

Pursuant to Article 12, paragraph 7, Article 16, paragraph 6, Article 20a, paragraph 5, Article 52a, paragraph 9 and Article 53, paragraph 4 of the Law on Voluntary Pension Funds and Pension Schemes (RS Official Gazette, Nos 85/2005 and 31/2011) and Article 15, 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, 14/2015 and 40/2015 – CC decision), the Executive Board of the National Bank of Serbia adopts the following

**DECISION
ON DETAILED CONDITIONS AND MANNER OF ISSUING LICENCES AND
APPROVALS TO VOLUNTARY PENSION FUND MANAGEMENT
COMPANIES**

Introductory provisions

1. This Decision sets out the detailed conditions and manner of issuing an operating licence to a voluntary pension fund management company (hereinafter: operating licence), licence to manage a voluntary pension fund (hereinafter: management licence), granting the approval to acquire a qualified stake in a voluntary pension fund management company (hereinafter: management company), granting the approval of the selection of a member of the management company's management, the merger procedure of voluntary pension funds (hereinafter: fund), procedure of transfer of fund management rights from one management company to another, and the procedure of voluntary liquidation of a management company.

In making the decision with regard to the application for an operating licence, the National Bank of Serbia shall also decide on the approval to acquire a qualified stake in a management company and approval of the selection of a member of the management company's management.

Operating licence issuance

2. Founders of a management company shall submit an application for an operating licence to the National Bank of Serbia, along with the following documents and evidence:

- 1) articles of association of the management company;
- 2) evidence that the pecuniary part of core capital has been paid to a suspense account with a bank, with a statement of origin of the funds, in

accordance with Article 7, paragraph 3 of the Law on Voluntary Pension Funds and Pension Schemes (hereinafter: Law);

3) data and evidence relating to founders/shareholders of the management company and its owners;

4) rules of operations of the management company;

5) the management company's business plan for the first three years, containing a precisely defined business strategy;

6) data and evidence on the fulfilment of the requirements referred to in Article 15 of the Law and this Decision relating to proposed members of the management company's management;

7) data and evidence relating to the associates of the founder, founder's owner and proposed members of the management company's management;

8) evidence on the fulfilment of requirements for organisational and technical capacity of the management company referred to in Article 8 of the Law and this Decision;

9) evidence on the fulfilment of risk management requirements in the management company;

10) evidence that the competent regulatory body in the founder's country of origin approved the participation in the establishment of the management company and/or evidence that such approval is not required;

11) authorisation for the person with whom the National Bank of Serbia will cooperate in the procedure of deciding on the application;

12) other data and documents, as requested by the National Bank of Serbia.

Articles of association

3. Articles of association of a management company shall be made in writing and contain the elements prescribed by the law governing companies.

Evidence that the pecuniary part of core capital has been paid to a suspense account with a bank, with a statement of origin of the funds

4. Along with the application for an operating licence, founders of a management company shall submit a certified written statement that they have at their disposal funds in the amount referred to in Article 7, paragraph 1 of the Law, and that such funds have been transferred to a suspense account with a bank and/or separate account with the National Bank of Serbia if the founder is a foreign person, before obtaining the operating licence. This statement must contain the exact amount of the stake of each founder of the management company. As evidence that the funds were paid to a suspense account with a bank and/or separate account with the National Bank of

Serbia, founders shall submit the statement of the suspense account with a bank and/or separate account with the National Bank of Serbia.

Along with the statement referred to in paragraph 1 hereof, founders shall submit the statement that the funds referred to in that paragraph do not originate in loans or credits and that they have not been encumbered in any way, in accordance with Article 7, paragraph 3 of the Law.

The statements referred to in paragraphs 1 and 2 hereof must be submitted separately, with the date and signature of the authorised person.

Data on founders/shareholders

5. Founders of a management company shall submit the list of founders/shareholders of the management company – natural and legal persons, which includes the name and address of the shareholder and/or business name and head office, with the total nominal value of shares, percentage of stake in core capital of the management company and the note whether such persons will have unqualified, qualified or significant stake.

