which did not establish a securities market regulator until April 1, 1998, some nine years after privatization began.

Legislative Drafting – Federation of Bosnia and Herzegovina

In both entities, LRRP local and expatriate experts worked with responsible Ministries and government agencies in drafting a wide range of comprehensive capital market legislation.

In the FBiH, LRRP worked with the expert team drafting the following capital market laws adopted in 1998 and amended in 1999: the Law on Securities, the Law on the Securities Commission, the Law on the Securities Registrar and the Law on Fund Management Companies and Investment Funds. The first three laws were published in the *Official Gazette of the FBiH* on October 15, 1998 and came into effect on October 23, 1998. The last law was published in the *Official Gazette of the FBiH* on October 22, 1998 and came into effect on October 30, 1998.

The Law on Securities establishes, among other things, disclosure requirements for publicly-traded joint stock companies regarding: shares owned by members of management and supervisory board (Article 110); significant transactions (Article 112);

purchase of more than five percent (then 10, 20, 25, 33, 50 and 66 percent) of a joint stock company's shares (Article 116); and insider information (Articles 117 - 119).

The Law on the Securities Commission establishes a commission with broad regulatory powers over the issuance and trading of securities as well as governance of joint stock companies.

The Law on the Securities Registrar establishes a central securities register for the Federation of Bosnia and Herzegovina. The registrar was established in 1999 and in 2000 moved into the same office building as the Securities Commission. The establishment of a central securities registrar is another example of learning from the negative experiences of other transition economies (notably Russia) which have yet to establish a central registrar.

Another USAID-funded project, the USAID Privatization Project, was mandated to work on the Law on the Law on Fund Management Companies and Investment Funds. However, USAID LRRP provided ongoing commentary during the drafting of this law. It establishes conditions for the establishment and governance of fund management companies and investment funds.

Legislative Drafting – Republika Srpska

In the RS, LRRP cooperated with the expert team drafting these capital markets laws adopted in 1998: the Law on Securities, the Law on the Central Registry of Securities, and the Law on Privatization Investment Funds and Privatization Investment Fund Companies. All three laws were published in the *Official Gazette of the RS* on July 15, 1998 and came into effect on July 23, 1998.

The Law on Securities creates the legal framework for issuance and trading of securities in the RS. The Law on the Central Registry of Securities establishes the legal framework for a Central Registry of Securities for the Republika Srpska. Unfortunately, at the time of the close of USAID LRRP in November 2000, the central registry had not been established. The Law on Privatization Investment Funds and Privatization Investment Fund Companies establishes conditions for the establishment and governance of privatization investment funds and privatization investment fund companies.

Regulatory Drafting Assistance for the Securities Commissions

In addition to the above-mentioned legislative drafting, USAID LRRP expatriate attorneys with US SEC experience drafted a wide range of regulations for both Commissions on issues related to ethical standards, conflict of interest, insider

information, the private placement of securities, the public placement of securities, shareholders' rights and corporate governance.⁵

Also a group of expatriate and local economists and attorneys produced for the FBiH Securities Commission a Calendar of Disclosure Requirements for Corporations with Publicly-Traded Shares in Compliance with the Law on Business Companies and the Law on Securities. For the RS Commission, USAID LRRP drafted a Calendar of Disclosure Requirements for Corporations with Publicly-Traded Securities in Compliance with the Law on Enterprises, Law on Securities and Law on Entry in the Court Register.

The disclosure calendars outline which information publicly-traded joint stock companies must disclose on an annual, semi-annual, quarterly, monthly and ad hoc basis. In addition, the calendars list for each document the following information: who is responsible for disclosing the document, to whom the document must be disclosed, under which circumstances the document must be disclosed and the time framework for disclosing the document. Footnotes refer the relevant article of each Law that requires said disclosure. In the process of drafting these calendars, roundtables were held with professors of law and business, company directors, accountants and bankers in both entities. Roundtable participants provided many useful comments that contributed to ongoing refinement of the calendars.

Organizational Development and Policy Guidance to the Securities Commissions

USAID LRRP assisted the Commissions in both entities in developing their institutional and organizational structure, and also helped them set policy priorities. This work included drafting the following documents: by-laws, rules of ethics, oath of office, mission statement and budget.

In terms of policy guidance, USAID LRRP experts worked with the Commissions to set the direction for virtually all aspects of their activities, including: licensing and supervising companies, including enforcing disclosure requirements; licensing and regulating investment funds; enforcing shareholder rights; recommending amendments to commercial and non-banking financial laws; promoting effective corporate governance; complying with new accounting and auditing standards; and, maintaining records and providing public access to filed documents and other information.

In January 2000, USAID LRRP organized a meeting of the FBiH Securities Commission and the proposed members of the yet-unconfirmed RS Securities Commission. This represented a major step forward in terms of forging links between the entities. In August

⁵ For details on all of the capital markets deliverables completed by USAID LRRP, please see Attachment F: USAID LRRP Deliverables – Capital Markets Component – June 1997 - October 2000 (in chronological order).

2000, the RS Securities Commission invited the FBiH Securities Commission to a meeting in Banja Luka. USAID LRRP staff attended the meeting as observers.

In order to promote institution building on an international level, USAID LRRP assisted the FBiH Securities Commission in joining IOSCO, the Montreal-based International Organization of Securities Commissions. Since 1999, the FBiH Securities Commission has participated regularly in IOSCO events. In late 2000, USAID LRRP completed all of the documentation required for the RS Securities Commission's application. The RS Securities Commission will become a member in 2001.

USAID LRRP assisted the FBiH Securities Commission in designing, developing and launching its website. The address of the website is www.komvp.gov.ba.

At the time of the close of USAID LRRP in November 2000, the RS Securities Commission was in the process of developing its website.

Training and Capacity Building

In both entities, USAID LRRP conducted specialized capital market training for staff of the Securities Commissions, Ministries of Finance, Chambers of Commerce and businesspeople.

Either on its own behalf or in cooperation with other USAID-funded programs such as World Learning, LRRP has organized study tours to Croatia, Czech Republic, Hungary, Poland, Romania, Slovenia and the US. These have allowed project staff, expert team members and local professionals to study and learn lessons from capital markets development in those countries.

LRRP also conducted training sessions on capital market issues for and participants. In July 1998, for example, LRRP hosted a conference in Sarajevo to discuss "Capital Market Development in Bosnia and Herzegovina." This conference (sponsored by the FBiH Ministry of Finance; the FBiH Ministry of Energy, Mining and Industry; and the FBiH Ministry of Trade) was attended by business people from the FBiH and RS, academics, and government officials involved in capital market development. Presenters at the conference included: James Cox, the leading U.S. academic expert on securities regulation; Tomas Jezek, former Czech Minister of Privatization, Former Chairman of the Prague Stock Exchange and currently a member of the Czech Securities and Exchange Commission; Michal Mejstrik, an advisor on Czech privatization and author of a study on corporate governance practices in the Czech Republic; and George Prohasky, chairman of the Sofia Stock Exchange.

In cooperation with World Learning, USAID LRRP designed study tours on various capital markets issues (share registries, capital market institutions, securities regulation) to the US and several transition economies (Czech Republic, Poland, Romania and Slovenia).

VI ATTACHMENTS

- A. USAID Legal and Regulatory Reform Project
Regulatory Environment for Business
Status – October 2000

- B. USAID Legal and Regulatory Reform Project
Deliverables – Commercial Law Component
June 1997 – October 2000
(in chronological order)

- C. USAID Legal and Regulatory Reform Project
Commercial Law Seminars Held between June 2, 1997 and October 31, 2000

- D. USAID Legal and Regulatory Reform Project
Deliverables – Accounting and Auditing Component
June 1997 – October 2000
(in chronological order)

- E. USAID Legal and Regulatory Reform Project
Deliverables - Capital Markets Component-Federation of Bosnia and Herzegovina
June 1997 – October 2000
(in chronological order)

- F. USAID Legal and Regulatory Reform Project
Deliverables – Capital Markets Component – Republika Srpska
November 1997 – October 2000
(in chronological order)

ATTACHMENT A
USAID Legal and Regulatory Reform Project
Regulatory Environment for Business
Status – October 2000

Federation of Bosnia and Herzegovina

Law on Accounting – 1995 and 1998

Published in the *Official Gazette of FBiH* (2/95) on February 11, 1995; amended in the *Official Gazette of FBiH* (12/98) on April 8, 1998.

Law on Auditing – 1995 and 1998

Published in the *Official Gazette of FBiH* (2/95) on February 11, 1995; amended in the *Official Gazette of FBiH* (12/98) on April 8, 1998.

