

Based on Article 18, paragraph 1, Section 3 and Article 58a, paragraph 3 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004 and 44/2010), the Governor of the National Bank of Serbia hereby issues the following

DECISION ON CASH MANAGEMENT

Introductory provisions

1. This Decision shall prescribe the manner of cash management involving outward payments of cash to banks and inward payments of cash to the National Bank of Serbia, cash processing and handling of cash after processing.

2. The terms in this Decision have the following meaning:

1) *bank* means a bank headquartered in the Republic of Serbia, licensed by the National Bank of Serbia pursuant to the law governing banks;

2) *cash* means banknotes and coins issued by the National Bank of Serbia;

3) *cash recirculation* means such activity of a bank whereby the cash received from the client is put back into circulation;

4) *bank client* means any person who uses or has used bank services;

5) *cash processing* means verification of authenticity and numerical accuracy and sorting of cash;

6) *cash authenticity verification* means the procedure of checking banknotes and coins in order to set aside the suspect counterfeits;

7) *cash sorting* means physically separating (classifying) banknotes and coins by denomination and physical feature (fitness for recirculation);

8) *fit cash* means authentic banknotes and coins whose physical features were verified and which were identified as fit for recirculation;

9) *unfit cash* means authentic banknotes and coins whose physical features were verified and which were identified as defective and therefore unfit for recirculation;

10) *maculated banknote* means a banknote with a production defect which made it to circulation;

11) *maculated coin* means a coin with a production defect which made it to circulation;

12) *banknotes stained with alert colour* means banknotes which changed colour or colour intensity due to the impact of electrochemical antitheft devices;

13) *suspect counterfeit money* means banknotes and coins suspected to differ by some or all security features from banknotes and coins put into circulation by the National Bank of Serbia;

14) *banknote and coin analysis* means the procedure of examining banknotes and coins to identify and verify the authenticity of all security features the National Bank of Serbia applies to circulating currency;

15) *counterfeit money* means banknotes and coins for which a difference was established through technical analysis in respect of some or all security features from banknotes and coins put into circulation by the National Bank of Serbia;

16) *banknote handling machine* means a machine which performs one or several tasks of large volume banknote processing without the intervention of a machine operator;

17) *coin processing machine* means a machine which performs large volume coin processing without the intervention of a machine operator;

18) *cash dispensers* mean different types of self-service machines which, through the use of a payment card or other means, dispense banknotes to the public, debiting the client's bank account (e.g. an automated teller machine – ATM);

19) *testing banknote handling and coin processing machines* means the procedure of testing such machines that the National Bank of Serbia applies pursuant to this Decision;

20) *trained staff member* means a bank staff member who passed the cash processing training at the National Bank of Serbia.

Outward and inward payments of cash

Outward and inward payment points

3. Outward payments of cash to banks and inward payments by banks are performed at the branches of the National Bank of Serbia (hereinafter: branches) (Schedule 1).

Outward payments of cash

4. Banks shall submit outward payment request (hereinafter: cash-

out request) to the National Bank of Serbia - Cash Department (hereinafter: Department) in electronic form, and/or or in writing in case of electronic system failure. The content of the request in electronic form is defined by the guidelines governing electronic exchange of data on treasury operations between banks and the National Bank of Serbia, while the content and form of the request in writing is laid down in Schedule 2.

The request in writing must be stamped and signed by the bank's legal representative and/or a person duly authorised (hereinafter: responsible bank officer).

5. A bank shall submit the cash-out request one day prior to outward payment of cash - until 4 pm or on the day of outward payment - until 3 pm.

The Department shall inform the bank about the possibility of realization of the outward payment transaction electronically and/or in written form in case of electronic system failure.

The cash-out request may not be submitted by organizational units of banks.

For the purposes of establishing an optimal denomination structure of currency in circulation, the National Bank of Serbia may determine the criteria for the specification of denomination structure, and may also pay out cash of a denomination structure different from the specification in the cash-out request.

6. Minimum outward payment of cash by denomination shall be as follows: 1 bundle (1,000 units) in 10, 20, 50, 100, 200, 500, 1,000 or 2,000 dinar denomination and 1 package (100 units) in 5,000 dinar denomination.

In the case of outward payments below the minimum amount specified in paragraph 1 hereof, the National Bank of Serbia shall charge a fee pursuant to the decision stipulating uniform fees charged for services provided by the NBS.