6. The following documents shall be submitted for a shareholder/founder of a management company – legal person:

- certified photocopy of a decision on the entry of this person in the register of business entities and/or certified translation of an excerpt from the register in case of a foreign legal person, with the data on the business activity of that person and on the owners of the person – down to the level of natural persons and/or market recognised legal persons holding a stake in that person, the absolute amount and percentage of ownership and/or stake, as well as the information on members of management bodies and/or supervisory bodies of that legal person and its owners;
- transcript of shareholders from the book of shareholders and/or evidence from another appropriate public register, if the person is a joint-stock company;
- financial statements, with the certified auditor's opinion for the past three years;
- evidence on the settlement of due tax liabilities issued by a competent body, not older than six months;
- list of legal persons considered to be related to this person within the meaning of the Law, including the information on whether that person owns and/or holds a stake in another legal person, and since when, the absolute amount and percentage of ownership and/or stake in the capital of another legal person as at the day before the submission of application for an

operating licence, and whether and in which amount the other legal person generated profit during the past three years based on such ownership and/or stake, as well as the information on affiliation on any other grounds (agreement on business association or other form of affiliation);

- short description of the founder's business activities in the past three years and the plan of activities for the next three years, and the statement of the total debt of this person in local and foreign legal and natural persons, with the specification of those persons and amounts of debt;

- evidence issued by a competent body confirming that that legal person and its beneficial owner have not been convicted by a final judgement of a criminal offence, and that no criminal proceedings are conducted against them and/or that they have not been convicted by a final judgement of an economic offence or misdemeanour qualifying that person unsuitable for carrying out the operations of a management company;

- list of associates of the founder/shareholder and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country;

- the person's certified written statement on whether its beneficial owner is a public official within the meaning of the law governing the prevention of money laundering and terrorism financing.

The following documents shall be submitted for qualified owners of a founder/shareholder of a management company – legal persons:

- certified photocopy of a decision on entry in the register of business entities and/or certified translation of an excerpt from the register for foreign persons and their owners, down to the level of natural persons – beneficial owners defined by the law governing the prevention of money laundering and terrorism financing;

- transcript of shareholders from the book of shareholders and/or evidence from another appropriate public register, if the owner is a joint-stock management company;

- financial statements, with the certified auditor's opinion for the past three years;

- evidence on the settlement of due tax liabilities issued by a competent body, not older than six months;

- list of legal persons considered to be related to this person within the meaning of the Law;

- evidence issued by a competent body confirming that that legal person and its beneficial owner have not been convicted by a final judgement of a criminal offence, and that no criminal proceedings are conducted against them and/or that they have not been convicted by a final judgement of an economic offence or misdemeanour qualifying that person unsuitable in relation to carrying out the operations of a management company;
- list of associates of that legal person and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country;
- the qualified owner's certified written statement on whether its beneficial owner is a public official within the meaning of the law governing the prevention of money laundering and terrorism financing.

The following documents shall be submitted for qualified owners of founders/shareholders of a management company – natural persons and members of the management of founders/shareholders of a management company:

- professional resume, which should include data on their business engagement and professional qualifications;
- certified statement of those persons that in the past three years they were not members of the management, supervisory board or vested with special authorisations in a legal person in respect of which forced liquidation and/or bankruptcy proceedings were instituted;
- evidence issued by the competent body confirming that those persons have not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country, and/or of misdemeanours;
- list of associates of those persons and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of the criminal offences referred to in indent three hereof;
- certified written statement of those persons on whether they are public officials within the meaning of the law governing the prevention of money laundering and terrorism financing;
- list of legal persons in which those persons hold a stake, including the information on whether they are members of managing or supervisory

bodies, as well as whether they are owners of a legal person, with the indication of the absolute amount and percentage of such ownership and/or stake in the capital of the legal person;

- data on those persons from the identity card or passport, specifically the unique personal identification number, residence, document number, date of issuance and validity, and the issuer of the document.

Other documents considered necessary by the National Bank of Serbia shall be submitted for a shareholder – legal person.

7. If a founder of a management company or a shareholder of a founder of a management company is a market recognised legal person within the meaning of the Law, along with the documents and evidence referred to in Section 6 hereof, the following documents shall also be submitted:

- list of owners of this person, with basic data on owners;
- evidence on credit rating, with the opinion of a rating agency, and/or evidence that it is listed on stock exchanges in OECD countries;
- other documents considered necessary by the National Bank of Serbia.

8. The following documents shall be submitted for a founder/shareholder of a management company – natural person:

- professional resume, which should include the information on his/her business engagement and professional qualifications so far;
- certified statement of this person that in the past three years he/she was not a member of the management, supervisory board or vested with special authorisations in a legal person in respect of which forced liquidation and/or bankruptcy proceedings were instituted;
- evidence issued by the competent body confirming that this person has not been convicted by a final judgement of criminal offences against the economy, property, the judiciary, public order and legal transactions, or official duty, of criminal offences and economic offences prescribed by laws governing the securities market, privatisation, the insurance business and banks, of criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country, and/or of misdemeanours;
- list of associates of that person and the evidence issued by the competent body confirming that he/she has not been convicted by a final judgement of the criminal offences referred to in indent three hereof;

- certified written statement of that person on whether he/she is a public official within the meaning of the law governing the prevention of money laundering and terrorism financing;
- evidence issued by the competent body on the settlement of taxes and/or that such person is not a taxpayer, not older than six months;
- list of legal persons in which this person holds a stake, including the information on whether this person is a member of managing or supervisory bodies, as well as whether he/she is an owner of a legal person, with the indication of the absolute amount and percentage of such ownership and/or stake in that legal person;
- statement on this person's debt in domestic and foreign legal and natural persons, with the specification of those persons and amounts of debt;
- data on that person from the identity card or passport, specifically the unique personal identification number, residence, document number, date of issuance and validity, and the issuer of the document;
- other documents considered necessary by the National Bank of Serbia.