Codex of Accounting Principles and Accounting Standards, including Chart of Accounts (in compliance with International Accounting Standards) – 1998

Twenty-five standards were published in the *Official Gazette of FBiH* (50/98) on December 31, 1998 and seven standards were published in the *Official Gazette of FBiH* (52/99) on December 29, 1999.

FBiH Standards on Auditing and Related Services (translated IFAC and ISA) – 1998

Published in book form and in force as of January 1, 1999.

Codex of Ethical Behavior for Professional Accountants – 1999

Published in book form and in force as of January 1, 1999.

Format of Accounts (Format of Financial Statements) – 1999

Published in the *Official Gazette of FBiH* (31/99) on July 28, 1999.

Law on Securities – 1998 and 1999

Published in the *Official Gazette of FBiH* (39/98) on October 15, 1998; amended in the *Official Gazette of FBiH* (36/99) on September 6, 1999.

Establishes, among other things, disclosure requirements for publicly-traded joint stock companies regarding: shares owned by members of management and supervisory board (Article 110); significant transactions (Article 112); purchase of more than five percent (then 10, 20, 25, 33, 50 and 66 percent) of a joint stock company's shares (Article 116); and insider information (Articles 117 - 119).

Law on Securities Commission – 1998 and 1999

Published in the *Official Gazette of FBiH* (39/98) on October 15, 1998; amended in the *Official Gazette of FBiH* (36/99) on September 6, 1999.

Establishes a Securities Commission with broad regulatory powers over the issuance and trading of securities as well as governance of joint stock companies.

Law on Securities Registrar – 1998 and 1999

Published in the *Official Gazette of FBiH* (39/98) on October 15, 1998; amended in the *Official Gazette of FBiH* (36/99) on September 6, 1999.

Establishes a central Securities Registrar for the Federation of Bosnia and Herzegovina.

Law on Fund Management Companies and Investment Funds- 1998 and 1999

Published in the *Official Gazette of FBiH* (41/98) on October 22, 1998; amended in the *Official Gazette of FBiH* (36/99) on September 6, 1999.

Establishes conditions for the establishment and governance of fund management companies and investment funds.

Law on Business Companies - 1999

Published in the *Official Gazette of FBiH* (23/99) on June 21, 1999. It came into effect eight days thereafter and became applicable sixty days thereafter, namely on August 28, 1999 (Article 387). Companies registered in the Court Register on or before August 29, 1999 were required to comply with the Law and re-register no later than six months from the date the Law became applicable, i.e., by the end of February 2000 (Article 382). However, legislation enacted in September 2000 extended this deadline until the end of 2000.

Requires transparent governance of joint stock companies.

Shareholders' rights are similar to those in EU countries.

Refers specifically to the role of the Securities Commission in regulating corporate governance and role of Securities Registrar as central register.

Law on Entry in the Court Register - 2000

Published in the *Official Gazette of FBiH* (4/00) on February 14, 2000.

Establishes legal requirements for registration of legal entities in the court register.

Decree on Entry in the Court Register - 2000

Published in the *Official Gazette of FBiH* (12/00) on April 7, 2000.

Outlines procedure for registration of legal entities in the court register.

Law on Collateral Lending – Under parliamentary consideration

The draft Law passed its first reading in the Federation of Bosnia and Herzegovina House of Peoples and the House of Representatives in spring 2000. The second reading is on the agenda of the House of Peoples in September 2000.

This draft law is identical to the draft Law under parliamentary consideration in the Republika Srpska.

Republika Srpska

Law on Accounting - 1999

Published in the *Official Gazette of the Republika Srpska* 18/99 on July 16, 1999.

Chart of Accounts and Format of Accounts - 1999

Published in the *Official Gazette of the Republika Srpska* 40/99 on December 31, 1999.

RS Accounting Standards - 2000

Published in book form and in force as of January 1, 2000 in accordance with the Law on Accounting.

RS Standards on Auditing - 2000

Published in book form and in force as of January 1, 2000 in accordance with the Law on Accounting.

Law on Securities - 1998

Published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 121 came into effect eight days thereafter.

Creates the legal framework for issuance and trading of securities in the RS.

Law on the Central Registry of Securities - 1998

Published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 15 came into effect eight days thereafter.

Establishes the legal framework for a Central Registry of Securities for the Republika Srpska.

(As of September 2000, the Registry has not been established.)

Law on Privatization Investment Funds and Privatization Investment Fund Companies - 1998

Published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 69 came into effect 30 days thereafter.

Establishes conditions for the establishment and governance of privatization investment funds and privatization investment fund companies.

Law on Enterprises - 1998

Published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 435 came into effect eight days thereafter.

Establishes the legal framework for companies.

The corporate governance structure of a joint stock company depends upon whether or not its shares are publicly-traded (Article 244).

Does not mention a Securities Commission or Securities Registrar.

Law on Entry in the Court Register - 1998

Published in the *Official Gazette of the Republika Srpska* 24/98 on July 15, 1998 and according to Article 69 came into effect 30 days thereafter.

Establishes legal requirements for registration of legal entities in the court register.

Law on Collateral Lending – Under parliamentary consideration

Under parliamentary consideration.

This draft law is identical to the draft Law under parliamentary consideration in the Federation of Bosnia and Herzegovina.

ATTACHMENT B
USAID Legal and Regulatory Reform Project
Deliverables – Commercial Law Component
June 1997 – October 2000
(in chronological order)

1. Survey and General Analyses of Laws, Bosnia and Herzegovina published September 29, 1997.
2. Post-Privatization Private Sector Development, Concept Paper for Discussion published September 29, 1997.
3. USAID LRRP Comments on the Draft Law on Forced Settlement, Bankruptcy and Liquidation for Bosnia and Herzegovina, November 1997.
4. Collateral Lending Roundtable Discussions held in Sarajevo, December 8, 9 and 10, 1997.
5. Corporate Governance – An Introduction to Basic Concepts, Seminar held for Federal Ministries and the legal and business community on January 12-13, 1998, Sarajevo.
6. Set of handouts distributed at Introduction to Corporate Governance seminars. The handouts (including, among others an announcement of the annual general meeting of shareholders of the Finnish corporation Nokia and a dividend payment announcement of the Dutch corporation BW) demonstrate corporate governance in practice.
7. The Law of the Market Economy, Seminar held in cooperation with the Central European University Department of Legal Studies from March 23-25, 1998, Budapest, Hungary.
8. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on April 21, 1998, Banja Luka.
9. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on April 22, 1998, Banja Luka.
10. International Commercial Arbitration and Dispute Resolution, Seminar held in cooperation with the Central European University Department of Legal Studies from April 27-29, 1998, Budapest, Hungary.
11. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Federal Ministry of Trade on April 28, 1998, Mostar.

12. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Cantonal Agency for Privatization on May 13, 1998, Tuzla.
13. Roundtable for Journalists on Corporate Governance, May 18, 1998, Sarajevo.
14. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Federal Ministry of Trade on May 19, 1998, Mostar.
15. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Chamber of Commerce of Zenica Region on May 21, 1998, Zenica.
16. Concept Paper entitled, “The Concept of Special Liens” delivered to the FBiH Ministry of Justice on May 21, 1998, Sarajevo.
17. Legislative Drafting, Seminar held in cooperation with the Supreme Court of the Federation of Bosnia and Herzegovina, Sarajevo, May 22, 1998.
18. Corporate Governance – An Introduction to Basic Concepts, Roundtable Discussion held with representatives of FIMA and SODASO Holding on May 25, 1998, Sarajevo.
19. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Chamber of Commerce of Zenica Region on May 28, 1998, Zenica.
20. Article entitled, “Toward A Market Economy” published in *Ekonomist*, May 15-30, 1998.
21. Article on USAID Legal and Regulatory Reform Project published in *Privatization News*, June 1998.
22. Article entitled, “The Anglo-US Corporate Governance Model” published in *ZIPS*, June 21 – July 10, 1998.
23. Legislative Drafting, Seminar held in cooperation with the Ministry of Justice and the Legal Center of the Open Society Fund of BiH, June 30 – July 3, 1998, Sarajevo.
24. Article entitled, “The Japanese Corporate Governance Model – Connecting Banks and Corporations” published in *ZIPS*, July 21 – August 10, 1998.
25. Listing of Laws on, or relating to, Commercial Matters from the Official Gazettes of the Republika Srpska, 1992-1998, September 14, 1998.