Minimum outward payment of coins per denomination shall be as follows: 1,000 units in 1 dinar denomination, and 500 units in 2, 5, 10 or 20 dinar denomination.

7. On the day of outward payment of cash, by 3 pm at the latest, the bank shall transfer balances from its account to the account no 908 0000000098101 70 of the National Bank of Serbia opened for these purposes.

The bank shall make sure that the specifics indicated on its cash-out request match those on the balance transfer order based on the communication from the Department. In the event of any discrepancy, no

outward payment of cash shall be made.

8. Cash shall be received by the authorised officer of a bank (hereinafter: authorised bank officer) specified in the cash-out request against presentation of his/her ID card or passport (personal document) to the branch officer authorised to deliver/receive cash (hereinafter: authorised branch officer).

Cash shall be collected against the receipt of the cash-out order - specification (Schedule 3).

9. The authorised bank officer shall count the cash received in the presence of the authorised branch officer to verify the numerical accuracy of the cash received, and confirm the accuracy of the amount by his/her signature on the cash-out order - specification (in two copies).

10. Where the authorised bank officer fails to collect cash by 3.30 pm, any such amount shall be credited by the Department to the bank's account by the end of the working hours (4.30 pm).

Where the bank has transferred balances to the account of the National Bank of Serbia referred to in Section 7, paragraph 1 hereof from 3 pm to 4.30 pm – any such amount shall be transferred by the Department to the bank's account at the end of working hours (4.30 pm).

Where the bank has transferred balances to the account of the National Bank of Serbia referred to in paragraph 2 hereof after 4.30 pm - any such amount shall be transferred by the Department to the bank's account on the following business day at the opening hours of the RTGS operations, as provided by the Daily Term Schedule.

Inward payments of cash

11. Banks shall submit inward payment requests (hereinafter: cash-in request) to the Department in electronic form, and/or or in writing in case of electronic system failure. The content of the request in electronic form is defined by the guidelines referred to in Section 4, paragraph 1 hereof, while the content and form of the request in writing is laid down in Schedule 4.

The request in writing must be stamped and signed by the responsible bank officer.

12. The bank shall submit the cash-in request one day prior to inward payment of cash - until 4 pm or on the day of payment - until 1 pm.

The Department shall inform the bank about the possibility of realization of inward payment transaction electronically and/or in written form in case of electronic system failure.

The cash-in request may not be submitted by organizational units of banks.

13. Banks shall pay in cash as either circulating (without dividing it into fit or unfit) or non-circulating cash.

Banks may make inward payments of cash on any business day until 2.30 pm.

14. Minimum inward payments of cash per bundle and denomination shall be as follows: 5 bundles (5,000 units) in 10, 20, 50, 100, 200, 500, 1000 or 2000 dinar denomination and 1 package (100 units) in 5,000 dinar denomination.

In the event of inward payments below the minimum amount specified in paragraph 1 of this Section, the National Bank of Serbia shall charge a fee pursuant to the decision referred to in Section 6, paragraph 2 hereof, except when non-circulating banknotes are paid in during the period of their replacement specified by the decision governing the withdrawal of cash from circulation, for which no fee is charged.

15. While making sure that the banknotes are front and face up, each with the same orientation, the bank shall sort and pack the banknotes according to their category (circulating and non-circulating) and denomination - into packages of 100 units, each strap linked with a note packing link, then into bundles of 1,000 units (10 packages) and into lots which may not contain more than 20,000 units (20 bundles) of the same category and denomination.

If less than five bundles of banknotes in denomination of 5,000 dinars (5,000 units) are paid in, the banknotes shall be packed in lots together with banknotes in denomination of 1,000 dinars of the same category, in the manner referred to in paragraph 1 hereof.

16. The note packing link must contain the name of the bank which did the packing, banknote denomination, number of units and amount, signature of the employee and the date of packing.

Ten packages of units of the same denomination and category form a bundle which is machine strapped (crosswise with a note strapping tape) or vacuum packed.

The lot must be packed in such a way that its value is completely safe. If necessary to tie the lot, a seal must be used.

In line with CODE 128 (hereinafter: barcode), the unique serial number of the packing must be indicated on the lot (security bag, box, etc.) and/or seal (if the lot is tied). The first three characters of the barcode must designate the code of the bank making the payment.

The bank code referred to in paragraph 4 of this Section is the unique

identification number as determined by the National Bank of Serbia's decision on the assignment of unique identification numbers to payment service providers.