9. If a founder of a management company is unable, for justifiable reasons, to obtain evidence on non-conviction of a founder/shareholder and beneficial owner of the founder of the management company and/or qualified owners, and associates within the meaning of this Decision – the founder may submit a statement given under financial and criminal liability confirming that those persons have not been convicted and/or that no criminal proceedings within the meaning of this Decision are conducted against them. The National Bank of Serbia may at any time request that the founder submits evidence on non-conviction of those persons or request that evidence directly from the competent authority.

10. In assessing the financial position of founders of a management company – legal persons and all related persons, the National Bank of Serbia shall assess the profit, financial and operational stability of those persons, and trends in their operations and financial status, solvency and liquidity of those persons, position in the market of the activity these persons are engaged in, the actually available funds those persons intend to invest in the management company and the possibility of providing additional capital.

In assessing the trends in the operations of the persons referred to in paragraph 1 hereof, the National Bank of Serbia shall assess the strategic orientation of those persons and/or reasons for organising funds and development strategies of those persons in the following three years, including the strategy in relation to the management company.

In assessing the financial position of founders of a management company – natural persons, the National Bank of Serbia shall assess: that the tax liabilities have been met, based on evidence issued by the competent tax authority, stake in other legal persons, and debt in domestic and foreign legal and natural persons.

In assessing good business reputation, qualifications and experience in managing the entrusted assets of founders of a management company – legal persons and all related persons, the National Bank of Serbia shall assess the capability of those persons to manage risks, quality and expertise of their management based on their total business operations and management of other legal persons so far, as well as whether investments in ownership stakes in management companies and management of such stakes are their strategic objective clearly visible from business policy decisions and business practice in the past three years, as well as whether those persons in the capacity of owners of a management company will have a long-term positive impact on the business operations of the management company.

In assessing good business reputation, qualifications and experience in managing the entrusted assets of founders of a management company – natural persons, the National Bank of Serbia shall assess the capability of these persons to manage risks, and whether those persons in the capacity of owners of a management company will have a long-term positive impact on the operations of the management company, based on their professional resumes, their personal, professional and moral integrity, professional qualifications and work experience, management and supervision activities in those persons so far, and other data.

It is considered that the business reputation of a founder of a management company and its beneficial owner is not good in the following cases:

- if they have been convicted by a final judgement of a criminal offence, economic offence or misdemeanour, or criminal proceedings within the meaning of this Decision are conducted against them for acts for which evidence on non-conviction is required;
- if an associate of those persons has been convicted by a final judgement of a criminal offence within the meaning of this Decision, for which evidence on non-conviction is required;
- if they have committed, in the last ten years, a serious violation and/or repeated violations of regulations governing the prevention of money laundering and terrorism financing.

Within the meaning of this Decision, an associate shall mean:

- any natural person who is a member of a managing body in a legal person whose beneficial owner, within the meaning of the law governing the prevention of money laundering and terrorism financing, is the founder of a management company and/or a person who is to have a stake in this company or in which the founder of the management company and/or a person who is to have a stake in that company is a member of a managing body;
- any natural person who is the beneficial owner of a legal person in which a founder and/or a person who is to have a stake in the management company, is a member of a managing body;
- any natural person who – jointly with the founder and/or a person that is to hold a stake in the management company – holds beneficial ownership in the same legal person.

Rules of operations

11. The rules of operations of a management company shall include the elements prescribed by Article 21 of the Law.

The rules referred to in paragraph 1 hereof shall specify the investment policy of each fund managed by a management company on a separate basis, which must be in accordance with the Law and the decision of the National Bank of Serbia governing the detailed conditions and maximum amounts of investment of the fund's assets, as well as the manner of investing such assets abroad.