26. Listing of Laws on, or relating to, Commercial Matters from the Official Gazettes of the Republika Srpska, 1992-1998, September 25, 1998.
27. USAID LRRP, Report on need for US AID Drafting assistance in the Federation of Bosnia and Herzegovina during the follow-on period, Sarajevo, September 30, 1998.
28. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the the Chamber of Commerce of Bihac Region on October 1, 1998, Bihac.
29. Article entitled, “Three Elements of the German Corporate Governance Model” published in *ZIPS*, October 11–20, 1998.
30. The Role of the Auditor in Corporate Governance, Paper presented at the First International Symposium of the Association of Accountants and Auditors of the Federation of Bosnia and Herzegovina, October 22-24, Neum.
31. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Law Faculty, University of Banja Luka on October 28, Banja Luka.
32. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Law Faculty, University of Mostar on November 3, 1998, Mostar.
33. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Law Faculty, University of Mostar on November 4, 1998, Mostar.
34. Roundtable on Commercial Law in the Republika Srpska: The Current Situation and Needs for the Future, held on November 12, 1998 in Banja Luka.
35. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Federal Ministry of Trade on November 17, 1998, Kiseljak.
36. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Economics Faculty, University of Sarajevo on November 18, Sarajevo.
37. Working Meeting on Collateral Lending (Law on Registered Pledges) with Representatives of the Ministry of Justice of the Federation of Bosnia and Herzegovina, Sarajevo, November 20, 1998. (Participants received a copy of a

concept paper written by the IRIS Project, Warsaw, Poland and the December 6, 1996 Polish Law on Registered Pledges and the Pledge Registry translated into Bosnian.)

38. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Law Faculty, University of Sarajevo on November 26, 1998, Sarajevo.
39. Collateral Lending Study Tour to Poland for FBiH Ministry of Justice held from November 30 – December 6, 1998.
40. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Zenica campus of the Economics Faculty, University of Sarajevo on December 14, 1998, Zenica.
41. Survey and General Analysis of Laws, Republika Srpska. December 11, 1998.
42. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Economics Faculty, University of Banja Luka on December 17, 1998, Banja Luka.
43. The Concept of Special Liens, Republika Srpska. December 28, 1998.
44. Comments provided to the Ministry of Justice concerning the draft Bankruptcy Law, January 7, 1999.
45. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Chamber of Commerce of Gorazde Region on January 26, 1999, Gorazde.
46. Working Session with FBiH Ministry of Justice on the pre-draft Law on Registered Pledges on February 16, 1999, Sarajevo.
47. Working Session with FBiH Ministry of Justice on the pre-draft Law on Registered Pledges on February 17, 1999, Sarajevo.
48. Working Session with FBiH Ministry of Justice and Cantonal Judges on the pre-draft Law on Registered Pledges on February 18, 1999, Sarajevo.
49. Delivered to the FbiH Ministry of Justice a Commentary on the 1996 Polish Law on Registered Pledges and Pledge Registry, written by Judge Jacek Czaja. The Commentary was translated into Bosnian and delivered to the Ministry in March 1999.

50. RS Roundtable of Legal Experts held on March 17, 1999 in Banja Luka.
51. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Economics Faculty, University of Sarajevo on March 18, 1999, Sarajevo.
52. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Zenica campus of the Business School, University of Sarajevo on March 22, 1999, Zenica.
53. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Business School, University of Sarajevo on March 23, 1999, Sarajevo.
54. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Independent Trade Union of Workers in Agriculture, Food and Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina on April 1, 1999, Sarajevo.
55. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Parliament of the Federation of Bosnia and Herzegovina on April 7, 1999, Sarajevo.
56. Corporate Governance – An Introduction to Basic Concepts, Seminar for bankers held in cooperation with the Institute for Education of the Chamber of Commerce of Bosnia and Herzegovina on April 8, 1999, Sarajevo.
57. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Economics Faculty, University of Sarajevo on April 15, 1999, Sarajevo.
58. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Unique Organization of Soldiers of Bosnia and Herzegovina, Union of Veterans of the Canton of Sarajevo on April 16, 1999, Sarajevo.
59. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Zenica campus of the Economics Faculty, University of Sarajevo on April 21, 1999, Zenica.
60. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Independent Trade Union of Workers in Agriculture, Food and

Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina on April 23, 1999, Sarajevo.

61. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Business School, University of Sarajevo on April 27, 1999, Sarajevo.
62. Collateral Lending – Seminar for bankers and the business community held in cooperation with the FBiH Ministry of Justice on May 6, 1999, Sarajevo.
63. Collateral Lending – Seminar for bankers and the business community held in cooperation with the FBiH Ministry of Justice on May 7, 1999, Sarajevo.
64. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Center for Women ZAR on May 8, 1999, Sarajevo.
65. Collateral Lending Study Tour to Poland for RS Ministry of Justice held from May 10 - 12, 1999.
66. International Conference on Registered Pledges and the Pledge Registry held from May 13 - 16, 1999 in Lublin, Poland for Polish, Ukrainian, FBiH and RS Ministries of Justice.
67. Collateral Lending – Seminar for the international community, Chamber of Commerce and banking agencies held in cooperation with the FBiH Ministry of Justice on May 20, 1999, Sarajevo.
68. Collateral Lending – Seminar held for the FBiH Federal and Cantonal courts and Ministries of Justice in cooperation with the FBiH Ministry of Justice on May 21, 1999, Sarajevo.
69. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Economics Faculty, University of Mostar on May 21, 1999, Mostar.
70. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with Borac Company on June 15, 1999, Travnik.
71. Corporate Governance – An Introduction to Basic Concepts and The Role of the Securities Register, Seminar held in cooperation with Trgovačka Banka Visoka d.d. on June 25, 1999, Visoko.

72. Corporate Governance – An Introduction to Basic Concepts and the Role of the Securities Register, Seminar held in cooperation with the Independent Trade Union of Workers in Agriculture, Food and Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina on June 29, 1999, Sarajevo.
73. Article entitled “Corporate Governance – Updating the German Model” published in *ZIPS*, July 1999.
74. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Independent Trade Union of Workers in Agriculture, Food and Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina on September 2, 1999, Sarajevo.
75. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with ABS Banka d.d. on September 15, 1999, Tesanj.
76. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Independent Trade Union of Workers in Agriculture, Food and Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina on September 28, 1999, Gorazde.
77. Practical Application of the Law on Business Companies of the Federation of Bosnia and Herzegovina, Seminar held in cooperation with the Chamber of Commerce of Tuzla Region and the Ministry of Energy, Mining and Industry of FBiH on October 19, 1999, Tuzla.
78. Practical Application of the Law on Business Companies of the Federation of Bosnia and Herzegovina, Seminar held in cooperation with the Chamber of Commerce of Zenica Region and the Ministry of Energy, Mining and Industry of FBiH on October 20, 1999, Zenica.
79. Corporate Governance – Updating the German Model, Presentation made at the Annual Conference of the Association of Accountants and Auditors of FBiH, Neum, October 21, 1999.
80. Improving Corporate Governance in Bosnia and Herzegovina, Presentation made at United Nations Mission in Bosnia and Herzegovina Conference on Combating Corruption, Sarajevo, October 27, 1999.
81. Corporate Governance in International Comparison and in FBiH, Seminar held in cooperation with ABS Banka d.d. on November 10, 1999, Sanski Most.

82. Disclosure Requirements of Joint Stock Companies in FBiH, Seminar held in cooperation with the Economics Faculty, University of Sarajevo on November 23, 1999, Sarajevo.
83. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the Institute for Economics and Development on December 2, 1999, Banja Luka.
84. Practical Application of the Law on Business Companies of the Federation of Bosnia and Herzegovina, Seminar held in cooperation with the Chamber of Commerce of Bosnia, Chamber of Commerce of FBiH and the Ministry of Energy, Mining and Industry of FBiH on December 6, 1999, Sarajevo.
85. Corporate Governance in FBiH, Seminar held in cooperation with the Economics Faculty, Zenica on December 13, 1999, Zenica.
86. Corporate Governance in FBiH, Seminar held in cooperation with the Economics Faculty, Sarajevo University on December 15, 1999, Sarajevo.
87. Published article on comparative rights of minority shareholders in 15 European Union (EU) countries in *Informator*, the Users' Business Bulletin of the Securities Registry of FBiH, in January 2000.
88. Disclosure Requirements of Joint Stock Companies in FBiH, Seminar held in cooperation with the Economics Faculty, Sarajevo University on January 14, 2000, Sarajevo.
89. Corporate Governance in International Comparison and in FBiH, Seminar held in cooperation with the Tuzla Branch of the Association of Accountants and Auditors on January 22, 2000, Tuzla.
90. Corporate Governance, Shareholders' Rights and Disclosure Requirements in the European Union, FBiH and RS, Seminar for FbiH Securities Commission and prospective members of RS Securities Commission, Neum, January 28, 2000.
91. Shareholders' Rights and Disclosure Requirements in the European Union and RS, Roundtable for prospective members of RS Securities Commission and staff of the Institute for Economics and Development, Banja Luka, February 16, 2000.
92. The Law on Business Companies of the Federation of Bosnia and Herzegovina, Seminar held in cooperation with the Chamber of Commerce and the Ministry of Energy, Mining and Industry of FBiH on February 24, 2000, Bihac.