17. Coins of the same denomination must be safely packed – 1,000 units in denomination of 1 dinar, and 500 units in denomination of 2, 5, 10 and 20 dinars. If necessary to tie the lot, a seal must be used.

The barcode must be written on the lot (security bag, box, etc.) and/or seal (if the lot is tied).

18. A banknote unfit for circulation shall be accepted only if the surface area of the one or several parts which undoubtedly originate from one and the same banknote, make up at least 51% of the proper banknote.

19. An unfit banknote whose surface area measures less than 51% of the proper banknote and a banknote suspected of being stained by alert colour submitted by a bank shall be accepted in accordance with Sections 46, 47 and 50 of this Decision.

20. The National Bank of Serbia shall debit the bank's account if the following is detected in paid-in cash:

1) a banknote whose surface area measures less than 51% of the proper banknote;

2) a banknote missing two circular shaped parts, each measuring 20 mm in diameter, where horizontal straight line distance to the left and to the right of the banknote centre measures 25 mm, irrespective of how large the other missing parts may be; as well as a banknote missing three circular shaped parts, each measuring 8 mm in diameter, and whose centres are at a straight line distance of 40 mm, regardless of how large the other missing parts may be;

3) a banknote stained with alert colour;

4) non-circulating banknotes and coins whose replacement period, defined by a National Bank of Serbia's decision, has expired.

The National Bank of Serbia shall retain the banknotes and coins from paragraph 1 hereof.

21. Inward payment of cash shall be made by the authorised bank officer specified in the cash-in request, against presentation of his/her personal identification document to the authorised branch officer.

22. Upon receiving the cash, the authorised branch officer shall sign and stamp the cash-in order - specification (Schedule 6), prepared in two copies and have it signed by the authorised bank officer.

23. Subject to prior written request submitted to the Department, the authorised bank officer may be present during the processing of paid-in cash. The Department shall notify the bank of the cash processing date,

time and venue. This request may not be submitted by organizational units of banks.

24. The paid-in amount shall be credited by the Department to the bank's account on the same day.

The National Bank of Serbia shall retain the right to correct the bank's account for any discrepancies between the declared value of received cash and the value established via processing.

25. Should any discrepancy (shortfall/surplus) from the received declared amount be subsequently detected during the cash processing procedure, the following shall be done:

- the bank's account shall be debited by the established shortfall amount;
- the bank's account shall be credited by the established surplus amount.

The National Bank of Serbia shall prepare and submit to the bank a 15-day report on discrepancies referred to in paragraph 1 hereof, established in the bank's inward payments. The report shall contain in particular: the name of the branch where the cash was processed, report reference number and date, bank's business name, date of payment, payment document and lot reference numbers, type, category and amount of paid-in cash and the amount of established shortfall/surplus.

The National Bank of Serbia shall submit to banks the report from paragraph 2 hereof in the manner prescribed by the guidelines referred to in Section 4, paragraph 1 of this Decision, or in writing in case of electronic system failure.

If counterfeits are detected in the cash paid-in, the amount of such money shall be considered a shortfall and the bank's account shall be debited accordingly.

Authorised bank officers

26. A bank shall submit to the Department the list of authorised bank officers, which shall contain their specimen signatures and personal identification details (name, surname and personal identification number). The list shall be stamped and signed by the responsible bank officer.

Along with the list from paragraph 1 hereof, the bank shall submit electronically (on compact disk, by e-mail to ovlascena.lica.@nbs.rs or in electronic form in line with the guidelines governing electronic exchange of data on treasury operations between banks and the National Bank of Serbia) data on authorised bank officers referred to in that paragraph

including their photographs and specimen signatures.

The bank shall notify the Department of any changes in respect of authorised bank officers by no later than three business days before the date of outward/inward payment of cash specified in the cash-out/cash-in request.

Cash processing

Manner of cash processing

27. Banks shall process cash automatically and/or manually.

Banks shall automatically process banknotes in circulation by banknote handling machines, in accordance with minimum standards for automated fitness checking of banknotes in circulation (Schedule 7), while the automated coin processing shall be done by coin processing machines.

Banks shall carry out manual processing of banknotes in circulation in accordance with minimum standards prescribed for such processing (Schedule 8).

Banks shall process coins in accordance with the minimum standards for the verification of coin fitness for circulation (Schedule 8a).