Business plan

12. Within the business plan for the first three years, a management company shall include the information regarding the organisation of its work, and the information regarding planned financial operations, in particular:

- the number of funds that the management company plans to organise and target groups of clients for those funds;
- optimistic, realistic and pessimistic projection of the balance sheet and income statement of the management company, and optimistic, realistic and pessimistic projection of funds growth, including the number of fund members, net amount of the fund's assets, fees that the management company will charge and other parameters, with the description of assumptions used for all three projections;
- planned sources of funds for capital increase of the management company;

- business strategy, which at least must include clearly explained views of founders of the management company in relation to the establishment and improvement of its operations, including clearly stated long-term readiness and ability of founders to ensure the continuity of operations of that management company;
- plan for developing the operations and organisational structure of the management company;
- description of undertaken and planned activities relating to the establishment of the information system of the management company and/or development of that system in accordance with the planned changes in business processes, including the listing of computer and other technical equipment, and of software solutions intended for use;
- areas of operations intended to be outsourced, the list of persons to which they will be outsourced, and the manner in which quality control of the provided services will be conducted.

List of proposed members of the management

13. Along with the list of proposed members of the management company's management, documents and evidence prescribed in Section 23 hereof shall be submitted.

Evidence on the fulfilment of requirements for organisational and technical capacity

14. The evidence on the fulfilment of requirements for organisational and technical capacity of a management company shall mean the information on its organisational structure, human resources, information system and the evidence on ensured appropriate business premises.

The information on the organisational structure of the management company shall imply the proposals of internal regulations defining the organisational structure, with a clear indication of activities to be outsourced in accordance with the Law, and draft contracts with the persons to which they are to be outsourced.

The following information shall be considered information on human resources:

- proposal for job classification by employee, with the required qualification structure, work experience for each job and description of each job;
- list of persons to conduct the activities referred to in Article 8 of the Law – portfolio manager and internal auditor, with professional resumes of

those persons, which should include the information on their work engagements so far and evidence that they possess the required title;

- planned schedule for all classified jobs, which must be in line with the planned expansion of jobs and organisational network of the management company.

The following information shall be considered information on the information system of a management company:

- specification of the required computer, communication and other technical equipment, and a detailed description of databases and software solutions in accordance with the activities that the management company will conduct;

- documents on the manner of providing the equipment – whether it will be owned based on a founding stake or on any other legal transaction, of which relevant documents shall be submitted (e.g. preliminary agreement, agreement or decision);

- information on the manner of obtaining software solutions – whether they will be developed within the management company, in which case a description of the methodology which will be applied shall be submitted, or they will be obtained from external suppliers, in which case relevant documents shall be submitted (e.g. preliminary agreement, agreement or decision);

- proposals of internal regulations in relation to the information system, in accordance with the decision of the National Bank of Serbia specifying the minimum requirements for organisational and technical capacity of a management company.

The evidence on ensuring appropriate business premises shall be the following documents:

- documents proving the legal grounds for using the business premises, which show the manner in which the business premises will be ensured – whether they will be owned by the management company (draft agreement on purchase and/or concluded preliminary agreement, or excerpt from the real estate folio in the land register), or they will be leased (draft lease agreement and/or concluded preliminary agreement), or ensured on other grounds (draft agreement on ceding the right to use business premises or concluded preliminary agreement);

- evidence that the business premises meet the legal requirements regarding technical capacity, occupational safety, environmental protection and improvement (e.g. decision of a competent body in the procedure of inspection supervision, etc.), as well as the prescribed standards in relation to the planned number of employees.

The management company shall submit to the National Bank of Serbia a list of employees, final evidence on ensured computer, communication and other technical equipment, and final evidence on ensured appropriate business premises within 30 days of receiving the operating licence.

Evidence on the fulfilment of risk management requirements

15. The evidence on the fulfilment of the requirements for risk management within a management company shall be the following documents:

- proposal of the risk management strategy of the management company and the fund, in accordance with the decision of the National Bank of Serbia governing risk management in the operations of the management company and the fund;
- proposals of procedures of the management company governing risk management, in accordance with the decision referred to in indent one hereof, other regulations, standards and rules of the profession;
- proposals of the management company's regulations governing the system of internal controls, in accordance with the decision referred to in indent one hereof.

Evidence that the competent regulatory body approved the participation in the establishment of a management company and/or evidence that such approval is not required

16. The evidence that the competent regulatory body in the country of origin of a founder of a management company, the founder being a financial sector person, has given its approval to that person to participate in the establishment of a management company in the Republic of Serbia shall mean the certificate of that regulatory body of the approval issued to the founder of the management company that it can be a founder of a management company in the Republic of Serbia.

The evidence that the approval referred to in paragraph 1 hereof is not required shall mean the certificate issued by the regulatory body referred to in that paragraph that such approval is not required.

Authorisation for the person with whom the National Bank of Serbia will cooperate in the procedure of deciding upon the application for an operating licence

17. The authorisation for the person with whom the National Bank of Serbia will cooperate in the procedure of deciding upon the application for an operating licence to a management company shall include a date and be signed by all founders. The authorisation shall include the address and phone number of the authorised person.