93. Disclosure Requirements of Joint Stock Companies in FBiH, Seminar held in cooperation with the Economics Faculty, Mostar University on February 25, 2000, Mostar.
94. Calendar of Disclosure Requirements of Joint Stock Companies in FBiH in compliance with the Law on Business Companies and the Law on Securities. The 47-page calendar was delivered to the FBiH Securities Commission in English and Bosnian-language versions. February 2000.
95. Published article on comparative rights of minority shareholders in FbiH and 15 European Union (EU) countries in *Informator*, the Users' Business Bulletin of the Securities Registry of FBiH in March 2000.
96. Presentation on Corporate Governance in FBiH, RS and International Comparison made at World Learning Objectives Setting Meeting for journalists attending World Learning Corporate Governance Study Tour to Poland and US, Sarajevo, March 24, 2000.
97. Corporate Governance and Financial Reporting in FBiH, Seminar held in cooperation with the Economics Faculty, Sarajevo University on March 25, 2000, Sarajevo.
98. Corporate Governance in FBiH, Seminar held in cooperation with the Chamber of Commerce of Bosnia and Herzegovina on April 2, 2000, Neum.
99. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on April 19, 2000, Bijeljina.
100. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on April 26, 2000, Trebinje.
101. Article entitled, “Corporate Governance – What Is It? and The Anglo-US Corporate Governance Model” published in *Banke u Bosni i Hercegovini*, Sarajevo, April 2000.
102. Corporate Governance in FBiH, RS and International Comparison, Seminar conducted at World Learning Pre-departure Orientation for journalists attending World Learning Corporate Governance Study Tour to Poland and US, Sarajevo, May 11, 2000.
103. Shareholders' Rights and Disclosure Requirements in the European Union and RS, Roundtable for prospective members of RS Securities Commission and staff of the Institute for Economics and Development, Banja Luka, May 18, 2000.

104. Interview on Corporate Governance in BiH. Interview with journalist Amra Bravo, OBN *Infobiz* program, Sarajevo aired on May 19, 2000.
105. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on May 30, 2000, Lukavica.
106. Corporate Governance in RS and International Comparison, Seminar held in cooperation with the RS Securities Commission and RS Chamber of Commerce on June 23, 2000, Banja Luka.
107. Corporate Governance in RS and International Comparison, Seminar held in cooperation with the RS Securities Commission and RS Chamber of Commerce on June 27, 2000, Lukavica.
108. Article entitled, “Corporate Governance – How Americans Do It” published in *Banke u Bosni i Hercegovini*, Sarajevo, June 2000.
109. Calendar of Disclosure Requirements of Joint Stock Companies in RS in compliance with the Law on Enterprises, Law on Securities and the Law on Entry in the Court Register. The 22-page calendar was delivered to the RS Securities Commission in Serbian-language version. June 2000.
110. Article entitled, “Strong Ties Between Banks and Corporations” published in *Banke u Bosni i Hercegovini*, Sarajevo, August 2000.
111. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the RS Chamber of Commerce on September 6, 2000, Doboj.
112. Corporate Governance in RS and International Comparison, Seminar held in cooperation with the RS Securities Commission and RS Chamber of Commerce on September 15, 2000, Trebinje.
113. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the FBiH Association of Judges on September 19, 2000, Zenica.
114. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the FBiH Association of Judges on September 21, 2000, Sarajevo.
115. Corporate Governance in RS and International Comparison, Seminar held in cooperation with the RS Securities Commission and RS Chamber of Commerce on September 27, 2000, Doboj.

116. Corporate Governance in RS and International Comparison, Seminar held in cooperation with the RS Securities Commission and RS Chamber of Commerce on October 4, 2000, Bijeljina.
117. Corporate Governance – An Introduction to Basic Concepts, Seminar held in cooperation with the FBiH Association of Judges on October 5, 2000, Tuzla.
118. Corporate Governance in International Comparison and in FBiH, Seminar held in cooperation with the Chamber of Commerce of Bihac and the Independent Trade Union of Workers in Agriculture, Food and Tobacco Industry, Water Management, Catering, Tourism and Trade in Bosnia and Herzegovina, October 10, 2000, Velika Kladusa.
119. The Role of Accounting and Auditing in Corporate Governance in FBiH, Seminar held in cooperation with the Tuzla Branch of the Association of Accountants and Auditors on October 18, 2000, Tuzla.
120. The Role of Accounting and Auditing in Corporate Governance in FBiH, Seminar held in cooperation with the Chamber of Commerce of Zenica Region on October 19, 2000, Zenica.
121. Corporate Governance – An Introduction to Basic Concepts, Seminar for Journalists held in cooperation with World Learning on October 20, 2000, Sarajevo.
122. The Role of Accounting and Auditing in Corporate Governance in FBiH, Seminar held in cooperation with the Chamber of Commerce of Sarajevo Canton on October 23, 2000, Sarajevo.

ATTACHMENT C
USAID LEGAL AND REGULATORY REFORM PROJECT
COMMERCIAL LAW SEMINARS
held between June 2, 1997 and October 31, 2000:

1997

<u>Date</u>	<u>Place</u>	<u>Counterpart</u>	<u>Topic</u>	<u>Participants</u>	<u>Totals¹</u>
December 8	Sarajevo	Law Center	Collateral Lending	25	25
December 9	Sarajevo	Law Center	Collateral Lending	25	50
December 10	Sarajevo	Law Center	Collateral Lending	25	75

1998

<u>Date</u>	<u>Place</u>	<u>Counterpart</u>	<u>Topic</u>	<u>Participants</u>	<u>Totals²</u>
January 12-13	Sarajevo	Ministry of Finance Ministry of Justice Ministry of Trade Ministry of Energy, Mining & Industry	Intro to Corporate Governance	200	200
February 4	Sarajevo	Law Center	Collateral Lending	23	98
February 5	Mostar	Ministry of Trade	Collateral Lending	26	124
March 23-25	Budapest	CE University	Commercial Law Reform: Law of the Market Economy FbiH (8) RS (2)	10	10
April 21	Banja Luka	Chamber of Commerce	Intro to Corporate Governance	40	240
April 22	Banja Luka	Chamber of Commerce	Intro to Corporate Governance	80	320
April 27-29	Budapest	CE University	Commercial Law Reform: International Business Arbitration FbiH (8) RS (4)	12	22
April 28	Mostar	Ministry of Trade	Intro to Corporate Governance	80	400
May 13	Tuzla	Cantonal Agency For Privatization	Intro to Corporate Governance	150	550
May 18	Sarajevo	USAID Public Education Project	Intro to Corporate Governance for Journalists	9	559

¹ The totals are broken down by category: Introduction to Corporate Governance, Commercial Law Reform (several topics) and Collateral Lending.

² The totals are broken down by category: Introduction to Corporate Governance, Commercial Law Reform (several topics) and Collateral Lending.

May 19	Mostar	Ministry of Trade	Intro to Corporate Governance	8	567
May 21	Zenica	Chamber of Commerce	Intro to Corporate Governance	60	627
May 22	Sarajevo	Supreme Court of FBiH	Commercial Law Reform: Legislative Methodology	25	47
May 28	Zenica	Chamber of Commerce	Intro to Corporate Governance	40	667
June 30 - July 3	Sarajevo	Law Center	Commercial Law Reform: Methodology of Legal Drafting	19	66
September 17-18	Wiesbaden, Germany	Shareholders' Assn.	(Intro to) Corporate Governance	4	671
October 1	Biha_	Chamber of Commerce	Intro to Corporate Governance	20	691
October 24	Neum	AAA	The Role of the Auditor in Corporate Governance (Intro)	400	1,091
October 28	Banja Luka	Law Faculty	Intro to Corporate Governance	50	1,141
November 3	Mostar	Law Faculty	Intro to Corporate Governance	50	1,191
November 4	Mostar	Law Faculty	Intro to Corporate Governance	50	1,241
November 12	Banja Luka	RS Roundtable of Legal Experts	Commercial Law Reform	25	91
November 17	Kiseljak	FBiH Ministry of Trade	Intro to Corporate Governance	55	1,296
November 18	Sarajevo	Economics Faculty	Intro to Corporate Governance	400	1,696
November 20	Sarajevo	FBiH Ministry of Justice	Collateral Lending ³	10	134
November 26	Sarajevo	Law Faculty	Intro to Corporate Governance	40	1,736
November 30 - December 6	Warsaw and Krakow, Poland	FBiH Ministry of Justice ⁴	Collateral Lending	10	144
December 3	Banja Luka	RS Roundtable of Legal Experts	Commercial Law Reform	17	108
December 14	Zenica	Economics Faculty	Intro to Corporate Governance	100	1,836
December 17	Banja Luka	Economics Faculty	Intro to Corporate Governance (Students)	200	2,036
December 17	Banja Luka	Economics Faculty	Intro to Corporate Governance (Faculty)	10	2,046

³ Pre-departure orientation to review a concept paper on Poland and Polish collateral lending law.

