

(“RS Official Gazette”, Nos. 48/2002 and 56/2002)

**D E C I S I O N**  
**ON THE ISSUANCE OF THE REPUBLIC OF SERBIA BONDS FOR THE**  
**SETTLEMENT OF OBLIGATIONS ARISING FROM CITIZENS’ FOREIGN**  
**CURRENCY SAVINGS**

1. As defined hereunder, the Republic of Serbia shall issue bonds to settle obligations arising from citizens’ foreign currency savings and to regulate public debt of the Federal Republic of Yugoslavia which has been assumed by the Republic of Serbia, within the meaning of the Law on the Settlement of Public Debt of the Federal Republic of Yugoslavia Arising from Citizens’ Foreign Currency Savings (“FRY Official Gazette”, No. 36/2002) and Law on the Settlement of Public Debt of the Federal Republic of Yugoslavia under Citizens’ Contracts on Time Foreign Currency Deposits with Dafiment banka a.d. Beograd in Liquidation and Citizens’ Foreign Currency Assets Deposited with Banka privatne privrede Crne Gore d.d. Podgorica (“FRY Official Gazette”, No. 36/2002).

2. The main features of bonds referred to in Section 1 hereof:

Issuer	Republic of Serbia
Volume of issue	EUR 4,200,000,000 (Final amount of debt to foreign currency savers, depositors and citizens shall be determined on the date of conversion, and/or date of bond issuance)
Nominal value	EUR 1
Coupon	0% (zero-coupon bonds)
Date of issue	19 August 2002
Maturity date: 1) bonds of A 2002 series – 26 August 2002; 2) bonds of A 2003 series – 31 May 2003; 3) bonds of A 2004 series – 31 May 2004; 4) bonds of A 2005 series – 31 May 2005; 5) bonds of A 2006 series – 31 May 2006; 6) bonds of A 2007 series – 31 May 2007; 7) bonds of A 2008 series – 31 May 2008; 8) bonds of A 2009 series – 31 May 2009; 9) bonds of A 2010 series – 31 May 2010; 10) bonds of A 2011 series – 31 May 2011;	

11) bonds of A 2012 series – 31 May 2012; 12) bonds of A 2013 series – 31 May 2013; 13) bonds of A 2014 series – 31 May 2014; 14) bonds of A 2015 series – 31 May 2015; 15) bonds of A 2016 series – 31 May 2016;	
Sources of funds	Funds for the settlement of obligations maturing by 2002 shall be provided by the Federal Republic of Yugoslavia – 20.38%, Republic of Serbia – 49.06%, National Bank of Yugoslavia – 15.28%, and authorized banks from Article 2 of the Law on the Settlement of Obligations Arising from Citizens' Foreign Currency Savings ("FRY Official Gazette", Nos. 59/98, 44/99 and 53/2001) – 15.28%. Funds for the settlement of obligations maturing after 2002 shall be provided from the budget of the Republic of Serbia.

3. Technical features of bonds referred to in Section 1 hereof:

Type of issue	Bonds are issued as non-material securities (electronic entries)
Market	Financial stock exchange
Registry	NBY – Payments and Settlements Bureau – Central Securities Depository and Clearing House
Method of assignment	Bonds are registered in the name of their holder
Special rights: <ol style="list-style-type: none"> <li>1) Bond trading is exempt from turnover tax, payment transaction fees and commissions, capital gains tax, tax on financial transactions, and other taxes;</li> <li>2) Bonds may be used before maturity: <ol style="list-style-type: none"> <li>1) to buy shares of an enterprise undergoing ownership transformation;</li> <li>2) to buy shares of authorized banks;</li> <li>3) to buy flats, residential facilities, office space, land and other property in state ownership.</li> </ol> </li> <li>3) Initial bond holder may also use bonds before maturity, up to the amount and under conditions prescribed by the Government of the Republic of Serbia: <ol style="list-style-type: none"> <li>1) to cover the costs of medical treatment;</li> <li>2) to pay for medicines;</li> <li>3) to cover funeral expenses;</li> <li>4) in other cases, up to the amount of actual costs.</li> </ol> </li> <li>4) After their maturity date, bonds may also be used for the payment of: <ol style="list-style-type: none"> <li>1) turnover tax;</li> <li>2) excise duties;</li> <li>3) property tax;</li> <li>4) personal income tax;</li> </ol> </li> </ol>	

5) corporate gains tax.

4. Holders of A and B series bonds issued in accordance with the Decision on the Issuance of FRY Bonds for the Settlement of Obligations Arising from Citizens' Foreign Currency Savings ("FRY Official Gazette", Nos. 4/2001, 6/2001 and 27/2001) shall exercise the rights appertaining thereto.

A and B series bonds may be exchanged in the Central Securities Depository and Clearing House for the Republic of Serbia bonds issued within the meaning hereof.

The Minister of Finance and Economy shall set forth the terms and conditions of bond exchange from paragraph 2 hereof and prescribe the forms for bond exchange confirmation and report on the performed exchange of bonds.

5. Subject to the RS Government's consent, state bodies and organizations, as well as other direct or indirect budget beneficiaries, may, in compliance with the law, enter into agreement on the purchase of bonds issued in accordance with this decision.

6. This decision shall come into effect one day after its publication in the "RS Official Gazette".