Issuance of a management licence

18. Along with the application for a management licence, the following documents and evidence shall be submitted to the National Bank of Serbia:

- 1) draft of a standardised contract of membership in the fund;
- 2) draft contract with a custody bank;
- 3) list of persons who will perform the functions of portfolio managers of the fund being established, with professional resumes of those persons;
- 4) draft of the fund's tariff code;
- 5) draft of the fund's investment policy;
- 6) authorisation for the person with whom the National Bank of Serbia will cooperate in the procedure of deciding on the application;
- 7) other data and documents, as requested by the National Bank of Serbia.

19. If during operations a management company decides to establish another fund, along with the application, documents and evidence referred to in Section 18 hereof, it shall submit the following documents:

- decision of the competent body of a management company on the fund's establishment;
- business plan of a management company for the next three years, prepared in accordance with this Decision, including the business operation of all the funds it manages, and/or plans to organise;
- documents prepared in accordance with this Decision, including planned organisational and technical adjustments necessary to organise the fund.

20. Along with the draft contract with a custody bank, draft procedures prescribed by the decision of the National Bank of Serbia defining in detail the frequency, manner and standardised form of custody bank reporting and the manner of adjusting differences between calculated values and/or yields of the fund, shall be submitted as well.

21. Along with the list of persons who will perform the functions of portfolio managers of the fund being established, professional resumes of those persons shall be submitted, which should include the information on their work engagements so far and evidence that they possess the required titles, as well as draft employment agreements with those persons.

Granting the approval to acquire a qualified stake

22. Prior approval of the National Bank of Serbia is required to acquire the shares of a management company, based on which a legal person indirectly or directly acquires a qualified stake in the management company.

The person that obtained the approval referred to in paragraph 1 hereof shall obtain that approval of every further acquisition of shares of the management company that exceeds the amount of 20%, 33% and 50% of voting shares or stake in the capital of the management company.

A person that intends to acquire the shares referred to in paragraphs 1 and 2 hereof shall, along with the application for approval, submit the documents prescribed by Article 10, paragraph 1, items 4) and 7) of the Law, and:

- evidence issued by a competent body confirming that that legal person and its beneficial owner have not been convicted by a final judgement of a criminal offence, and that no criminal proceedings are conducted against them and/or that they have not been convicted by a final judgement of an economic offence or misdemeanour qualifying them unsuitable for carrying out the operations of a management company;
- list of associates of that person and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country;
- the qualified owner's certified written statement on whether its beneficial owner is a public official within the meaning of the law governing the prevention of money laundering and terrorism financing.

The National Bank of Serbia shall issue the approval once it ascertains the fulfilment of the requirements referred to in Article 12, paragraph 1, items 1) to 3) and 5) to 7) of the Law, and in this Decision.

Granting the approval of the selection of a member of the management

23. For the approval of the National Bank of Serbia of the selection of a member of the management company's management, the following documents shall be submitted:

- proposal of the decision of the competent body of the management company on the selection of a member of the management;
- data from the identity card or passport, specifically the unique personal identification number, residence, document number, date of issuance and validity, and the issuer of the document;
- certified statement of the proposed person that he/she meets the requirements referred to in Article 15, paragraph 3 of the Law, and agrees to perform the activity with respect to which the approval is requested;
- professional resume of the proposed person, which includes the information on his/her professional qualifications, previous work experience and/or engagement, and on all the activities that person currently performs while being employed and outside the employment relationship;
- certified statement of the proposed person that he/she is not the manager or member of the supervisory board in more than five companies;
- letter of reference containing a reasoned opinion on the expertise, abilities and moral qualities of the proposed person, provided based on professional contact with the proposed person by at least two persons performing activities in the area of financial services (the proposed person's employer, members of managing bodies of the group to which the management company belongs, persons who manage or managed another management company or another legal person in the financial sector, scientific workers, university professors, persons who manage or managed bodies supervising financial sector entities, other persons), who gained professional and personal reputation through their successful work.
- evidence issued by the competent body confirming that the proposed person has not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country, and/or of misdemeanours;
- list of associates of the proposed person and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of the criminal offences referred to in indent seven hereof;
- evidence that the proposed person has a university degree of the second degree at least, achieved after pursuing academic studies in the country or abroad (certified photocopy of the diploma);