⁴ Coordinated with the Norway Register Development Company, Oslo, Norway; USAID, Warsaw, Poland; and International Development Law Institute, Warsaw, Poland.

1999

<u>Date</u>	<u>Place</u>	<u>Counterpart</u>	<u>Topic</u>	<u>Participants</u>	<u>Totals</u>
January 26	Gora de	Chamber of Commerce	Intro to Corporate Governance	21	2,067
February 16	Sarajevo	FBiH Ministry of Justice	Collateral Lending	8	152
February 17	Sarajevo	FBiH Ministry of Justice	Collateral Lending	8	160
February 18	Sarajevo	FBiH Ministry of Justice and Cantonal Judges	Collateral Lending	19	179
March 12	Sarajevo	FBiH Ministry of Justice	Collateral Lending	7	186
March 17	Banja Luka	RS Roundtable of Legal Experts	Commercial Law Reform	20	128
March 18	Sarajevo	Economics Faculty	Intro to Corporate Governance	40	2,107
March 22	Zenica	Business School	Intro to Corporate Governance	105	2,212
March 23	Sarajevo	Business School	Intro to Corporate Governance	135	2,347
April 1	Sarajevo	Trade Union	Intro to Corporate Governance	72	2,419
April 7	Sarajevo	FBiH House of Peoples and House of Representatives	Intro to Corporate Governance	26	2,445
April 8	Sarajevo	Chamber of Commerce	Intro to Corporate Governance for Bankers	39	2,484
April 15	Sarajevo	Economics Faculty	Intro to Corporate Governance	35	2,519
April 16	Sarajevo	Union of Veterans	Intro to Corporate Governance	69	2,588
April 21	Sarajevo	FBiH Ministry of Justice	Draft Law on Collateral Lending	8	194
April 21	Zenica	Economics Faculty	Intro to Corporate Governance	24	2,612
April 23	Sarajevo	Trade Union	Intro to Corporate Governance	90	2,702
April 27	Sarajevo	Business School	Intro to Corporate Governance	135	2,837
May 6	Sarajevo	Bankers And Business Community	Collateral Lending	7	201
May 7	Sarajevo	Bankers And Business Community	Collateral Lending	23	224
May 8	Sarajevo	Center for Women	Intro to Corporate Governance	43	2,880
May 10 - 17	Warsaw and Lublin, Poland	RS Ministry of Justice FBiH Ministry of Justice	Collateral Lending Study Tour Collateral Lending Conference	4 4	228 232
May 20	Sarajevo	Intern. Community Chamber of Commerce	Collateral Lending	26	258

And Banking Agencies					
May 21	Sarajevo	Federal & Cantonal Courts, Collateral Lending FBiH Ministry of Justice And Cantonal Ministries of Justice		29	287
May 21	Mostar	Economics Faculty	Intro to Corporate Governance	25	2,905
June 15	Travnik	Borac Company	Intro to Corporate Governance And Securities Register	37	2,942
June 25	Visoko	Trgovacka Banka d.d.	Intro to Corporate Governance And Securities Register	28	2,970
June 29	Sarajevo	Trade Union	Intro to Corporate Governance And Securities Register	72	3,042
September 2	Sarajevo	Trade Union	Intro to Corporate Governance	92	3,134
September 15	Tesanj	ABS Banka d.d.	Intro to Corporate Governance	37	3,171
September 27	Banja Luka	RS Ministry of Justice and C of Commerce	Collateral Lending	30	317
September 28	Banja Luka	RS Ministry of Justice and C of Commerce	Collateral Lending	25	342
September 28	Gorazde	Trade Union	Intro to Corporate Governance	77	3,248
October 19	Tuzla	FBiH Ministry of Energy, Mining and Industry	Commercial Law Reform: Law on Business Companies Presented by Assistant to Minister	50	178
October 20	Zenica	FBiH Ministry of Energy, Mining and Industry	Commercial Law Reform: Law on Business Companies Presented by Assistant to Minister	46	224
October 21	Neum	AAA	Commercial Law Reform: Corporate Governance – Updating the German Model	420	644
October 27	Sarajevo	UNMBiH	Commercial Law Reform Corporate Governance in FBiH and RS (FBiH) 320 (RS) 50		1,014
November 10	Sanski Most	ABS Banka d.d.	Commercial Law Reform: Intro to Corporate Governance and Corporate Governance in FBiH	42	1,056
November 23	Sarajevo	Economics Faculty	Commercial Law Reform: Disclosure Requirements for Joint Stock Companies in FBiH According to the Law on Business Companies	9	1,065
December 2	Banja Luka	Institute for Economics	Intro to Corporate Governance	22	3,270

December 6	Sarajevo	FBiH Ministry of Energy, Mining and Industry	Commercial Law Reform: Law on Business Companies Presented by Assistant to Minister	108	1,173
December 13	Zenica	Economics Faculty	Commercial Law Reform: Corporate Governance in FBiH	35	1,208
December 15	Sarajevo	Economics Faculty	Commercial Law Reform: Corporate Governance in FbiH	100	1,308
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2000					
Date	Place	Counterpart	Topic	Participants	Totals
January 14	Sarajevo	Economics Faculty	Commercial Law Reform: Disclosure Requirements for Joint Stock Companies in FBiH According to the Law on Business Companies And Securities Law	10	1,318
January 22	Tuzla	Tuzla AAA	Commercial Law Reform: Intro to Corporate Governance and Corporate Governance in FBiH	82	1,400
January 28	Neum	FBiH Sec. Com. prospective RS Sec. Com.	Commercial Law Reform: Role of Securities Commission in Promoting Good Corporate Governance in FBiH and RS	4 3	1,407
February 16	Banja Luka	Institute for Economics	Commercial Law Reform: Roundtable on Disclosure Requirements according to Law on Enterprises	8	1,415
February 24	Bihac	FBiH Ministry of Energy, Mining and Industry	Commercial Law Reform: Law on Business Companies Presented by Assistant to Minister	26	1,441
February 25	Mostar	Economics Faculty	Commercial Law Reform: Disclosure Requirements of Joint Stock Companies in FBiH According to the Law on Business Companies And Securities Law	6	1,447
March 24	Sarajevo	World Learning	Intro to Corporate Governance: Objectives Setting Meeting for Journalists (from FBiH and RS) Attending Corporate Governance Study Tour	12	3,282
March 25	Sarajevo	Economics Faculty	Commercial Law Reform: Disclosure Requirements of Joint Stock Companies in FBiH According to the Law on Business Companies And Securities Law	8	1,455

April 2	Neum	Chamber of Commerce	Commercial Law Reform: Corporate Governance in FBiH	60	1,515
April 19	Bijeljina	RS C of Commerce	Intro to Corporate Governance	47	3,329
April 26	Trebinje	RS C of Commerce	Intro to Corporate Governance	25	3,354
May 11	Sarajevo	World Learning	Commercial Law Reform Corporate Governance in FBiH and RS Pre-departure Orientation for Journalists (FBiH - 7; RS - 4) Attending Corporate Governance Study Tour	11	1,526
May 18	Banja Luka	Institute for Economics	Commercial Law Reform: Roundtable on Disclosure Requirements according to Law on Enterprises	6	1,532
May 30	Lukavica	RS C of Commerce	Intro to Corporate Governance	42	3,396
June 16	Neum	FEB	Commercial Law Reform: Corporate Governance in FBiH	95	1,627
June 23	Banja Luka	RS Sec. Commission	Commercial Law Reform: Corporate Governance in RS	63	1,690
June 27	Lukavica	RS Sec. Commission	Commercial Law Reform: Corporate Governance in RS	37	1,727
September 6	Doboj	RS C of Commerce	Intro to Corporate Governance	30	3,426
September 15	Trebinje	RS Sec. Commission	Commercial Law Reform: Corporate Governance in RS	22	1,749
September 19	Zenica	FBiH Judges Assn	Intro to Corporate Governance	18	3,444
September 21	Sarajevo	FBiH Judges Assn	Intro to Corporate Governance	8	3,452
September 27	Doboj	RS Sec. Commission	Commercial Law Reform: Corporate Governance in RS	29	1,778
October 4	Bijeljina	RS Sec. Commission	Commercial Law Reform: Corporate Governance in RS	41	1,819
October 5	Tuzla	FBiH Judges Association	Intro to Corporate Governance	41	3,493
October 10	V. Kladusa	Trade Union	Commercial Law Reform: Corporate Governance in FBiH	58	1,877
October 18	Tuzla	Tuzla AAA	Commercial Law Reform: The Role of Accounting and Auditing in Corporate Governance In FBiH	49	1,926
October 19	Zenica	Chamber of Commerce	Commercial Law Reform: The Role of Accounting and Auditing in Corporate Governance In FBiH	34	1,960

