

Pursuant to Article 128o, paragraph 21 and Article 128p, paragraph 11 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015) and Article 15a, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012 and 14/2015), the Executive Board of the National Bank of Serbia issues the following

DECISION
ON THE CONTENT OF DOCUMENTS AND EVIDENCE SUBMITTED WITH
THE APPLICATION FOR OPERATING LICENCE AND SPECIFIC
CONSENTS AND APPROVALS OF THE NATIONAL BANK OF SERBIA
FOR A BRIDGE BANK AND ON DETAILED CONDITIONS AND MANNER
OF GIVING SPECIFIC CONSENTS AND APPROVALS TO AN ASSET
MANAGEMENT COMPANY

1. This Decision sets out detailed content of documents and evidence submitted to the National Bank of Serbia (hereinafter: NBS) along with the application for an operating licence for a bridge bank, the application for prior consent to the founding act and articles of association of the bridge bank, to the nomination of management bodies of the bridge bank and remuneration of members of such bodies and to the act on determining their duties, as well as with the application for approving the strategy and risk profile of the bridge bank, while stipulating in detail the conditions and manner of giving prior consent to the founding act of an asset management company, to the nomination of management bodies of such a company, remuneration of members of these bodies, the act on determining their duties, as well as to the strategy and risk profile of such a company.

Content of documents and evidence submitted with the application for
an operating licence and specific consents and approvals of the NBS
for a bridge bank

2. Along with the application for an operating licence for a bridge bank, the Republic of Serbia shall submit to the NBS the following:

- 1) the bridge bank's founding act;
- 2) the bridge bank's articles of association;
- 3) evidence of payment of minimum initial capital;
- 4) names of nominated members of the bridge bank's managing and executive board and data on their qualifications, experience and business reputation.

3. The founding act referred to in Section 2, provision 1) hereof shall be the act on founding of a bridge bank issued by the competent authority of the Republic Serbia, and shall contain:

- 1) data on the founder;
- 2) business name of the bridge bank that must contain the words “new” and “bank”, and the bank’s head office;
- 3) the period during which the bank shall operate, which shall not be longer than two years from the date of the last effected transfer of shares, and/or transfer of total or a part of assets and/or liabilities of a single or several banks under resolution;
- 4) the amount of initial capital of the bridge bank and deadline for its payment, and in case of Article 128o of the Law on Banks (hereinafter: Law) the amount of initial capital at the founding and the deadline for its payment, as well as the deadline for the payment of the remaining amount of minimum initial capital that may not be longer than three months from the date of the bridge bank’s founding;
- 5) rights, obligations and responsibilities of the bridge bank founders;
- 6) number of shares of the bridge bank and their accounting value;
- 7) activities referred to in Article 4 of the Law which will be performed by the bridge bank;
- 8) method of covering bridge bank losses;
- 9) rights and obligations of bridge bank founders in case of bank's status change;
- 10) total or estimated amount of expenses related to the bridge bank’s founding;
- 11) other elements and/or data.

The act referred to in paragraph 1 hereof shall be signed and stamped, stating the time and place of the signing, with sheets bound in a way that precludes their removal and replacement.

4. Articles of association of the bridge bank shall set out:

- 1) organisation and manner of the bank’s operations;
- 2) matters decided by the bank’s assembly;
- 3) matters decided by other bodies of the bank, their composition and decision-making procedures, as well as the term of office of members of such bodies;
- 4) measures and responsibilities of the bank’s bodies aimed at providing liquidity and solvency of the bank;
- 5) rights, obligations and responsibilities of members of the managing and executive board, and other persons with special authorities and responsibilities established by the bank’s articles of association;
- 6) authority for signing and acting on behalf of the bank;

- 7) manner of performing internal control and internal audit of the bank;
- 8) data and documents considered a business secret of the bank, and the manner of handling such data and documents;
- 9) other elements and/or data.

5. The evidence of payment of minimum initial capital of the bridge bank to a temporary account with the NBS shall mean the statement of such account issued by the competent organisational unit of the NBS.

6. Along with the list of the nominated members of the bridge bank's managing and executive board, the founder shall submit the proposal of the decision on their nomination and data on their qualifications, experience and business reputation, which the founder shall prove in accordance with the decision on implementing the provisions of the Law relating to the granting of a preliminary bank founding permit, bank operating licence and specific consents of the NBS, as well as to the establishment of criteria for defining a first-class bank.