- evidence that the proposed person has at least three years of experience in the performance of complex financial and economic affairs in relation to securities in the country or abroad (decision or employment contract, job classification with job description, professional resume, etc.) in accordance with Article 15, paragraph 4 of the Law;
- certified statement of the proposed person that in the past three years he/she was not a member of the management, supervisory board or vested with special authorisations in a legal person in respect of which forced liquidation and/or bankruptcy proceedings were instituted;
- list of legal persons in which the proposed person holds a stake, including the information on whether this person is a member of managing or supervisory bodies, on the condition that it may not simultaneously be a member of the management in a legal person in which the pension fund assets are invested, and on whether he/she is an owner of a legal person, with the indication of the absolute amount and percentage of his/her ownership and/or stake in that legal person, or a certified written statement of the proposed person that he/she holds no stake in terms of management or ownership in any legal persons.
- evidence by the competent administration authority on the settlement of taxes, not older than six months;
- other documents considered necessary by the National Bank of Serbia.

Associate of the person proposed for a member of the management company's management shall be:

- any natural person who is a member of a managing body in a legal person whose beneficial owner, within the meaning of the law governing the prevention of money laundering and terrorism financing, is a proposed member of the management, or in which the proposed member of the management is a member of a managing body;
- any natural person who is a beneficial owner of the legal person in which the proposed member of the management is a member of a managing body;
- any natural person who, together with the proposed member of the management, has the beneficial ownership of the same legal entity.

Based on the documents referred to in paragraph 1 hereof and on other available information, the National Bank of Serbia shall assess whether the persons proposed for members of the management hold adequate professional qualifications and good business reputation for sound performance of activities in the management company, and whether their selection would ensure adequate protection of interests of fund members.

It is considered that the business reputation of a person proposed for a member of the management company's management is not good in the following cases:

- if that person has been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country, and/or of misdemeanours;
- if an associate of that person has been convicted by a final judgement of a criminal offence referred to in indent 1 hereof;
- if that person has committed, in the last ten years, a serious violation and/or repeated violations of regulations governing the prevention of money laundering and terrorism financing.

Where, for justifiable reasons, he/she is unable to obtain evidence on non-conviction referred to in paragraph 1, indent 8 hereof – the proposed person may also submit a statement given under financial and criminal liability confirming that its associates have not been convicted. The National Bank of Serbia may at any time request that the proposed person submits evidence on non-conviction of his/her associates or request that evidence directly from the competent body.

If professional qualifications of the person proposed for a member of the management are proven by a degree and/or any other evidence on completed studies, and it cannot be determined reliably whether such qualifications are appropriate – the National Bank of Serbia may request that the management company obtains the relevant evidence from the competent educational institution in the Republic of Serbia.

A management company shall submit to the National Bank of Serbia the decision of the competent body on the appointment of a member of the management company's management – within three days of the adoption of that decision.

If the information on qualifications, work engagement and non-conviction of criminal offences has changed – the person who has obtained the approval referred to herein shall notify the National Bank of Serbia thereof.

24. Along with the application for approval of the National Bank of Serbia of the reappointment of a member of the management – a management company shall submit the following documents:

- proposal of the decision of the competent body of the management company on the reappointment of a member of the management company's management;
- evidence issued by the competent body confirming that the proposed person has not been convicted by a final judgement of criminal offences against the economy, property, legal transactions, public order, official duty or the judiciary, or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced, or of similar or comparable criminal offences in accordance with the regulations of a foreign country, and/or of misdemeanours;
- list of associates of the proposed person and the evidence issued by the competent body confirming that they have not been convicted by a final judgement of the criminal offences referred to in indent two hereof;
- certified statement of the proposed person that he/she meets the requirements referred to in Article 15, paragraph 3 of the Law, and agrees to perform the activity with respect to which the approval is requested;
- certified statement of the proposed person that he/she is not the manager or member of the supervisory board in more than five companies;
- evidence by the competent body on the settlement of taxes, not older than six months;
- other documents considered necessary by the National Bank of Serbia.

The provisions of Section 23, paragraph 5 hereof shall apply accordingly to the acquisition of evidence on non-conviction of associates of the proposed person referred to in paragraph 1, indent 2 hereof.

Based on the available documents and the documents referred to herein, and on other available information – the National Bank of Serbia shall assess the good business reputation of the person proposed for reappointment as member of the management company's management, and his/her contribution to the protection of interests of fund members so far, accordingly applying the provisions of Section 23, paragraph 4 hereof.

The management company shall submit the application regarding reappointment to the National Bank of Serbia no later than 30 days prior to the expiry of the term of office of the proposed person, in order to ensure the approval of reappointment in a timely manner.

The management company shall submit to the National Bank of Serbia the decision of its competent body on the reappointment of a member of the management – within three days of the adoption of that decision.

Merger of funds

25. Merger of voluntary pension funds may be conducted in the form of merger by acquisition or merger by organisation.

By merger by acquisition, a fund shall cease to exist without dissolution while transferring to another fund (hereinafter: acquiring fund) all its assets and liabilities.

