

MARKET PROFILE SERBIA

2025

OTP banka Srbija a.d. Novi Sad
Global Securities Services



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SERBIA



MARKET INFORMATION

Key figures

Local currency	Serbian Dinar (RSD)
Market GDP (2024)	USD 85.722 bn
Market capitalization (31.12.2024)	USD 4.275 bn
Number of listed companies (31.12.2024)	Prime listing: 5 Open Market: 169
Stock Exchange turnover (2024)	USD 0.323 bn
EU membership	No
Euro zone	No

Local Time

In wintertime	GMT+1
In summertime	GMT+1
Daylight Saving Time	same time as in EU countries

Credit Ratings

Agency	Rating	Outlook	Date
S&P	BBB-	Stable	Oct 04 2024
Fitch	BB+	Positive	Jan 31 2025
Moody's	Ba2	Positive	Aug 08 2024

MARKET PARTICIPANTS

Regulator for Capital Markets - Securities and Exchange Commission (SEC)

SEC is an independent and autonomous organization of the Republic of Serbia, established in January 1990.

It is main regulator for Capital Markets, member of IOSCO.

The Securities Commission safeguards orderly functioning of the capital market, enhancing investor protection and ensuring integrity, efficiency and transparency of the market. In this regard, the Securities Commission oversees the application of:

- 1) The **Law on the Capital Market**
- 2) The **Law on Takeovers of Joint Stock Companies**
- 3) The **Law on open-ended investment funds subject to public offering**
- 4) The **Law on Alternative Investment funds**
- 5) The **Law on Commodity Exchanges**
- 6) The **Law on Audit**
- 7) The **Law on Digital Assets.**

The Securities Commission also enforces the Law on Prevention of Money Laundering and Terrorism Financing when it comes to custody and broker-dealer activities, investment fund management companies, audit firms and auditors.

The Commission is accountable to the Assembly of the Republic of Serbia for activities carried out within its competence.

Powers and Authorities

Specific supervisory, investigatory, enforcement and remedial competencies, powers and authority of the Commission are regulated by the following laws: Law on the Capital Market, Law on Takeovers of Joint Stock Companies, Law on open-ended

investment funds subject to public offering, Law on Alternative Investment funds, Law on Commodity Exchanges, Law on Audit and Law on Digital Assets.

The Law on the Capital Market sets forth that the SEC:

- 1) Adopts secondary legislation and other regulations for the purpose of implementation of the Law;
- 2) Approves public offerings and admission to trading of financial instruments;
- 3) Approves exempt offers and admissions of financial instruments to trading that are exempted from the obligation to publish a prospectus, and the approval of the Commission is required in accordance with the provisions of this Law;
- 4) Approves the status of qualified investors to natural and legal persons;
- 5) Grants licenses to investment firms, licenses a market operator, denies, withdraws and suspends licenses;
- 6) Approves changes in general enactments, acquisition of qualified participation, grants prior approval to the appointment of directors of the market operator, investment firms and the Central Securities Depository;
- 7) Organizes classes and exams and licenses brokers, portfolio managers and investment advisors,
- 8) Regulates, supervises and monitors:
 - 1) The activities of issuers and public companies;
 - 2) Fulfilment of obligations of reporting to issuers and participants on the regulated market MTFs and OTPs
 - 3) Operations of persons referred to in point 5) of this paragraph, including persons possessing qualified holdings, directors and other employees of such persons;
 - 4) Business activities of the Central Securities Depository, persons with qualified holding and employees of the Central Securities Depository;
 - 5) Secondary trading in financial instruments in the Republic, regardless of whether such trading occurs on or off the regulated market MTF or OTP
- 9) Monitors compliance with provisions and violations of provisions of the Law, SEC regulations and general enactments of the market operator, investment firms and the Central Securities Depository;

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- 10) Organizes, undertakes and controls implementation of measures and sanctions that ensure the fair, orderly and efficient functioning of the regulated market MTF or OTP, in order to prevent market disturbances and ensure protection of investors;
 - 11) Keeps registers;
 - 12) Perform other duties within its general and special authorities regarding Supervision and Direct Supervision
 - 13) Cooperates and concludes agreements with international organizations, foreign regulatory authorities and other local and/or foreign bodies and organizations in order to provide legal assistance, exchange information and in other cases as needed;
 - 14) Prepares reports and provides information on the regulated market MTF or OTP;
 - 15) Promotes investor education and cooperate with the bodies and organizations responsible for the training of judges, public prosecutors, police and judicial staff with the aim of providing appropriate training with respect to the objectives of this Law, in particular those competent authorities' staff involved in criminal proceedings and investigations related to market abuse;
 - 16) Supervises, undertakes and controls implementation of measures and sanctions regarding implementation of the law regulating business operations of investment funds and the law regulating prevention of money laundering and terrorism financing;

The SEC may institute and conduct court proceedings against any person in order to protect the interests of investors in financial instruments and of other persons for which it determines that certain rights of theirs, or their interest arising from that right, have been violated, in connection with transactions involving financial instruments.

In case the SEC considers there are facts indicating the existence of criminal acts, commercial violations or infractions, the Securities Exchange Commission refers a proposal i.e. request for charges against a person to an authorized state agency

responsible for investigating and/or prosecuting a commercial violation or a criminal act.