October 20	Sarajevo	World Learning	Commercial Law Reform Into to Corporate Governance Objectives Setting Meeting for Journalists (FbiH - 8; RS - 4) Attending Corporate Governance Study Tour	12	3,505
October 23	Sarajevo	Chamber of Commerce	Commercial Law Reform: The Role of Accounting and Auditing in Corporate Governance In FbiH	47	2,007

Final statistics on number of seminars conducted and persons trained:

Intro to Corporate Governance		
FBiH		2,955
RS		550
Total		3,505

Commercial Law Reform

FBiH -	Law of the Market Economy	8	
	International Business Arbitration	8	
	Legislative Drafting	44	
	Updating the German Model	420	
	Law on Business Companies	230	
	Corporate Governance in FBiH	803	
	Disclosure Requirements in FBiH	33	
	The Role of Accounting and Auditing in Corporate Governance In FBiH	130	
FBiH Total		1,676	
RS -	Law of the Market Economy	2	
	International Business Arbitration	4	
	Commercial Law Reform	62	
	Corporate Governance in RS	249	
	Disclosure Requirements in RS	14	
RS Total		331	
Total			2,007

Collateral Lending

FBiH	283
RS	59
Total	342

FBiH	4,914
RS	940

TOTAL	5,854
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ATTACHMENT D
USAID Legal and Regulatory Reform Project
June 1997 – October 2000
Deliverables - Accounting and Auditing Reform Section
(in chronological order)

I. LEGAL AND REGULATORY FRAMEWORK

Federation of Bosnia and Herzegovina

1. Codex of Accounting Principles and Accounting Standards with Chart of Accounts – 1998 (in compliance with IAS) Published in Official Gazette of FBiH No 50/98- 31 December 1998 and No. 52/99 – 29 December 1999
2. Format of Accounts (Format of Financial Statements) – 1999. Published in Official Gazette of FBiH No 31/99 – 28 July 1999
3. FBiH Standards on Auditing and Related Services (translated IFAC ISA) – 1998. Published in a book form and in force from January 1, 1999
4. Code of ethics for professional accountants – 1999. Published in a book form and in force from January 1, 1999
5. New Perfected Chart of Accounts, Format of Accounts and Conversion Manual – Implementation Guidelines for each account. Adopted and published in book form in September 2000 and in Official Gazette No. 41/00 in October 2000.

Republika Srpska

1. Law on Accounting – 1999. Published in Official Gazette of RS No 18/99 – 16 July 1999
2. RS Accounting Standards - Published in a book form and in force from January 1, 2000 in accordance with Law on Accounting
3. RS Standards on Auditing - Published in a book form and in force from January 1, 2000 in accordance with Law on Accounting

4. Conversion Manual for converting enterprises accounting records from the pre-International Accounting Standards environment to full use of International Accounting Standards prepared in May 2000.
5. Accounting Training Course Outline prepared and given to the Accounting and Auditing Association Republika of Srpska in June 2000.
6. Evaluation Examination given to Accounting Course participants on June 27 and 29, 2000.
7. Final Examination for Accounting Training Course administered on September 19, 2000:
 - a. Final Examination Theory
 - b. Final Examination Problems and Solutions
 - c. Final Examination Solution – Problem IIIb

II. TRAINING PROGRAM

Between 1998 and 2000, the accounting and auditing component of USAID LRRP trained 3,393 participants in the following seven areas:

- Auditing
- Managerial Accounting
- Accounting Cycles
- IAS, Financial Statements, IFAC Guidelines
- Textbook Courses
- Conversion Manual Training
- The Role of Accounting and Auditing in Corporate Governance in FBiH.

Details on training in each of these subject areas is presented below.

Auditing

USAID LRRP conducted two-day seminars on the following subjects:

AS 101 Financial Auditing I

Cities	Period	Number of Participants
Gorazde	December '98	16
Bihac	December '98	12
Travnik	November '98	18
Tuzla	November '98	50
Zenica	November' 98	29
Sarajevo	November '98	16
Mostar	January '99	54
Sarajevo	January '99	23
Gracanica	April '99	35
Orasje	October '99	30
Total		283

AS 102 Financial Auditing II

Cities	Period	Number of participants
Tuzla	8/9 December '98	46
Sarajevo	29. January '99	23
Zenica	4. February '99	38
Mostar	19. February '99	19
Travnik	9. February '99	9
Gorazde	20. October '99	20
Gracanica	4. June '99	42
Total		197

AS 103 - Operational Auditing /PHARE

Cities	Period	Number of Participants
Sarajevo	14/15 December '98	22
Zenica	16/17 December '98	19
Mostar	8/9 February '99	27
Tuzla	11/12 February '99	36
Gracanica	16/17 November '99	45
Sarajevo	21 January '00	17
Total		166

AS 104 - Specialty Auditing

Cities	Period	Number of Participants
Tuzla	11/12 February '99	36
Sarajevo	15/16 February '99	22
Zenica	18/19 February '99	22
Mostar	22/23 February '99	10
Tuzla	25/26 February '99	43
Total		133

Managerial Accounting

The following two-day seminars were conducted:

MAS 101 - Marketing Plans and Business Plans

Cities	Period	Number of Participants
Mostar	4/5 November '98	48
Tuzla	6/7 November '98	36
Zenica	19. November '98	23
Sarajevo	23 December '98	56
Travnik	11 March '99	9
Bihac	23 March '99	11
Siroki Brijeg	17/18 June '99	7
Livno	21/22 June '99	33
Sarajevo	28 September '99	30
Total		253

MAS 102 - Budget Preparation and Budget Control

Cities	Period	Number of Participants
Zenica	9/10 July '98	66
Gorazde	15 July '98	16
Bihac	29/30 July '98	10
Tuzla	4 September '98	11
Travnik	12 March '99	12
Sarajevo	30 March '99	13
Siroki Brijeg	23/24 June '99	16
Total		144

Accounting Cycles

The following two-day seminars were held:

ACS 101 - Revenue and Financial Reporting

Cities	Period	Number of Participants
Zenica	10/11 December '98	72
Tuzla	14/15 December '98	88
Gorazde	17/18 December '98	24
Travnik	8 February '99	15
Sarajevo	31. March '99	12
Gracanica	7 May '99	32
Total		243

ACS 102 - Purchasing and Production

Cities	Period	Number of participants
Mostar	25/26 January '99	20
Tuzla	28/29 January '99	71
Zenica	5 February '99	25
Gracanica	14/15 June '99	37
Sarajevo	18 October '99	19
Travnik	26 October '99	21
Total		193

IAS, Financial Statements, IFAC Guidelines

The following two-day seminars were held:

Cash Flow Statements

Cities	Period	Number of Participants
Tuzla	3 September '98	14
Zenica	4 September '98	30
Mostar	8 October '98	24
Konjic	20 November '98	5
Mostar	21 November '98	29
Zenica	12 April '99	12
Gracanica	14 April '99	43
Siroki Brijeg	20 May '99	27
Travnik	18 September '98	22
Gorazde	17 September '98	28
Sarajevo	24 December '98	70
Neum	20 July '99	16
Livno	19 August '99	18
Siroki Brijeg	20 August '99	37
Neum	September '99	38
Sarajevo	27 September '99	37
Sarajevo	28 September '99	53
Sarajevo	3 October '99	43
Total		546

Introduction to IAS

Cities	Period	Number of Participants
Bihac	21/22 May '98	20
Sarajevo	28/29 May '98	33
Tuzla	May '98	20
Travnik	7/8 May '98	16
Zenica	27/28 April '98	26
Mostar	6 April '98	22
Sarajevo	16/17 April '98	42
Gorazde	25/26 May '98	33
Total		212

IFAC Educational Standards

Cities	Period	Number of Participants
Sarajevo	28 August '99	25
Total		25

Financial Accounting

Cities	Period	Number of Participants
Banja Luka	2-6 February '98	42
Total		42

Textbook Courses

These courses lasted three months, with one session held every 15 days:

Auditing - A Systematic Approach, by William F. Messier Jr.