By merger by organisation, two or more funds shall cease to exist without dissolution and shall transfer all their assets and liabilities to a new fund (hereinafter: new fund).

26. Along with the application for the approval of the merger of funds, a management company intending to merge the funds it manages shall submit to the National Bank of Serbia the following documents:

- 1) decision of its competent body on the merger of funds, which specifies the manner of their merger;
- 2) the plan of merging funds, which includes at least:
 - information regarding the feasibility of the merger, which at least includes the manner of calculating the value of investment units as at the date of the merger and the description of the activities that should be taken by the management company and custody bank during the merger procedure;
 - reasons for merging the funds, with the feasibility analysis of that merger made based on financial and other reports relating to the period before the date of submission of this application;
 - analysis of consequences of the merger that the chosen type of merger will have on each fund individually, in particular from the aspect of investment policy and charged fees;
- 3) the business plan of a management company for the next three years, prepared in accordance with this Decision;
- 4) a document which includes planned organisational and technical adjustments required for the merger of funds, prepared in accordance with this Decision.

If the application referred to in paragraph 1 hereof relates to the issuance of the approval of the merger of funds by organisation, in addition to

the documents and evidence referred to in that paragraph, the management company shall submit the following documents along with this application:

- 1) draft of a standardised contract of membership;
- 2) draft contract with a custody bank, prepared in accordance with Section 20 hereof;
- 3) list of persons who will perform the function of portfolio managers, in accordance with Section 21 hereof;
- 4) draft of the investment policy;
- 5) draft of the tariff code.

27. To assess the feasibility of merging the funds, the National Bank of Serbia may, within 15 days of the date of receipt of a valid application for a merger, request that the management company submits additional information and documents, which it shall do in the following 15 days.

The National Bank of Serbia shall adopt a decision on the application referred to in paragraph 1 hereof, within 30 days of the date of receipt of a valid application and data and documents referred to in that paragraph.

28. By the decision on issuing an approval of the merger of funds, the National Bank of Serbia shall at the same time issue the management licence for the new fund if the application referred to in Section 26 hereof relates to the issuance of the approval of the merger of funds by organisation.

Within eight days of the date of receipt of the decision referred to in paragraph 1 hereof, by which it has been issued a new fund management licence, the management company shall conclude a contract with a custody bank on the performance of custody services for the new fund and submit it to the National Bank of Serbia.

Immediately upon the receipt of the decision referred to in paragraph 2 hereof, the management company shall notify the National Bank of Serbia of the date of the merger of funds, which shall take place within 30 days of the date of receipt of that decision.

29. On the date specified for the merger of funds, a management company shall transfer the assets and liabilities of funds that cease to exist by merger to the acquiring fund and/or new fund, and the members of funds that cease to exist by merger – shall become the members of the acquiring fund and/or new fund.

Within three days of the date of the merger, the management company shall submit a report on the completed merger to the National Bank

of Serbia, which shall include at least a comparative review of assets structure of the funds that ceased to exist by the merger and the structure of assets of the acquiring fund and/or new fund, the net value of assets and investment units of the funds participating in the merger, as well as a comparative overview of the number of investment units of each member of the fund established by the merger, immediately before and after the merger.

30. Within eight days of the date of the merger of funds, a management company shall submit to all the members of the fund that ceased to exist by the merger a notification that the members of the fund, if they do not wish to be members of the fund to which their account has been transferred during the merger procedure, should transfer their account to another fund – within 60 days of the date of receipt of that notification, and that the costs of this transfer shall be covered by the management company that has merged the funds.

31. A management company shall, within eight days of the date of the merger of funds, submit the prospectus and summary prospectus of the acquiring fund and/or new fund to the National Bank of Serbia, for the purpose of obtaining its approval.

Transfer of fund management rights and the procedure of voluntary liquidation of a management company

32. A management company that intends to transfer the fund management rights to another management company shall, in cooperation with that company, submit to the National Bank of Serbia the application for approval of the contract on the transfer of fund management rights, along with the following documents:

- decisions of competent bodies of both management companies on the transfer of management rights, with the explanation of reasons for such transfer and statement of the expected effects of such transfer;
- draft contract on the transfer of fund management rights;
- specification of a membership contract and/or pension scheme, integral to the contract on the transfer of management rights;
- report showing the feasibility of transfer of management rights, which should at least include the manner of that transfer and description of the activities that should be taken by the management company and custody bank during the transfer procedure, adjusted between the management companies entering into the contract on transfer and the custody bank;
- amendment to the business plan of the management company to which the management rights are transferred, made for the next three years, which contains the elements prescribed in Section 12 hereof;

- document that includes the planned organisational and technical adjustments in the management company to which the management rights are transferred – which are required due to the transfer of fund management rights – prepared in accordance with Section 14 hereof;
- authorisation for the person with whom the National Bank of Serbia will cooperate in the procedure of deciding on the application.