28. Banks shall carry out automated cash processing only by banknote handling and coin processing machines (hereinafter: machines) which are included in the list referred to in Section 34 of this Decision, solely for denominations and issues specified in the list.

The machines are specified in Schedule 9. General technical requirements for banknote handling machines are specified in Schedules 10 and 11.

29. Manual cash processing at a bank shall be carried out by trained employees only.

The National Bank of Serbia shall provide the cash processing training for bank employees, and/or write and submit to the bank a report on employee training based on a special request. The request is submitted in electronic form, but may also be submitted in writing in case of electronic system failure. The content of the request in electronic form is laid down by the guidelines governing exchange of data on treasury operations between banks and the National Bank of Serbia, while the content and the form of the request in writing are laid down in Schedule 12. The request in writing must be stamped and signed by the applicant's responsible officer.

Machine testing

30. The National Bank of Serbia shall test the machine performance based on the request of a bank, agent, company intending to perform agent operations, manufacturer or authorised sales representative or distributor for the territory of the Republic of Serbia (hereinafter: the applicant). The request is submitted in electronic form, but may also be submitted in writing in case of electronic system failure, i.e. inability to send it electronically. The content of the request in electronic form is laid down by the guidelines governing exchange of data on treasury operations between banks and the National Bank of Serbia, while the content and the form of the request in writing are laid down in Schedule 13. The request in writing must be stamped and signed by the applicant's responsible officer.

Along with the request from paragraph 1 hereof, the applicant shall submit the relevant documentation (user manual, technical documentation on machine operation etc.).

31. The National Bank of Serbia shall test the machines against the requirements from Section 28, paragraph 2 of this Decision and depending on machine type, it shall also examine the following:

- 1) the machine's capacity to verify cash authenticity;
- 2) the machine's capacity to check cash for fitness;
- 3) the machine's capacity to physically separate (classify) cash into relevant stackers;
- 4) the machine's capacity to verify the numerical accuracy of cash;
- 5) the machine's capacity to record information about the client performing the transaction.

The testing referred to in paragraph 1 hereof shall be carried out based on the samples of known counterfeits and samples of fit and unfit money, within one month from the date of submission of the request referred to in Section 30 hereof.

32. The National Bank of Serbia shall prepare a report on machine performance testing, including the opinion of the National Bank of Serbia on whether the machines meet the cash processing requirements and/or the requirements for performing some cash processing tasks, within 15 days from the test completion. The report shall apply only to the machine types whose software and hardware was tested.

The report from paragraph 1 hereof comprising positive opinion on machine performance shall apply one year from the last day of the month in which the tested machine type was included in the list referred to in Section 34 hereof.

33. The person who previously obtained the report from Section 32,

paragraph 2 hereof shall resubmit the machine testing request prior to expiry of the deadline from that paragraph in the following cases:

- after any upgrade or update of the machine hardware/software;
- in case of occurrence of a new type of counterfeit of a certain denomination;
- upon a new issuance of a denomination by the National Bank of Serbia.

33a. The list referred to in Section 34 of this Decision may contain, without performance testing and compilation of the report from Section 32, paragraph 2 of this Decision, also a machine of the same type as the banknote handling machine for which a performance testing report and a positive opinion were already given (hereinafter: additional machine) if the National Bank of Serbia – based on the request of the person from Section 30, paragraph 1 of this Decision and a written statement of the manufacturer of the additional machine that the additional machine has the same hardware, software and other components that meet the requirements set out in Section 31, paragraph 1 of this Decision as the banknote handling machine for which the report was already made – establishes that the additional machine meets the requirements from Section 31, paragraph 1 of this Decision.

Along with the request referred to in paragraph 1 hereof, the submitter shall submit a manufacturer's statement referred to in that paragraph, as well as the relevant documentation proving the assertions from the statement (e.g. technical documents on the performance of the additional machine), while the National Bank of Serbia retains the right to require additional documentation from the manufacturer if it is not possible to determine all the facts relevant for decision-making on the fulfilment of requirements for putting the additional machine on the list from Section 34 of this Decision.

The National Bank of Serbia shall establish the fulfilment of requirements for putting the additional machine on the list from Section 34 of this Decision based on the documentation from paragraph 2 hereof, within a month from receiving the duly completed documentation, and shall notify thereof the submitter of the request from paragraph 1 hereof.

