

DECREE
ON THE CONDITIONS FOR THE PERFORMANCE OF CONVERSION OF
ESTABLISHED CLAIMS AND REGISTRATION, MANNER OF REDEMPTION
AND WITHDRAWAL OF BONDS ISSUED WITH REGARD TO THE
PAYMENT OF FOREIGN CURRENCY OF THE ECONOMIC DEVELOPMENT
LOAN

("RS Official Gazette", no. 95/2004)

Article 1

This Decree governs the conditions for the performance of the conversion of established claims referred to in Article 8 paragraph 2 of the Law on the Regulation of Obligations of the Republic of Serbia in Respect of the Economic Development Loan ("RS Official Gazette", no. 43/ 2004 – hereinafter: the Law) into bonds of the Republic of Serbia (hereinafter: bonds), the manner of their registration with the Central Securities Depository and Clearing House a.d. Beograd (hereinafter: Central Securities Depository), the manner of redemption of these bonds, as well as the withdrawal of the existing bonds.

Article 2

The persons entitled to bonds with regard to the payment of foreign currency will have their established claims referred to in Article 1 hereof converted into bonds issued in line with the Decision on the Issue of Bonds of the Republic of Serbia for the Purpose of the Regulation of Obligations of the Republic of Serbia in Respect of the Economic Development Loan ("RS Official Gazette", no. 78/2004):

- up to EUR 530; maturity date: August 31, 2004
- up to EUR 1,060, maturity date: August 31, 2005
- up to EUR 5,000; maturity date: August 31, 2006
- up to the amount of the final obligation; maturity date: August 31, 2007.

Article 3

The conversion of established claims referred to in Article 1 hereof into bonds, bonds registration with the Central Securities Depository, issue of certificates on the conversion and registration of ownership, bonds redemption, and withdrawal of the existing bonds shall be performed by the bank chosen in line with Article 12 of the Law (hereinafter: the Bank).

Article 4

The Bank shall take over the database from the Commission for the Establishment of the Amount of Claims of Persons Entitled to Bonds with Regard to the Payment of Foreign Currency of the Economic Development Loan, formed in line with Article 8, paragraph 1 of the Law (hereinafter: the Commission), comprising data from decisions that the

Commission adopted in order to establish the amount of claims for each person entitled to bonds with regard to the payment of foreign currency.

Article 5

The Bank shall perform the conversion of established claims into bonds when the person entitled to bonds with regard to the payment of foreign currency (hereinafter: the person entitled to bonds) submits the decision on the establishment of the amount of claims adopted by the Commission (hereinafter: the Decision).

Along with the Decision referred to in paragraph 1 hereof, the person entitled to bonds shall submit to the Bank the original documentation according to the specification that constitutes an integral part thereof.

Article 6

The Bank shall take from the person entitled to bonds original documentation and shall compare it with the data referred to in Article 4 hereof.

Article 7

The Bank, with regard to the Commission's Decision shall issue to the person entitled to bonds the Certificate on the Completed Conversion of Established Claims with regard to the payment of foreign currency of the economic development loan and registration of RS bonds in the securities account (hereinafter: the Certificate), on the form enclosed herewith and constituting an integral part thereof.

On the occasion of the conversion, the Bank, within its securities account shall open to the person entitled to bonds a securities account with the Central Securities Depository.

The Certificate shall be written in the name of the person entitled to bonds and shall be issued in two copies, one of which is submitted to the Bank and the other to the person as evidence that the conversion of the established claim into bonds and their registration in the securities account have been completed.

Article 8

In the event that due bonds are redeemed at the time of the conversion and registration of bonds, the Bank shall be obliged to state data on the redemption in the Certificate.

Article 9

The Bank shall electronically submit to the Central Securities Depository data from the Certificate, on the basis of specifications for data exchange.