33. To assess the feasibility of the transfer of fund management rights, the National Bank of Serbia may, within 15 days of the date of receipt of a valid application, request that the management companies submit additional information and documents, which they shall do in the following 15 days.

34. The National Bank of Serbia shall adopt a decision on the application for approval of the contract on the transfer of fund management rights, within 30 days of the date of receipt of a valid application, and/or of the date of receipt of the information and documents referred to in Section 33 hereof.

In making a decision within the meaning of paragraph 1 hereof, the National Bank of Serbia shall, based on the submitted documents and evidence, and other available information, assess in particular the following:

- capacity of the management company to which the fund management rights are transferred to meet the obligations under the membership contract and pension scheme;
- capacity of the management company to manage risks;
- level of core capital of the management company;
- adequacy of the manner of protection of interests of members of the fund taken over.

35. Within eight days of the issuance of the approval referred to in Section 34 hereof, management companies shall enter into contracts on the transfer of fund management rights, and the signatures of the parties shall be certified.

The management company to which the fund management rights are transferred shall, immediately upon entering into the contract on the transfer of management rights, at least on its website notify fund members, payment contributors and pension scheme organisers in the fund subject to transfer – of the procedure of transfer of fund management rights and the procedures that will follow such transfer (e.g. voluntary liquidation of the company), as well as of their rights regarding such procedures.

36. Within 15 days of obtaining the approval of the contract on the transfer of management rights, the management company to which the management

rights are transferred shall submit to the National Bank of Serbia the application for the fund management licence, along with the documents referred to in Article 10, paragraph 2 of the Law and Section 18 hereof.

Within 30 days the date of submission of the application referred to in paragraph 1 hereof, the National Bank of Serbia shall issue the fund management licence to the management company to which the fund management right has been transferred, taking into account the criteria referred to in Article 12, paragraph 2 of the Law.

Concurrently with the issuance of the licence referred to in paragraph 2 hereof, the National Bank of Serbia shall revoke the fund management licence from the management company transferring the right to fund management and/or revoke the operating licence if this management company does not manage any other fund, in which case that company shall initiate the voluntary liquidation procedure within the meaning of Article 53 of the Law.

37. On the date of issuance of the licence referred to in Section 36, paragraph 2 hereof, the management company to which the fund management licence has been issued shall assume all the rights and obligations under the contract on the provision of custody services for the fund subject to the transfer.

38. Within eight days of the date of receipt of the decision on the issuance of the licence referred to in Section 36, paragraph 2 hereof, the management company that has been issued the licence shall submit to the National Bank of Serbia the prospectus and the summary prospectus of the fund, for the purpose of obtaining the approval.

Submission of prescribed documents and evidence on paid fees and taxes

39. The prescribed documents that should be submitted in accordance with this Decision shall be submitted in original or in certified copies, and shall not be older than six months.

The documents referred to in paragraph 1 hereof shall be in the Serbian language, and if they are prepared in a foreign language, the original documents or certified copies shall be accompanied by a translation in the Serbian language, certified by a court interpreter.

40. If, upon submission of the application for the issuance of the licence or approval under this Decision, before the National Bank of Serbia has issued

such licence and/or approval, information submitted in the application has changed – the applicant shall immediately notify the National Bank of Serbia thereof and provide new information.

41. The applicants referred to herein shall, within the meaning of this Decision, along with the prescribed documents submit to the National Bank of Serbia evidence on payment of the fee envisaged by the decision governing uniform fees charged for services provided by the National Bank of Serbia, as well as evidence on paid Republic administrative tax in accordance with the law governing Republic administrative taxes.

42. A management company shall submit the application for registration to the agency in charge of keeping the register of business entities, with all changes with respect to which the approval of the National Bank of Serbia is required, in accordance with the Law and this Decision, and submit the evidence thereof to the National Bank of Serbia.

Transitional and final provisions

43. Procedures for the issuance of licences and approvals initiated until the date of this Decision coming into effect shall be terminated in accordance with the regulations effective at the time.

44. This Decision repeals the Decision on Detailed Conditions and Manner of Issuing Licences and Approvals to Voluntary Pension Fund Management Companies (RS Official Gazette, No 60/2011).

45. This Decision shall be published in the RS Official Gazette and shall enter into force on 1 June 2018.

NBS Executive Board No 65
12 April 2018

Belgrade

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

Dr Jorgovanka Tabaković