

LAW

ON THE SETTLEMENT OF THE PUBLIC DEBT OF THE REPUBLIC OF SERBIA ARISING FROM UNPAID FOREIGN EXCHANGE SAVINGS OF CITIZENS DEPOSITED WITH BANKS HAVING THEIR HEAD OFFICE IN THE TERRITORY OF THE REPUBLIC OF SERBIA AND THEIR BRANCHES IN THE TERRITORIES OF FORMER SFRY REPUBLICS

(Consolidated)¹

I BASIC PROVISIONS

Article 1

This Law regulates the conditions, manner and procedure for the settlement of obligations in respect of unpaid foreign exchange savings of citizens deposited until 27 April 1992 by:

1) the citizens of former SFRY republics, other than the Republic of Serbia, with banks having their head office in the territory of the Republic of Serbia and their branches in the territories of former SFRY republics;

2) the citizens of the Republic of Serbia with the branches of banks having their head office in the territory of the Republic of Serbia, but which were located in the territories of former SFRY republics.

The obligations referred to in paragraph 1 of this Article shall relate to the exercise of individual rights of the citizens referred to in paragraph 1 of this Article.

The obligations referred to in paragraph 1 of this Article shall also apply to the heirs of the citizens referred to in that paragraph.

The provisions of this Law shall not apply to foreign exchange savings referred to in paragraph 1 of this Article which have been fully paid out in accordance with the regulations of former SFRY republics on whose territory such deposits were made or were transferred to other legal persons and/or converted into other rights by former SFRY republics under their regulations.

Where the foreign exchange savings referred to in paragraph 1 of this Article were paid out partially in accordance with the regulations of former SFRY republics in whose territory they were deposited, the right to payment of the outstanding amount of such savings shall be exercised in accordance with the provisions of this Law.

The right to payment referred to in paragraph 1 of this Article shall be determined on an individual basis for each foreign exchange depositor.

The Republic of Serbia retains the right to make claims against SFRY successor states in respect of payment of foreign exchange savings made in accordance with this Law.

Article 2

The obligation of the Republic of Serbia in respect of unpaid foreign exchange savings referred to in Article 1 of this Law shall constitute its public debt as of the date the bonds were issued to settle these obligations.

Article 3

The persons referred to in Article 1, paragraph 1, item 1) of this Law shall have the right to payment of foreign exchange savings only on condition of reciprocity.

¹ This consolidated text was prepared based on the text of the Law on the Settlement of the Public Debt of the Republic of Serbia Arising from Unpaid Foreign Exchange Savings of Citizens Deposited with Banks Having Their Head Office in the Territory of the Republic of Serbia and Their Branches in the Territories of Former SFRY Republics (RS Official Gazette, No 108/2016) and its amendments and supplements published in the RS Official Gazette, Nos 113/2017 and 52/2019.

The ministry in charge of justice shall establish the existence of the reciprocity referred to in paragraph 1 of this Article.

Article 4

The obligation of the Republic of Serbia in respect of unpaid foreign exchange savings referred to in Article 1 of this Law shall be up to the amount of EUR 310 million and shall include:

- foreign exchange savings deposited by 27 April 1992, reduced by the amount of payment made under the regulations referred to in Article 1, paragraph 4 of this Law;
- interest calculated at the agreed rate and/or an interest rate of 5% per annum if the agreed interest rate cannot be determined – until 31 December 1997;
- interest calculated at the interest rate of 2% per annum for the period from 1 January 1998 until 31 May 2016;
- interest calculated at the interest rate of 0.5% per annum for the period from 1 June 2016 until the maturity dates of bond instalments.

Interest shall be calculated using simple interest calculation, while days shall be calculated under the 30/360 method.

II MANNER OF SETTLING THE OBLIGATIONS OF THE REPUBLIC OF SERBIA

Article 5

Obligations to the persons who are recognised pursuant to this Law as having the right to payment of foreign exchange savings referred to in Article 1 of this Law or their heirs (hereinafter: foreign exchange depositors) shall be executed in eight equal semi-annual instalments which shall fall due on each 28 February and 31 August, starting from 28 February 2020 and ending with 31 August 2023.

Article 6

In order to settle public debt under the provisions of this Law, the Republic of Serbia shall issue zero-coupon amortisation bonds denominated in euros (hereinafter: amortisation bonds).

Amortisation bonds shall be issued in dematerialised form without coupons and shall be registered with the Central Securities Depository and Clearing House (hereinafter: Central Depository).

Amortisation bonds shall be registered bonds that are transferable and payable in euros according to the timeframe laid down in Article 5 of this Law and shall include pre-calculated interest referred to in Article 4, paragraph 1, indent four of this Law.

The basic components of amortisation bonds shall be prescribed by the Government.

Article 7

Amortisation bonds shall be used to settle obligations to foreign exchange depositors established within the meaning of Articles 4 and 5 of this Law.