7. Sections 12 and 13 hereof shall apply accordingly to the consent to remuneration of members of the management bodies of the bridge bank and to the act on determining their duties.

8. The proposal of the risk management strategy and risk profile of the bridge bank shall be drawn up pursuant to the decision regulating bank risk management.

Conditions and manner of giving prior consent to the founding act of an asset management company

9. The Republic of Serbia shall submit to the NBS the application for prior consent to the founding act of an asset management company.

The application referred to in paragraph 1 hereof shall be accompanied with a proposal of the founding act referred to in the same paragraph which shall contain:

- 1) data on the founder;
- 2) business name and head office of the asset management company;
- 3) period during which the asset management company shall operate;
- 4) total amount of initial capital of the asset management company and deadline for its payment;
- 5) activities performed by the asset management company;
- 6) scope of activity and/or competences of the asset management company;

7) other elements and/or data, in accordance with the law regulating companies.

The act referred to in paragraph 1 hereof shall be signed and stamped, stating the time and place of signing, with sheets bound in a way that precludes their removal and replacement.

Conditions and manner of giving prior consent to the nomination of management bodies of an asset management company

10. An asset management company shall have company bodies in accordance with the law regulating companies.

Director, executive director and a member of the supervisory board of the asset management company may be any person meeting the following requirements:

1) has not been convicted by a final judgement of a criminal offence against economic interests, property, government authorities and official duty, and/or of a criminal or commercial offence set forth by laws governing capital market, privatisation, insurance activities and/or bank operation, nor of any other criminal offence which would make him unsuitable for exercising the function;

2) is not a member of a management body of a bank or an employee in a bank, nor a member of a management body in an insurance company, an investment fund management company, investment company, market operator, other entity in the financial sector or the Central Securities Depository and Clearing House;

3) is not a person closely related to the persons referred to in provision 2) hereof within the meaning of the law regulating the capital market;

4) has completed at least the first cycle of higher education i.e. undergraduate studies lasting four years minimum with no less than five-year experience in brokerage-dealership activities, investment advising and portfolio management and other activities relating to investment services providing, activities and ancillary services relating to financial instruments, factoring and other activities relating to collection of claims, drawing up and auditing of financial statements, bankruptcy or liquidity administration and other related activities;

5) has good business reputation and/or personal and professional integrity and business status that ensure that the company will be managed with the diligence of a prudent businessman and in accordance with the rules of safe and sound operations.

Director, and/or executive director of the asset management company shall be employed by the company on a full-time basis under an indefinite

term contract.

11. Along with the application for prior consent to the nomination of the director, and/or executive director and a member of the company's supervisory board, the Republic of Serbia and/or the asset management company shall submit the following to the NBS:

1) proposal of the decision of the competent body of the asset management company on the nomination of the director, and/or executive director and a member of the supervisory board, providing an explanation and opinion on the business reputation of that person;

2) scanned biometric ID card for citizens of the Republic of Serbia, and/or a certified photocopy of the ID card or a passport proving the unique personal identification number, domicile address, number of the ID document, issuance and validity dates and the issuing authority;

3) *curriculum vitae* of the nominated person containing data on his professional qualifications and work experience, and/or previous engagement;

4) certificate issued by the competent authority confirming that the nominated person has not been convicted by a final judgement of criminal and commercial offences referred to in Section 10, paragraph 2, provision 1) hereof, and/or evidence of not having been convicted of such acts and offences (statement from the criminal record of the ministry competent for internal affairs and a certificate issued by the competent commercial court);

5) statement by the nominated person confirming fulfilment of the requirements referred to in Section 10, paragraph 2, provisions 2) and 3) hereof;

6) evidence that the nominated person has completed at least the first cycle of higher education i.e. undergraduate studies lasting four years minimum (a certified photocopy of the diploma);

7) evidence of work experience in the activities referred to in Section 10, paragraph 2, provision 4) hereof (confirmation of employment issued by a legal entity stating the activities the nominated person has performed and the period of his engagement, as well as a photocopy of an employment record booklet);

8) letter of reference, with an elaborate opinion on the competence, abilities and personal and professional integrity of the nominated person given by a person who used to employ or still employs or engages the nominated person;

9) other documents and evidence deemed necessary by the NBS.