Cities	Period	Number of Participants
Sarajevo	March - May '99	43
Mostar	April - June '99	21
Neum	July '99	16
Neum	September '99	40
Livno	September - Dec. '99	20
Siroki Brijeg	September- Dec. '99	45
Tuzla	Sept - Dec. '99	30
Zenica	Sept - Dec '99	30
Sarajevo	March - April 2000	30
Sarajevo	May 2000	23
Total		298

Financial Management and Policy, by James C. Van Horne

Cities	Period	Number of Participants
RS	November - Dec '99	226
Sarajevo	Sept. - Dec '99	20
Mostar	Sept. - Dec. '99	20
Tuzla	Sept.-Dec. '99	20
Total		286

Cost Accounting

Cities	Period	Number of Participants
Sarajevo	Dec 99 – Feb 00	19
Zenica	Dec 99 . Feb 00	16
Travnik	Dec 99 – Feb 00	13
Gorazde	Dec 99 – Feb 00	16
Mostar	Dec 99 - Feb 00	15
Livno	April – July '00	21
Siroki Brijeg	April - July '00	29
Total		129

Accounting Standards – Comments and Applications, textbook based on IAS

Cities	Period	Number of Participants
Sarajevo	April – July 2000	55
Zenica	April – July 2000	43
Tuzla	April – July 2000	30
Total		128

Conversion Manual Training

Cities	Period	Number of Participants
Sarajevo	Sept. 2000	32
Zenica	Sept. 2000	48
Tuzla	Sept. 2000	35
Mostar	October 2000	40
Livno	October 2000	25
iroki Brijeg	October 2000	36
Total		115

The Role of Accounting and Auditing in Corporate Governance in FBiH

In October 2000, just before the project ended, a seminar was developed that brought together up-to-date information on country-specific conditions in all three project components: accounting/auditing, commercial law and capital markets. The seminar was conducted for managers of enterprises in three following cities in FBiH:

Cities	Period	Number of Participants
Sarajevo	October 2000	47
Zenica	October 2000	34
Tuzla	October 2000	49
Total		130

TOTAL (1+2+3+4+5+6+7) ----- 3.624

ATTACHMENT E

USAID Legal and Regulatory Reform Project

Deliverables – Capital Markets Component – Federation of Bosnia and Herzegovina

June 1997 - October 2000

(in chronological order)

- 1) An Introduction to Basic Concepts, Seminar held in cooperation with the Federation of BiH Ministry of Finance and Catalyst Institute on November 20-21, 1997 in Sarajevo.
- 2) The Draft Law on Commercial Enterprises - Concept paper, February 13, 1998.
- 3) The Czech Republic: The evolution of Capital Markets prepared by Michael Mejstrik for the seminar "Capital Market Development in Bosnia and Herzegovina" held on July 9-10, 1998.
- 4) Capital Market Developments in Bulgaria presented by George Prohashy for the seminar "Capital Market Development in Bosnia and Herzegovina" held July 9-10, 1998.
- 5) Capital Market Development in Bosnia and Herzegovina, Seminar held July 9-10, 1998.
- 6) Law on the Central Registry of Securities, USAID LRRP Capital Markets Team Project July 1998.
- 7) Law on Privatization Investment Funds and Privatization Fund Management Companies, USAID LRRP Capital Markets Team Project July 1998.
- 8) Law on Securities, Capital Markets Team Project, July 1998.
- 9) Amendments to Law on Securities, Capital Markets Team Project July 1998.
- 10) Law on Funds Management Companies and Investment Funds, USAID LRRP Capital Markets Team Project November 1998.
- 11) Law on Funds Management Companies and Investment Funds/INDEX
- 12) Law on Registrar of Securities, USAID LRRP Capital Markets Team Project November 1998.
- 13) Law on Securities Commission, USAID LRRP Capital Markets Team Project November 1998.

- 14) Capital Markets - Regulation of Capital Markets in FBiH, Seminar sponsored by the Chamber of Commerce, presented in cooperation with USAID LRRP on December 10, 1998.
- 15) The Securities Commission of FBiH - Organizational Structure and Proposed Budget (Phase I October - December 1998)
- 16) Standards of Ethics, Concept paper, January 1999.
- 17) Rules on Standards of Ethics, USAID LRRP Capital Markets Team project January 1999.
- 18) The Securities Commission Standards of Ethics, Commission Ethics Handbook, February 1999.
- 19) FBiH Securities Commission: The By - Laws, Concept paper, March 1999.
- 20) FBiH Securities Commission: Rules Of Ethics, Concept paper, March 1999.
- 21) FBiH Securities Commission: Oath of Office, Concept paper, March 1999.
- 22) FBiH Securities Commission: Mission Statement, Concept paper, March 1999.
- 23) FBiH Securities Commission Organizational Structure and Proposed Budget (Phase I) March 1, 1999 to December 31, 1999.
- 24) FBiH Securities Commission: Booklet, April 1999.
- 25) Draft Resolution for Meeting Scheduled April 26, 1999. Resolution for the Privatization of the FBiH Registrar for Securities.
- 26) The Securities Market - An Overview, presentation by Erik Huitfeldt, May 14, 1999 for the MIS Center of the Faculty of Economics.
- 27) Models of Capital Markets Development, presentation by Erik Huitfeldt, May 28, 1999.
- 28) FBiH Securities Commission: Proposed Budget, Phase I & II, May 1999.
- 29) FBiH Securities Commission: Financial Plan of the Securities Commission of the Federation of Bosnia and Herzegovina for 1999.

- 30) F BiH Securities Commission: Capital Markets Development, Legal and Institutional Framework, May 1999.
- 31) Development of the Securities and Capital Market in Bosnia and Herzegovina, Speech presented by Mr. Edib Basic, President of the Securities Commission of F BiH, May 1999.
- 32) USAID LRRP Capital Markets F BiH, May 1999
Volume I. (February - May 1999)
 - A. Rules and Regulation
 - B. Legal Opinions
 - C. Others
- 33) F BiH Securities Commission: Regulation on Conditions for Members of Management and Supervisory Board of Funds Management Company, June 1999.
- 34) F BiH Securities Commission Work Requirements, June 1999.
- 35) Capital Markets, a Description of Capital Markets Development in the Federation of Bosnia and Herzegovina, seminar given by USAID LRRP, July 13, 1999.
- 36) Seminar for Journalists, Securities Commission of the F BiH in cooperation with the USAID LRRP Capital Markets Team, July 9, 1999.
- 37) Proposed Regulation B For The Register of Issuers, August 1999.
- 38) Model Charter of a Joint Stock Company, August 1999.
- 39) F BiH Securities Commission Brochures (printed and delivered) August 1999.
- 40) USAID LRRP Capital Markets F BiH, October 1999
Volume II (June - October 1999)
 - A. Rules and Regulations
 - B. Legal Opinions
 - C. Others
- 41) Rules on Work of the Securities Commission with Concept paper
- 42) Redrafted Regulation on the register of Issuers, October 1999.
- 43) Combating Organized Crime in the Balkans, a two day conference organized for the UNMIBH by International Conference Group (guest speaker Ann D. Wallace) October 27-28, 1999.

- 44) FBiH Securities Commission: The Rules on Work, Concept paper, October 1999.
- 45) Comments to the Draft Regulations on the Register with the Securities Commission, November 1999.
- 46) Enforcement Rules, November 1999.
- 47) Federation of Bosnia and Herzegovina Securities Commission, Regulation on Conversion, Concept Paper, November 1999.
- 48) Rules of Procedure on the Work of the Securities Commission of the Federation of Bosnia and Herzegovina, November 1999.
- 49) Temporary Book of Regulations on the Internal Organization of the Securities Commission, November 1999.
- 50) Newspaper articles regarding Securities Commission of the Federation of Bosnia and Herzegovina and Capital Markets in BiH during 1999.
- 51) Working Materials 1999/Handbook Securities Commission of the Federation of Bosnia and Herzegovina.
- 52) Comments and Recommendations related to the Book of Regulations on the Method of Entry and Maintenance of the Register of Issuers at the Commission, March 27, 2000.
- 53) Regulation on Depository Banks of Privatization Investment Funds, March 2000.
- 54) Regulation on Methodology for Determining Net Asset Value of Privatization Investment Fund, March 2000.
- 55) Instructions on Passage, Contents and Publishing of Decision on Increase of Statutory Capital of Privatization, March 2000.
- 56) Draft Regulations on the conditions for the issuance of securities through a private placement and on the content of an abridged prospectus therein, May 10, 2000.
- 57) Memorandum proposing to write corporate governance standards that will address self-dealing and protection of the small, outside shareholders from controlling shareholders, supervisory board members and managers (“insiders”), May 12, 2000.