Article 10

Prior to the submission of the Certificate, the Bank shall on the original documentation (savings passbook, contract, statement, certificate, etc.) put the designation “converted into bonds”, annul it and return it to the person entitled to bonds, unless otherwise provided herein.

Article 11

In the event that the right to claim of the person entitled to bonds is established with regard to bonds and coupons denominated in foreign currency, the Bank shall prior to the submission of the Certificate withdraw the existing bonds or coupons on whose reverse it shall put the designation “converted”, the stamp and signature of the authorized person.

Article 12

The Bank shall on a daily basis and electronically submit to the National Bank of Serbia data on withdrawn bonds or coupons referred to in Article 11 hereof that contain the designation of the series, currency, serial number, coupon number and its value.

Article 13

The Bank shall sort withdrawn bonds or coupons referred to in Article 11 hereof and submit them by valuable mail to the National Bank of Serbia – Monetary and Credit System and Policy Department – Foreign Currency Monitoring Division (hereinafter: the Department), every tenth day in the month for the previous month, along with the specification containing data referred to in Article 12 hereof.

Article 14

The Bank shall on a daily basis and electronically submit to the Department data on the performed conversion and RS bonds registration, by maturity dates, on Form 1 enclosed herewith and constituting an integral part thereof.

The Bank shall submit to the Department the report on the performed conversion and RS bonds registration on a monthly basis, on the tenth day in the month for the previous month, on Form 2 enclosed herewith and constituting an integral part thereof.

Article 15

Bonds within maturity periods and amounts referred to in Article 2 hereof shall be redeemed by banks whose securities accounts contain bond holders' securities accounts.

Article 16

The National Bank of Serbia shall open special accounts to which the Republic of Serbia shall pay funds for the purposes of bond redemption.

Article 17

Bond redemption shall be performed within the maturity period by the Bank in euros or at the request of the bond holder, in the dinar equivalent value by the official buying dinar exchange rate of the National Bank of Serbia, valid at the moment of bond redemption.

Article 18

The Bank that performs bond redemption shall submit to the Central Securities Depository, according to the specification for electronic data exchange, data on individually performed bond redemption to bond holders.

Article 19

The National Bank of Serbia shall transfer to the Bank funds for bond redemption from special accounts referred to in Article 16 hereof.

Article 20

For the purposes of bond redemption in euros or the dinar equivalent value, the Bank shall submit to the Department the Request for Foreign Currency Advance Transfer or Request for Dinar Advance Transfer on Form 3 and Form 4 respectively enclosed herewith and constituting an integral part thereof.

Requests shall be numbered chronologically starting from number 1 with the letter designation of AE or AD until the end of the redemption period.

Article 21

The Bank that engages in bond redemption shall open a commission account with the National Bank of Serbia to which the National Bank of Serbia shall transfer dinars for bond redemption in the dinar equivalent value.

Article 22

The Bank that engages in bond redemption shall on a daily basis and electronically submit to the Department data on advance bond redemption on Form 5 enclosed herewith and constituting an integral part thereof for the purposes of accounting for advance received foreign currency or dinars.

Article 23

The Bank that engages in bond redemption shall on every tenth day in the month submit to the Department the Report on Redeemed Bonds for the previous month on Form 6 enclosed herewith and constituting an integral part thereof.

Article 24

In line with Article 61 of the Law on the National Bank of Serbia ("RS Official Gazette", no. 72/2003 and 55/2004), the National Bank of Serbia shall in the name and for the account of the Republic of Serbia engage in bond redemption with regard to opening special accounts, keep record of funds payment, sale, purchase and convert foreign currency, transfer funds to banks, keep track of operations dynamics, register and redeem bonds, record changes by means of bookkeeping, perform amortization of withdrawn bonds, as well as other activities in the sense hereof.

The Finance Ministry and the National Bank of Serbia shall conclude a contract for the purposes of performing activities referred to in paragraph 1 hereof.

Article 25

This Decree shall enter into force on the day following the day of its publication in the "RS Official Gazette".