The NBS shall, based on the documents and evidence referred to in paragraph 1 hereof and other data at its disposal, determine whether the nominated person fulfils the requirements referred to in Section 10 hereof.

The asset management company shall submit to the NBS the decision on appointment or removal of the director and/or the executive director and a member of the supervisory board, on the next working day following their appointment or removal.

Conditions and manner of giving consent to the remuneration of members of management bodies of the asset management company and the act on determining their duties

12. Along with the application for consent to the remuneration of members of its management bodies, the asset management company shall submit to the NBS the act of its competent body on determining such remuneration.

In giving consent referred to in paragraph 1 hereof, the NBS shall take into consideration the amount of assets secured for operation of the company referred to in the same paragraph, the amount of assets and liabilities of a bank under resolution or a bridge bank transferred to such a company, business results of the company and the estimated amount that creditors would receive if the bank were placed under bankruptcy.

13. Along with the application for consent to the act on determining the duties of members of its management bodies, the asset management company shall submit to the NBS the act of its competent body on determining such duties.

The act referred to in paragraph 1 hereof shall determine the duties of members of management bodies of the asset management company by ensuring a transparent division of duties and responsibilities between management bodies of the company, as well as between the members of these bodies, in accordance with the activities performed by the asset management company which are set forth by the founding act of the company, in order to prevent conflict of interest and ensure an adequate system of internal controls and efficient control of operational risks.

Conditions and manner of giving consent to the strategy and risk profile of the asset management company

14. Along with the application for consent to its strategy, the asset management company shall submit to the NBS the act of its competent body determining the strategy of management of risk to which the asset management company is exposed in the performance of its activities.

The act referred to in paragraph 1 hereof shall contain a description of the most important risks to which the asset management company is exposed and the principles behind managing and taking such risks, and/or risk management policies and procedures which ought to be aligned with the business objectives of the company, nature, scope and complexity of activities performed by the company, as well as with the type and amount of assets and liabilities transferred to the asset management company.

The asset management company shall review its risk management strategy periodically, and change it accordingly, particularly in case of a significant change in the circumstances and facts referred to in paragraph 2 hereof.

15. With a view to determining its risk profile, the asset management company shall adopt risk management policies and procedures specifying the manner of organisation and responsibility for the implementation of procedures for the management of the risks to which the company is exposed, the manner of identification and assessment of the risks to which the company is exposed, as well as the measures that may be applied with the aim of reducing the identified and assessed risks, and the manner of monitoring and controlling the implementation of these measures.

Based on the identified and assessed risks, the asset management company shall determine its risk profile, and/or the type and level of the risks to which the company is exposed in the performance of its activities, as well as its propensity to risk, and/or those risks that the company may accept in order to achieve its business objectives.

The asset management company shall submit to the NBS the act of its competent body approving the determined risk profile and propensity to risk referred to in paragraph 2 hereof, along with the description of the most significant assessed risks to which the company is exposed in the performance of its activities.

The company shall determine its risk profile and submit it to the NBS at least once a year, or more often if necessary or requested by the NBS.

Timeframe for responding to the application

16. The NBS shall decide on applications referred to in Sections 9, 11, 12, 13, 14 and 15 herein within eight days from the date of receipt of the duly submitted application.

Submission of required documents and evidence

17. All submitted documents and evidence prescribed hereunder shall be originals or certified photocopies and may not be older than six months.

The documents referred to in paragraph 1 hereof must be written in the Serbian language, and should such documents be written in a foreign language – the original or a certified photocopy shall be accompanied with a translation into the Serbian language rendered by a court interpreter.

18. The bridge bank and/or asset management company shall submit to the agency competent for keeping the business registers a registration notice on any changes requiring consent of the NBS pursuant to the Law and this Decision, while submitting pertinent evidence to the NBS.

Final provisions

19. This Decision repeals the Decision on the Contents of Documents and Evidence Submitted along with the Application to Issue an Operating License to a Bridge Bank (RS Official Gazette, No 43/2011).

20. This Decision shall be published in the RS Official Gazette and shall enter into force on 1 April 2015.

NBS Executive Board No 18
26 March 2015

Belgrade

Chairperson
Executive Board of the
National Bank of Serbia
Governor
National Bank of Serbia

Jorgovanka Tabaković, PhD