If it establishes that the additional machine does not meet the requirements from paragraph 1 hereof, the National Bank of Serbia shall specify in the notification referred to in paragraph 3 hereof also that the machine in question may not be used for cash processing or for specific cash processing tasks.

The provisions of Sections 34–37 shall accordingly apply to

additional machines.

34. The National Bank of Serbia shall compile a list of machine types for which it prepared the report referred to in Section 32, paragraph 2 of this Decision and of machine types on which it gave a positive opinion.

The list referred to in paragraph 1 hereof shall contain the following information: machine type, name of the manufacturer/sales representative, name of the machine, designation (hardware/software version), cash denominations that can be fully or partially processed by the machine and the date when the respective machine type was included in the list.

The list from paragraph 1 hereof shall be published on the National Bank of Serbia website.

The National Bank of Serbia shall regularly enter into the list from paragraph 1 hereof all changes related to the machine types specified in that paragraph.

34a. If it determines by follow-up verification on the bank's premises or in some other way that the machines used by the bank do not meet the requirements, i.e. do not have the capacities specified in Section 31 hereof, the National Bank of Serbia shall write a report on machine performance testing, describing detected deficiencies and setting a deadline for their removal, which report it shall submit to the bank without delay.

The bank may not use the machines from paragraph 1 nor recirculate the cash processed on those machines until the National Bank of Serbia states in its report on machine performance testing that all deficiencies from the above paragraph are removed.

If it determines based on follow-up verification referred to in paragraph 1 hereof that certain types of machines included in the list from Section 34 are not reliable for cash processing under the provisions of this Decision, the National Bank of Serbia may delete those types of machines from the list, and/or may delete certain denominations that these types of machines may process.

If in the event described in paragraph 3 hereof the National Bank of Serbia deletes certain denominations of cash that specific types of machines may process, the report on machine performance testing containing a positive opinion of the National Bank of Serbia on the performance of those machines shall apply to the remaining denominations until the report expiry date.

35. A bank shall notify the National Bank of Serbia about its intention to use the machines specified in the list referred to in Section 34 hereof.

The notification from paragraph 1 hereof is submitted in electronic form,

or in writing in case of electronic system failure. The content of the notification in electronic form is laid down by the guidelines governing exchange of data on treasury operations between banks and the National Bank of Serbia. The notification in writing contains the following data: reference number of item from the list specified in paragraph 1 hereof, type of machine, machine serial number, name of the manufacturer/sales representative, name of the machine, designation (hardware/software version), and address where the machine is installed. The notification in writing must be stamped and signed by the bank's responsible officer.

The bank may start using the machine from paragraph 1 hereof on the next business day after the receipt of the notification referred to in that paragraph by the National Bank of Serbia.

36. The machines which the National Bank of Serbia, in the report on machine performance testing, qualified as unfit for cash processing, and/or unfit for some cash processing tasks, and/or on which it gave a negative opinion, shall not be used for cash processing or for specific cash processing tasks.

37. The National Bank of Serbia shall not be held liable if the machines on the performance of which it has issued a positive opinion do not have the cash processing capacity as set out by the provisions of this Decision.

Cash handling after processing

Cash recirculation

38. Cash may be recirculated only if it is identified as fit for circulation in the processing procedure.

Cash taken over from the National Bank of Serbia does not have to be processed.

39. Automatically processed banknotes which are identified as fit for circulation may be recirculated via customer-operated banknote handling machines, cash-out machines and counters.

A bank may recirculate manually processed banknotes identified as fit for circulation only over the counter.

A bank may recirculate automatically or manually processed coins identified as fit for circulation only over the counter.

For the purpose of this Section, a counter means space in the bank's facilities where outward and inward payments of cash are carried out between the bank's employees and clients.

40. Notwithstanding Section 39, paragraph 2 hereof, in case of an

extraordinary event preventing the supply of automatically processed banknotes to customer-operated banknote handling machines and cash-out machines (automatic system failure, power outage, etc.), the bank may temporarily, but not longer than during three business days, recirculate the manually processed banknotes via these machines and devices, provided that it had previously notified the National Bank of Serbia thereof.

The notification from paragraph 1 hereof is submitted in electronic form, or in writing in case of electronic system failure. The content of the notification in electronic form is laid down by the guidelines governing exchange of data on treasury operations between banks and the National Bank of Serbia. The notification in writing contains the following data: description of the extraordinary event, list of machines and devices to be used for temporary supply of manually processed banknotes, the estimated quantity of these banknotes and the period during which the bank will recirculate the manually processed banknotes using those machines and devices. The notification in writing must be stamped and signed by the bank's responsible officer.