Obligations to foreign exchange depositors shall be settled by converting savings deposits into amortisation bonds.

The conversion into euros of different foreign currencies in which foreign exchange savings were deposited shall be made according to cross-currency relations at the middle exchange rate of the dinar on the exchange rate list of the National Bank of Yugoslavia valid on 1 January 2002.

Article 8

Allocation for the payment of amortisation bonds shall be made in the budget of the Republic of Serbia, in accordance with the deadlines and the amount set under this Law.

III PROCEDURE FOR ESTABLISHING THE RIGHT TO PAYMENT OF FOREIGN EXCHANGE SAVINGS

Article 9

The right to payment of foreign exchange savings shall, in accordance with this Law, be established by the Ministry of Finance – Public Debt Administration (hereinafter: Administration) at the proposal of a special committee set up by the Government at the proposal of the minister in charge of finance.

The committee referred to in paragraph 1 of this Article must have at least 11 members, inclusive of the representatives of the Ministry of Finance, Administration, Deposit Insurance Agency, National Bank of Serbia and State Attorney's Office (hereinafter: Committee).

The members of the Committee shall be entitled to remuneration, determined in accordance with the enactment setting up the Committee and paid out from the budget of the Republic of Serbia.

Article 10

For the purpose of establishing the right referred to in Article 9 of this Law, the Administration shall publish an invitation to file claims in respect of foreign exchange savings in the Official Gazette of the Republic of Serbia and also in one high-circulation daily newspaper distributed in the entire territory of each of the former republics of SFRY.

The invitation referred to in paragraph 1 of this Article shall also be published on the official web pages of the Ministry of Finance, Administration, Deposit Insurance Agency and National Bank of Serbia.

The invitation referred to in paragraph 1 of this Article must contain the procedure for claim filing, claim filing form, person to which the claims are filed, claim filing deadline, documentation submitted along with the claim filing and other data relating to the filing of claims.

Article 11

Claims may be filed within two years from the date of publication of the invitation in a daily newspaper distributed in the entire territory of the former republic of SFRY referred to in Article 10, paragraph 1 of this Law.

Upon the expiry of the deadline referred to in paragraph 1 of this Article, the right to make claims against unpaid foreign exchange savings from Article 1 of this Law shall cease.

Article 12

Claims shall be filed with the Administration on a special claim form.

Attached to the filing, the claimant shall submit a certified copy of his ID card or passport and the original savings book, and/or original card linked to a foreign exchange account, enforceable decision on inheritance and a statement of the foreign exchange depositor accepting full criminal and material liability, certified by a competent authority, that he has not transferred his foreign exchange savings to another person.

Attached to the filing, the claimant shall also submit the original certificate issued by competent authorities and/or financial institutions of former SFRY republics that the foreign exchange depositor has not exercised his rights in respect of foreign exchange savings nor has that right been recognised by former SFRY republics. If the foreign exchange depositor deposited foreign exchange savings with branches located in the territories of several of the former SFRY republics and/or has changed his place of residence in several such republics, he shall submit the original certificates issued by the competent authorities of all former SFRY republics on whose territory he deposited foreign exchange savings and/or where he had his place of residence.

Where the right in respect of foreign exchange savings has been exercised partially, the certificate referred to in paragraph 3 of this Article shall include data on the amounts paid out and the dates of such payments.

The competent authority and/or financial institution referred to in paragraph 3 of this Article shall be the authority and/or financial institution authorised by the former SFRY republic to issue the certificates referred to in that paragraph.

Article 13

Where complete documentation referred to in Article 12, paragraphs 2 and 3 of this Law has not been attached to the filing, the Administration shall request the claimant to complete the documentation within 30 days, and may also request other documentation in order to establish the right within the meaning of this Law, warning him of the legal consequences of not completing the filing within the given timeline.

The Administration shall also proceed in the manner referred to in paragraph 1 of this Article where the claimant failed to submit the original savings book, and/or original card linked to a foreign exchange account.

Where the original savings book and/or original card linked to a foreign exchange account is not attached to the filing or there is, for any other reason, reasonable doubt with regard to the existence of the claim and its amount, the Administration shall refer the claimant to the competent court in the Republic of Serbia which shall start an appropriate procedure for establishing the existence of the claim and its amount.

Attached to the filing referred to in paragraph 3 of this Article, the claimant shall also submit to the competent court the documents which prove beyond doubt the existence of the claim in respect of the savings deposit and its amount.

The establishing of the facts referred to in paragraphs 3 and 4 of this Article by the competent court shall be deemed a preliminary issue in an administrative procedure, whereon the Administration shall issue a relevant conclusion.

The state attorney shall participate in the procedure before the court, in the name of the Republic of Serbia.

On the basis of an enforceable court decision taken in the procedure referred to in paragraphs 3 and 4 of this Article, the Administration shall issue a decision on the claim filing by a foreign exchange depositor.

