

“FRY Official Gazette”, no. 44/2002

Pursuant to Article 9 of Law on the Settlement of the Public Debt of the Federal Republic of Yugoslavia Arising from Citizens' Foreign Exchange Savings (“FRY Official Gazette”, no. 36/2002), the Governor of the National Bank of Yugoslavia hereby issues

**THE DECISION ON DETAILED REQUIREMENTS AND MANNER OF
PERFORMING CONVERSION OF CITIZENS' SAVINGS DEPOSITS INTO
BONDS OF THE REPUBLIC OF SERBIA AND REPUBLIC OF MONTENEGRO**

1. This Decision governs the detailed requirements and manner of performing the conversion of citizens' savings deposits into bonds of the Republic of Serbia and Republic of Montenegro (hereinafter: bonds) to be issued for the purpose of the settlement of the public debt of the Republic of Serbia and Republic of Montenegro referred to in Article 3 of the Law on the Settlement of the Public Debt of the Federal Republic of Yugoslavia Arising from Citizens' Foreign Exchange Savings (hereinafter: the Law), the manner of bookkeeping of these bonds, as well as the manner of their registration with the National Bank of Yugoslavia, the Clearing and Settlement Bureau, Central Securities Depository and Clearing House (hereinafter: the Central Securities Depository).

2. Citizens' savings deposits referred to in Section 1 hereof shall represent the balance of unredeemed foreign exchange savings as of the day of bond issue referred to in Section 1 hereof or on the conversion day – August 19, 2002, plus the interest calculated by the 2% annual rate up to that day in the euro equivalent value.

Foreign exchange savings conversion referred to in Section 1 hereof shall be performed by banks referred to in Article 8 of the Law (authorized banks referred to in Article 2 of the Law on the Settlement of Liabilities Arising from Citizens' Foreign Exchange Savings (“FRY Official Gazette”, no. 59/98, 44/99 and 53/2001), banks that due to status changes became legal inheritors of these banks, as well as banks that in line with regulations governing the rehabilitation, bankruptcy and liquidation of banks engage in activities related to the repayment of citizens' foreign exchange savings deposited with authorized banks referred to in Article 8 of the Law that have entered bankruptcy or liquidation proceedings).

Banks from the territory of the Republic of Serbia or Republic of Montenegro shall perform foreign exchange savings conversion for citizens with the residence on the territory of these republics.

3. Foreign exchange savings referred to in Article 2 hereof plus the interest calculated by the 2% annual rate up to the maturity date shall be converted into bonds, whereas the right to conversion shall be determined according to individual savings deposits:

- up to EUR 276.10, with the maturity date of August 26, 2002, whereas the amount increases by the amount of unrepaid foreign exchange savings in line with Article 10 of the Law on the Settlement of Liabilities Arising from Citizens' Foreign Exchange Savings for 2000 and 2001 reduced by A-series bonds for 2002 issued and redeemed in line with the Decision on the Issue of Bonds of the Federal Republic of Yugoslavia for the Settlement of Liabilities Arising from Citizens' Foreign Currency Savings ("FRY Official Gazette", no. 4/2001, 6/2001 and 27/2001) (hereinafter: the Decision) and for the amount of foreign exchange savings for 2002 repaid until the bond issue day;
- up to EUR 380, with the maturity date of August 31, 2003, whereas the amount is reduced by the A-series bonds for 2003 issued and redeemed in line with the Decision;
- up to EUR 530, with the maturity date of May 31, 2004, whereas the amount is reduced by A-series bonds for 2004 issued and redeemed in line with the Decision;
- in 12 monthly installments with the maturity date of May 31 of every year in the period 2005-2016, calculated by multiplying the remaining amount of foreign exchange savings by coefficients referred to Article 4, paragraph 2 of the Law, whereas the annual rate by one foreign exchange savings deposit cannot be lower than EUR 500, including B-series bonds redeemed in line with the Decision.

Holders of foreign exchange savings deposits who acquired their foreign exchange savings on the basis of the valid Decision on Inheritance shall exercise the right to the repayment of imputed amounts referred to in Article 4 of the Law commensurate with the amount of their inherited portion of property.

4. Following the completed conversion in the sense of Section 3 hereof, the banks referred to in Article 2 of the Law on the Settlement of Liabilities Arising from Citizens' Foreign Exchange Savings and banks that due to status changes became legal inheritors of the above banks shall remove from their balances the claims from the Federal Republic of Yugoslavia with regard to foreign exchange savings and liabilities to citizens' foreign exchange savings deposits, whereas in their off-balance sheet position they shall keep record of bonds of the Republic of Serbia or Republic of Montenegro, as well as liabilities arising from these bonds.

Banks that in line with regulations governing the rehabilitation, bankruptcy and liquidation of banks undertake activities related to the repayment of citizens' foreign exchange savings deposited with banks referred to in Article 2 of the Law on the Settlement of Liabilities Arising from Foreign Exchange Savings of Citizens who have entered bankruptcy or liquidation proceedings shall keep in their off-balance sheet position record of bonds of the Republic of Serbia or Republic of Montenegro, as well as liabilities arising from these bonds.

5. Banks referred to in Article 2, paragraph 2 hereof shall submit to the National Bank of Yugoslavia data on the calculation of conversion of foreign exchange savings into bonds.

6. Banks referred to in Article 2, paragraph 2 hereof shall keep record of the amount of foreign exchange savings converted into bonds in the sense hereof for savings depositors

in their savings passbook, after the adjustment of the balance of foreign exchange savings in the savings passbook or foreign exchange account with the balance in their record.

Banks referred to in Article 1 hereof shall issue certificates to savings depositors, on the form enclosed herewith and constituting an integral part thereof.

In the event that on the occasion of keeping record of conversion, the savings depositor is at the same time redeemed due bonds, the bank shall be obliged to state data on the redemption in the form referred to in Article 2 hereof.

In the event the savings depositor disposes of several savings deposits, the certificate referred to in Article 2 hereof shall be issued on the total amount of converted foreign exchange savings into bonds, including aggregate amount by all savings deposits.

7. On the occasion of conversion, the bank shall open to the savings depositor a securities account as a subaccount of its securities account kept with the Central Securities Depository, so that he is given the subaccount number within the bank's code and written into the certificate referred to in Article 6 hereof. At the same time, the bank shall transfer data from the certificate electronically to the Central Securities Depository, according to the specification for data exchange.

8. Amounts on the certificate referred to in Article 6 hereof and amounts on the securities account with the Central Securities Depository referred to in Article 7 hereof shall be rounded to a whole number.

9. The National Bank of Yugoslavia shall adopt Guidelines for the implementation of this Decision.

10. This Decision shall come into force on the day following the day of its publication in the "FRY Official Gazette".

D. no. 94
August 16, 2002
Belgrade

Governor
of the National Bank of Yugoslavia

Mladjan Dinkic