41. Non-processed cash shall not be recirculated, but may only be delivered to the National Bank of Serbia pursuant to the provisions of this Decision pertaining to inward payments of cash.

Handling of cash that is unfit for circulation

42. Banks shall exchange, at the request of legal and natural persons, banknotes and coins unfit for circulation in the following cases:

- 1) when minimum 51% of the proper banknote is presented;
- 2) when less than 51% of the proper banknote is presented, under the conditions specified in Section 44, provision 1) of this Decision;
- 3) coins having some physical features altered through circulation, corrosion or physical influences.

During the period specified for exchange, banks shall exchange, at the request of legal and natural persons, non-circulating currency specified in the decision governing the withdrawal of currency from circulation.

43. Banks and the National Bank of Serbia shall not exchange banknotes referred to in Section 20, provision 2) hereof.

44. When accepting banknotes unfit for circulation, banks shall be required to do the following:

- 1) when less than 51% of the proper banknote is presented, the bank must obtain a written explanation from the person who presented the banknote stating how the banknote was mutilated, and/or if one or more

parts are missing, what happened to the part(s), as well as how the person came into possession of the banknote and information on that person;

2) when a banknote suspected of being stained by alert colour is presented, the bank must obtain a written explanation from the person who presented the banknote stating how the banknote was mutilated, as well as how the person came into possession of the banknote and information on that person.

45. A bank shall make inward payments of unfit banknotes and coins to the National Bank of Serbia pursuant to provisions of this Decision pertaining to inward payments of cash except for banknotes from Section 44 of the Decision.

46. A bank shall deliver to branches banknotes referred to in Section 44 hereof together with the request for delivery of banknotes suspected of being stained by alert colour or mutilated (hereinafter: delivery request). The request shall be submitted to the Department in electronic form, or in writing in case of electronic system failure. The content of the delivery request in electronic form shall be as specified in guidelines referred to in Section 4, paragraph 1 hereof and the content and form of the request in writing shall be as specified in Schedule 14.

The delivery request must be stamped and signed by the responsible bank officer.

The delivery request may not be submitted by organizational units of banks.

Banknotes referred to in paragraph 1 hereof shall be delivered at the branch along with the statement on banknote origin (Schedule 15), the content and form of which are specified in the Schedule.

Banknotes referred to in paragraph 1 hereof may be delivered only by authorised bank officers.

47. When receiving banknotes from Section 44 hereof, the authorised branch officer shall compare banknote details with details from the statement on banknote origin and the delivery request, and confirm, by signing and stamping the copies of the statement, that the data are identical. If otherwise, the authorised branch officer shall not accept the banknotes.

48. After the technical analysis of banknotes referred to in Section 44, provision 1) hereof, based on which it was established with certainty that the mutilated banknote is authentic and that the missing parts cannot be replaced, and/or when the National Bank of Serbia established that the banknote can be replaced, the National Bank of Serbia shall credit the bank's account and send a written notification thereof, after which the bank

shall pay out cash to the person who presented the banknote (client).

49. After the technical analysis of banknotes referred to in Section 44, provision 2) hereof, the Department shall notify the ministry in charge of the interior affairs (hereinafter: MI) of the appearance of banknotes suspected of being stained with alert colour and submit with such notification the statement on banknote origin, and the personal identification document of the bank officer who handled such banknotes at the time of colouring and/or of the person who presented them. Upon receipt of the written notification from the MI, if the replacement of such banknotes is feasible, the National Bank of Serbia shall credit the bank's account and notify the bank in writing thereof, after which the bank shall pay out cash to the person who presented the banknote (client).

50. Banks may deliver to branches the banknotes referred to in Section 44 hereof in the manner specified in Section 46 hereof even if they do not have the information on how the banknotes became mutilated and who presented them.

51. After the authentication, the suspect counterfeits shall be delivered to the National Bank of Serbia pursuant to the decision governing the handling of suspect counterfeit money.

Reporting

52. Banks and holders of account with the National Bank of Serbia which process cash automatically or manually shall submit to the National Bank of Serbia a report on cash turnover (Schedule 16) and a report on processed cash (Schedule 17), by no later than 10th day of the month for the previous month.