- 58) Syllabus for Seminar on PIFs characteristics, role, management and operations, held for journalists, Sarajevo, May 29, 2000.
- 59) Capital Markets - Seminar for Journalist on PIFs held in cooperation with the Securities Commission of the Federation of Bosnia and Herzegovina held in Sarajevo, May 29, 2000.
- 60) In response to the FBiH Securities Commission's request, Memorandum concerning the definition of a security under the FBiH Law on Securities, June 5, 2000.
- 61) Draft Regulation Concerning Treatment of Confidential Information (Securities Commission of Republika Srpska), June 8, 2000.
- 62) Draft Regulation on the Internal Governance of Joint Stock Company, July 17, 2000.
- 63) Draft Regulations on Inside Information to Securities Transaction, July 20, 2000.
- 64) Draft Regulation on the Use and Control of Inside Information, July 21, 2000.
- 65) Draft Regulation on Summary Prospectus Under Article 15 of the RS Law on Securities, July 31, 2000.
- 66) Draft Regulation Prospectus and Forms for a Public Offering of Securities in the RS, August 2000.
- 67) Draft Regulation on Tender Offers and Large Acquisitions, August 7, 2000.
- 68) Draft Regulations on Conditions and Procedures for Issuance of Securities Through a Public Offering, Septemebr 7, 2000.
- 69) Memorandum summarizing the problems with current laws that LRRP pointed out in various memoranda to the FBiH Securities Commission, as well as comments on others' proposed amendments, September 8, 2000.

ATTACHMENT F
USAID Legal and Regulatory Reform Project
Deliverables - Capital Markets Component – Republika Srpska
November 1997 - October 2000
(in chronological order)

1. Securities Commission budget for the first three months, first year and one year fully operational given to the proposed President of the Securities Commission on November 3, 1999.
2. Letter, dated January 13, 2000, to Thomas Praster, First Secretary, Economic Affairs, US Embassy requesting help in getting Securities Commission approved by Parliament. Copy given to the proposed President of the Securities Commission.
3. Introduction to Financial Statement Analysis Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 28, 2000.
4. Agenda for Introduction to Financial Statement Analysis Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 28, 2000.
5. Overhead slides for Introduction to Financial Statement Analysis Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 28, 2000.
6. Example (Armstrong Associates Fund Statements) for Investment Funds Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 29, 2000.
7. Example (Troika Dialog Russia Fund) for Investment Funds Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 29, 2000.
8. Example Financial Statements for ABC Privatization Investment Fund for Investment Funds Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 29, 2000.
9. Slides for Investment Funds Presentation at Neum Conference for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska on January 29, 2000.
10. Closed-end fund memorandum on February 3, 2000 for the Federation of Bosnia and Herzegovina Securities Commission and the proposed Securities Commission Republika Srpska.
11. E-Mail, dated February 18, 2000, to Duane Sams, Head Market Economy Unit, Economic Department, Office of High Representative requesting help in getting Securities Commission approved by Parliament. Copy given to the proposed President of the Securities Commission.
12. World Learning Training Request for Program: Privatization Investment Fund Operations, Regulation and Regulatory Enforcement dated March 3, 2000.
13. Presentation for SEC Conference in Washington D.C. dated March 3, 2000.

14. Securities Commission Mission Statement given to the Securities Commission on June 2, 2000.
15. Letter, dated June 13, 2000, from Lois Cohen, Chief of Party of USAID Legal and Regulatory Reform Project, to Dobrila Govedarica, Executive Director of Open Society Fund, requesting funds for the Securities Commission's membership in the International Organization of Securities Commissioners. Copy given to the Securities Commission.
16. Letter, dated June 16, 2000, prepared by the Project, from Branka Bodroza, President of the Securities Commission, to Dobrila Govedarica, Executive Director of Open Society Fund, requesting funds for the Securities Commission's membership in the International Organization of Securities Commissioners.
17. Letter, dated July 17, 2000, from Donald Buddenbohn, Director of the Banja Luka Office of the Legal and Regulatory Reform Project, to Branka Bodroza, President of the Securities Commission identifying publications for the Securities Commission's library.
18. Equipment provided to Republika Srpska Securities Commission in August, 2000.
19. Memorandum on Registry of Issuers Given to Securities Commission on August 9, 2000.
20. Letter, dated August 10, 2000, from Lois Cohen, Chief of Party of USAID Legal and Regulatory Reform Project, to Dobrila Govedarica, Executive Director of Open Society Fund, requesting funds for the Securities Commission's library. Copy given to the Securities Commission.
21. Letter, dated August 10, 2000, prepared by the Project, from Branka Bodroza, President of the Securities Commission, to Dobrila Govedarica, Executive Director of Open Society Fund, requesting funds for the Securities Commission's library.
22. Proposed library for the Securities Commission, dated August, 2000.
23. Agenda for Discussion of Legal Matters at meetings of the Securities Commission, August 14 to August 18, 2000.

The following documents were completed by USAID LRRP and delivered on November 3, 1999 to the then proposed President of the Republika Srpska Securities Commission:

1. By-laws Concept Paper and By-Laws
2. Ethics Handbook
3. Ethics Rules
4. International Cooperation (IOSCO) Concept Paper
5. Internet Resources Concept Paper
6. IOSCO By-Laws Summary
7. IOSCO Membership Application Letter
8. IOSCO Membership Memo
9. IOSCO Resolutions Summaries Memo
10. IOSCO Resolutions Summaries
11. Mission Statement Concept Paper and Mission Statement
12. Oath of Office Concept Paper and Oath of Office
13. Organizational Structure and Proposed Budget

14. Organizational Structure Concept Paper
15. Organizational Structure Rules
16. Schedule for Commission's First 30 Days
17. Selection Criteria for Commissioners
18. Temporary Rules of Procedure Concept Paper
19. Temporary Rules of Work
20. Work Plan for Commission's First 30 Days Concept Paper

The following capital markets regulations and documents were completed by USAID LRRP and delivered to the Republika Srpska Securities Commission:

1. Comments on Privatization Investment Fund Regulations Given to Securities Commission on March 31, 2000.
2. Comments on Conflicts of Interest Provisions in Privatization Investment Fund Regulations Given to the Securities Commission on May 17, 2000.
3. Comments on By-Laws Given to the Securities Commission on May 19, 2000. (S. Havoc)
4. Comments on By-Laws Given to the Securities Commission on May 22, 2000. (K. Fogarty)
5. Comments (#1) on Rules of Work Given to Securities Commission on May 24, 2000. (K. Fogarty)
6. Comments on Rules of Work Given to the Securities Commission on May 24, 2000. (D. Buddenbohn)
7. Comments on Rules of Ethics Given to the Securities Commission on May 25, 2000.
8. Federation of Bosnia and Herzegovina Model Prospectus for Public Offering with Notes for Adaptation to Republika Srpska Use Given to the Securities Commission on June 12, 2000.
9. Confidential Information Regulation Given to the Securities Commission on June 30, 2000.
10. Summary Prospectus Regulation Given to the Securities Commission on August 9, 2000.
11. Public Offering Regulation Given to the Securities Commission on August 21, 2000.
12. Letter dated August 22, 2000, from K. Fogarty to B. Bodroza Regarding Summary Prospectus.
13. Periodic Reporting by Issuers of Public Securities Regulation Given to the Securities Commission on August 28, 2000.
14. Model Charter for Publicly Held Joint Stock Companies Given to the Securities Commission on October 23, 2000.
15. Comments (#2) on Rules of Work Given to the Securities Commission on October 25, 2000.

The following documentation – an application to the International Organization of Securities Commissions (IOSCO) – was prepared by USAID LRRP and delivered to the Republika Srpska Securities Commission on November 9, 2000:

1. Membership Memo
2. Membership Application Letter #2
3. Membership Application Letter #2A
4. International Cooperation Concept Paper
5. Required Description of RS Securities Regulation
6. By-laws and Summary Resolution Memo
7. Resolutions Summaries
8. Declaration of B. Bodroza
9. Declaration of A. Balic
10. Declaration of R. Bozic
11. Declaration of B. Krsmanovic
12. Declaration of B. Sljivar
13. Bank Transfer Details Form
14. Resolution Concerning Mutual Assistance