Article 14

In the procedure of establishing the right to payment of foreign exchange savings, the Administration and/or Committee may carry out additional activities to verify the accuracy of data and documents submitted along with the claim filing.

Banks with which foreign exchange savings were deposited and/or their legal successors and banks which, in accordance with regulations, undertook the activities relating to the payment of foreign exchange savings deposited with banks in respect of which bankruptcy or liquidation proceedings were initiated, and with which foreign exchange savings are kept within the meaning of this Law, shall, at the request of the Administration, submit available data on such deposits.

In the event that bankruptcy or liquidation proceedings in respect of banks where foreign exchange savings are deposited have ended, at the Administration's request, the Deposit Insurance Agency shall submit available data about foreign exchange savings deposits with such banks, based on the documentation from the Agency's Central Archive.

Article 15

At the proposal of the Committee, the Administration shall establish the right to payment of foreign exchange savings based on data and documents referred to in Article 12 of this Law and attached to the claim filing as well as based on data and documents available to banks referred to in Article 14, paragraph 2 of this Law.

Where it is established that the prescribed conditions have been met, the Administration shall issue a decision establishing the right to payment of foreign exchange savings and the amount of the claim and/or right to bonds on this account.

By exercising his right under the provisions of this Law, the foreign exchange depositor shall waive and/or lose the right to pursue a procedure to establish the right and collect foreign exchange savings before a court and another authority and/or organisation, including enforcement procedures.

Article 16

The right to payment of foreign exchange savings shall be established by the Administration by no later than 23 December 2019.

The Administration shall dismiss the claim filing if the documentation attached to the filing or subsequently submitted is not complete, if the filing is made out of time or is submitted by an unauthorised person, and in other cases prescribed by law.

The Administration shall reject the claim filing if conditions for establishing the right in respect of foreign exchange savings prescribed by this Law have not been met.

The enactment issued by the Administration in relation to the claim filing shall be submitted to the foreign exchange depositor and to the state attorney.

The appeal against the enactment of the Administration shall not be allowed, but an administrative dispute may be pursued.

The State Attorney's Office shall institute the administrative dispute in the name of the Republic of Serbia.

The provisions of the law regulating the general administrative procedure shall apply *mutatis mutandis* to the procedure for establishing the right to payment of foreign exchange savings, unless otherwise provided in this Law.

Article 17

Upon the finality of the decision referred to in Article 15 of this Law, the Administration shall invalidate the original savings book, and/or original card linked to a foreign exchange account.

On the basis of the final decision referred to in Article 15 of this Law, the banks with which foreign exchange savings were deposited and/or their legal successors and banks which, in accordance with regulations, undertook activities relating to the payment of foreign exchange savings deposited with banks in respect of which bankruptcy or liquidation proceedings were instituted, shall, in the presence of the foreign exchange depositor or a person holding a certified authorisation issued by the foreign exchange depositor, and upon the presentation for inspection of the invalidated savings book and/or card linked to a foreign exchange account, or of a certificate of the Administration that the decision was taken based on the decision of the court referred to in Article 13, paragraphs 3 and 4 of this Law (where the original savings book and/or original card linked to a foreign exchange account has not been submitted to the Administration), open a proprietary securities account in the Central Depository for the foreign exchange depositor.

Concurrently with opening the proprietary account referred to in paragraph 2 of this Article, banks shall open, for the foreign exchange depositor, a special-purpose foreign exchange account to which funds in the amount of the instalment due shall be transferred at maturity dates.

Article 18

The Government shall prescribe the claim filing form referred to in Article 10, paragraph 3 of this Law, the manner of processing the documentation referred to in Article 12 of this Law, the manner of converting savings deposits into amortisation bonds, the method of keeping accounting records, the manner of registering amortisation bonds with the Central Depository, reporting, as well as regulate in closer detail other matters significant for exercising the rights under the provisions of this Law.

The invitation to file claims referred to in Article 10 of this Law shall be published within 45 days from the day of entry into force of this Law.

The Government shall issue the regulations referred to in paragraph 1 of this Article within 30 days from the day of entry into force of this Law.

IV SPECIAL PROVISIONS

Article 19

The trade in bonds issued under this Law shall be free.

Article 20

Amortisation bonds may be purchased and sold in the regulated market and the OTC market in the Republic of Serbia.

The foreign exchange earned from the sale of amortisation bonds within the meaning of paragraph 1 of this Article shall be kept in a foreign exchange account.

Foreign natural and legal persons may freely transfer abroad the foreign exchange referred to in paragraph 2 of this Article and the foreign exchange acquired through redemption of amortisation bonds at their maturity.

V TRANSITIONAL AND CLOSING PROVISION

Article 21

As of the effective date of this Law, the lawsuits aimed at collection of the foreign exchange savings regulated by this Law, including the enforcement proceedings, shall be discontinued.

Article 22

This Law enters into force on 30 December 2016.