

Pursuant to Article 32, paragraph 4 of the Law on Foreign Exchange Operations ("RS Official Gazette", No 62/2006), the Governor of the National Bank of Serbia hereby issues

D E C I S I O N

ON TERMS AND CONDITIONS OF PERFORMING FOREIGN PAYMENT TRANSACTIONS

1. This Decision shall set forth terms and conditions of effecting payments, collection of payments and transfers in foreign exchange and dinars under current and capital transactions.

2. Payments, collection of payments and transfers referred to in Section 1 hereof shall be performed through the account of a bank authorized by the National Bank of Serbia to engage in foreign payment and credit transactions (hereinafter: bank) and through the account of a foreign bank with a bank in the Republic of Serbia, in the manner specified by this Decision and by the guidelines referred to in Section 15 of that Decision.

3. Payments, collection of payments and transfers referred to in Section 1 hereof shall be performed by submitting foreign payment orders.

The National Bank of Serbia shall prescribe contents of payment orders from the above paragraph 1 by the guidelines referred to in Section 15 hereof.

Notwithstanding paragraphs 1 and 2 of this Section, payments, collection of payments and transfers from special foreign exchange accounts opened for the purposes of clearing and financial settlement of transactions in respect of electricity trading in the organised electricity market in the Republic of Serbia may be performed also based on direct debit of accounts of participants in that market, and/or based on a standing order issued by a participant to the agent bank for the financial settlement of transactions referred to in this paragraph, in accordance with the agreement concluded with that bank.

4. A bank shall notify the resident whose name appears on the payment order received from the foreign bank (hereinafter: beneficiary) of the collection of payment on the same day, and at latest on the first business day after receiving cover for the execution of such payment order.

On the same day or on the first business day after receiving the notification referred to in paragraph 1 hereof, the beneficiary shall submit to

the bank all data necessary for execution of the payment in respect of collection referred to therein and enclose supporting document, should it be prescribed as a condition for payment order execution.

Obligations from paragraphs 1 and 2 hereof shall be performed on the same day if the conditions are met by 10 a.m. or, if not, on the following business day.

5. Collection of payments referred to in Section 4, paragraph 1 hereof shall be performed by crediting the beneficiary's account in the currency of collection on the same day or on the first business day after data specified in paragraph 2 hereof are received.

If the beneficiary is a natural person, the bank may effect the payment in cash at his/her request.

Obligations referred to in paragraph 2 of this Section shall be performed within the time specified in Section 4, paragraph 3 hereof.

For the purpose of effecting payment in respect of collection, a beneficiary other than a resident whose goods or services have been exported, shall also submit to the bank a request that such resident's account be credited.

6. If the details necessary for crediting the beneficiary's account are not submitted to the bank within the time specified in Section 5 hereof, the bank shall credit its account payable for designated payments in respect of collections from abroad.

7. Banks may execute foreign payments and/or transfers abroad only if such payments are in compliance with the Law on Foreign Exchange Operations.

8. For effecting foreign payment, resident (hereinafter: order issuer) shall submit payment order to the bank the contents of which are prescribed by the guidelines referred to in Section 15 hereof and for which funds have been provided in the bank.

In addition to payment order referred to in paragraph 1 hereof, the order issuer shall also enclose a document based on which payment shall be executed in compliance with regulations.

The order issuer shall keep the document referred to in paragraph 2 hereof for its own needs and for the needs of the relevant inspection bodies, whereas a copy of such document shall be retained by the bank.

Notwithstanding paragraph 2 of this Section, the bank and the order issuer may agree in writing that the order issuer is not obliged to submit along with the payment order from paragraph 1 of that Section a document underlying the payment, proving the obligation of payment and determining the payment grounds, unless stipulated by other regulation that the payment order must be supported by specific documentation.

The order issuer who concluded with the bank the agreement from paragraph 4 hereof shall keep the document underlying foreign payment, proving the obligation of payment and determining payment grounds for ten years following the execution of payment – in its original form or form suitable for evidence review, as well as to present that document at the request of the bank or inspection bodies in charge of foreign exchange operations.

The bank and the order issuer shall keep the foreign payment order for ten years following foreign payment execution – in its original form or form suitable for evidence review.

Based on the payment order received as provided by paragraphs 1 and 2 hereof, the bank shall effect foreign payments within the time limit agreed upon with the order issuer.

9. The bank shall accept the payment order referred to in Section 8 hereof or return it to the order issuer no later than on the first business day following the date of its receipt and, unless agreed otherwise, return the funds provided within the same time-frame.

10. Payments, collection of payments and transfers requested and/or ordered by non-residents under current and capital transactions shall also be effected as specified hereunder.

11. The provisions hereof shall apply to payments, collection of payments and transfers executed by the National Bank of Serbia under current and capital transactions for the needs of residents referred to in Article 2, item 1, provisions 6 and 7 of the Law on Foreign Exchange Operations, as well as to those executed by the NBS for its own account.

11a. The provisions hereof shall also apply to payments, collection of payments and transfers under current and capital transactions in foreign exchange performed by banks through their foreign currency reserve requirement accounts with the National Bank of Serbia in line with regulations on interbank clearing.

11b. The provisions hereof shall also apply to collections and payments in foreign cash in line with the regulation on payment, collection of payments, pay-in and payout transactions that may be performed in foreign cash.

12. The bank shall provide accurate data on payments, collection of payments and transfers effected within the meaning hereof for statistical purposes in line with the guidelines referred to in Section 15 thereof.

13. The provisions hereof shall apply to payments and collection of payments in non-convertible currencies executed via liquidation accounts of the National Bank of Yugoslavia abroad up to the balances thereon.

14. Banks shall use modern telecommunications systems, including SWIFT, and apply international banking rules and standards to payment transaction instruments used in execution of payments, collection of payments and transfers under the terms hereof.

15. The Governor shall issue guidelines for the implementation hereof.

16. This Decision shall supersede the Decision on the Terms and Conditions of Payment, Collection of Payments and Transfers under Current and Capital Transactions in Foreign Exchange and Dinars ("FRY Official Gazette", No 25/2002).

17. This Decision shall enter into force on the date following its publication in the "RS Official Gazette".

D. No 32
26 February 2007
B e l g r a d e

G o v e r n o r
National Bank of Serbia

Radovan Jelasic, sign.