Banks shall notify the National Bank of Serbia without delay of any changes related to the name, place and address of banks' organizational units (branches, branch offices etc.) where inward and outward payments of cash and cash processing is done and on customer operated machines, staff operated machines, coin processing machines and cash-out devices.

The reports referred to in paragraph 1 of this Section and notification referred to in paragraph 2 of the same Section shall be submitted to the Department in electronic form, or in writing in case of electronic system failure. The content of such reports and notifications in electronic form shall be as defined by the guidelines referred to in Section, paragraph 1 hereof.

The reports and notifications in writing referred to in this Section shall be stamped and signed by the responsible bank officer, and/or responsible

officer of the holder of account with the National Bank of Serbia.

Examination of cash management practices of a bank

53. The National Bank of Serbia shall carry out examinations in order to determine whether cash management practices of banks are in accordance with the provisions of this Decision.

The examinations referred to in paragraph 1 hereof shall be conducted by the employees of the National Bank of Serbia authorised therefor in writing by the governor of the National Bank of Serbia (hereinafter: authorised NBS officers), by carrying out direct insight into cash processing and handling procedures of the bank and/or agent, by examining the performance of machines on the premises of the bank and/or agent, as well as by inspecting the business books and other documents and data of the bank and/or agent.

The authorisation referred to in paragraph 2 hereof shall specify the bank and/or agent where the examination will be carried out, as well as the scope of the examination.

The bank and the agent shall cooperate with authorised NBS officers and enable them to conduct the examination smoothly.

54. Following the examination referred to in Section 53 hereof, authorised NBS officers shall compile a report, which shall be submitted to the bank whose cash management practices were examined.

If the examination referred to in Section 53 hereof shows that the bank and/or agent acted contrary to the provisions of this Decision, the National Bank of Serbia shall draw up a supervision report in accordance with the law governing banks and the decision specifying detailed terms and manner of performing bank supervision and special bank audit.

**Application of provisions of this Decision on the holder of account
with the National Bank of Serbia**

58. Provisions of this Decision pertaining to inward and outward payments of cash, cash processing, recirculation and handling of cash unfit for circulation by banks shall also apply to holders of account with the National Bank of Serbia.

Schedules

59. The Schedules to this Decision are printed herewith and form an integral part thereof.

Transitional and final provisions

60. Banks and holders of account with the National Bank of Serbia shall align their operations with the provisions from Sections 28 and 29 of this Decision and Section 39, paragraph 2 of the same Decision by 30 June 2013.

Banks shall submit the alignment plan within the meaning of paragraph 1 of this Section to the National Bank of Serbia by 31 December 2012 at the latest.

The alignment plan referred to in paragraph 2 of this Section shall comprise the following:

1) the list of organisational units of the bank (branches, branch offices, etc.) where inward and outward payments of cash and cash processing is performed, as at 30 September 2012;

2) the list of customer- and staff-operated machines, coin processing machines and cash-out devices, as at 30 September 2012 (Schedule 18);

3) the planned volume of cash to be recirculated over the next year, by organisational units of a bank;

4) the plan of activities on the organisation of processing of the planned volume of cash and adoption of adequate procedures governing machine operation and monitoring of machine operation, manual cash processing and handling of processed cash;

5) the schedule of purchase and instalment of cash-out machines and devices, by location (specified place and address), during the alignment period, if the bank plans automatic cash processing;

6) the total planned processing capacity of all machines which will process cash upon completion of the alignment (the processing capacity of installed machines increased by the processing capacity of machines whose instalment is planned until the end of the alignment period), with the specification of the planned processing capacity for each machine type.

The National Bank of Serbia may request that the bank submits other data and documents pertaining to the alignment referred to in paragraph 1 of this Section.

61. Fees for services related to inward and outward payments of cash and fees for testing the operation of machines and training of staff at banks and holders of account with the National Bank of Serbia shall be calculated and collected pursuant to the decision stipulating uniform fees charged for services provided by the National Bank of Serbia.

62. On the effective date of this Decision, the Decision on Cash Flow Management (RS Official Gazette, No 89/2011) and Guidelines for Implementing the Decision on Cash Flow Management (RS Official Gazette, No 89/2011) shall cease to apply.

63. This Decision shall be published in the RS Official Gazette, with the effective date of 1 September 2012.

Decision No 10

14 June 2012

Belgrade

G o v e r n o r

National Bank of Serbia

Dejan Šoškić, signed