Internet website <http://www.sec.gov.rs>

Market Regulator - National Bank of Serbia (NBS)

The National Bank of Serbia (NBS) is the central bank of Serbia in charged for country's monetary policy and financial stability.

The National Bank of Serbia is independent and autonomous in carrying out its tasks laid down by the NBS Law and other laws, and is accountable for its work to the National Assembly of the Republic of Serbia.

The primary objective of the NBS is to achieve and maintain price stability. Without prejudice to its primary objective, the NBS also contributes to maintaining and strengthening of the stability of the financial system.

The Law on the National Bank of Serbia sets forth that the National Bank of Serbia:

- 1) to determine and implement the monetary and foreign exchange policies;
- 2) to manage foreign exchange reserves;
- 3) to determine and implement, within its scope of authority, the activities and measures aimed at maintaining and strengthening the stability of the financial system;
- 4) to issue banknotes and coins and manage cash circulation;
- 5) to regulate, supervise and promote smooth performance of domestic and cross-border payment transactions, in accordance with law;
- 6) to issue and revoke bank operating licenses, to carry out prudential supervision of bank operations, and to perform other activities in accordance with the law governing banks;
- 7) to issue and revoke licenses to carry on the insurance business, to exercise supervision of such business, to issue and revoke authorisations for the conduct of specific activities within the insurance business and to perform other activities in accordance with the law governing insurance;

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- 8) to issue and revoke licenses to carry on financial leasing operations, to exercise supervision of such operations and to perform other activities in accordance with the law governing financial leasing;
 - 9) to issue and revoke operating and fund management licenses of voluntary pension fund management companies, to exercise supervision of this business and to perform other activities in accordance with the law governing voluntary pension funds;
 - 10) to issue and revoke licenses of payment institutions to provide payment services and licenses of electronic money institutions to issue electronic money, to supervise the provision of payment services and the issue of electronic money, and to perform other activities in accordance with the law governing payment services;
 - 11) to pursue activities relating to the protection of rights and interests of the consumers of services provided by banks, insurance companies, financial leasing providers, voluntary pension fund management companies, payment service providers and electronic money issuers, in accordance with law;
 - 12) to determine whether the conditions for initiating the resolution procedure in respect of banks and/or members of a banking group are met, to conduct the resolution procedure, to decide on the resolution tools and measures to be applied, to manage the resolution fund and to perform other activities relating to bank resolution, in accordance with the law governing banks;
 - 13) to issue and revoke operating licenses to and from payment system operators, to exercise supervision of their operations and to perform other activities, in accordance with the law governing payment services;
 - 13a) to issue and revoke authorisations to perform exchange operations, to supervise exchange and foreign exchange operations and to perform other operations, in accordance with the law governing foreign exchange operations
 - 13b) to issue and revoke licenses for the provision of virtual currency services, to supervise the operation of the providers of these services and to perform other operations, in accordance with the law governing digital assets;
 - 13c) to supervise the implementation of regulations on the prevention of money laundering and terrorism financing and regulations on the freezing of assets with the aim of preventing terrorism and proliferation of weapons of mass destruction, by the entities referred to in items 6) to 10) and items 13a) and 13b) of this Article, in accordance with those regulations and the regulations governing the operation of those entities;
 - 13d) to perform enforced collection from a client's account, in accordance with the regulations governing enforced collection;

14) to perform statutory tasks or tasks established by contracts on behalf of the Republic of Serbia without threatening thereby the autonomy and independence referred to in Article 2 of Law on National bank of Serbia;

15) to perform other tasks within its scope of authority, in accordance with law.

The NBS is not a member of the European System of Central Banks.

Internet website: <https://www.nbs.rs>

Investor protection Fund (IPF)

On adopting the Capital Market Law, investor protection system was for the first time introduced in the Republic of Serbia. Pursuant to provisions of this law, Deposit Insurance Agency was, after obtaining the license by the Securities Commission, established as the Investor Protection Fund Operator.

Membership in the Investor Protection Fund is mandatory for all the investment companies and banks providing portfolio management and performing administration of the clients' money and securities accounts, as well as for the management companies providing the said services to the clients other than investment funds.

Membership in the Investor Protection Fund is also mandatory for companies managing open-ended investment funds with a public offering when they provide the service of portfolio management, and for credit institutions when they market, distribute and sell structured deposits.

The Fund member's client is a legal entity or natural person, resident or non-resident, which signed the contract with a member of the Fund on providing the said

services and activities. The clients which are not covered with the investor protection system are listed in Article 192 of the Capital Market Law.

The Investor Protection Fund insures claims up to the amount of EUR 20.000 in RSD equivalent per Fund member's client.

RSD claims and claims for return of financial instruments which the a member of the Fund owes to a client or belonging to a client, arisen on the basis of portfolio management activities and administration and keeping services are deemed insured claims.

The Fund provides protection in the cases when the bankruptcy proceedings are opened against a member of the Fund, or when the Securities Commission determined that a member of the Fund is unable to fulfill its liabilities to clients, and there is no likelihood that such situation would change significantly in the near future.

Payment of insured claims shall be carried out within 3 months from the day when the right to compensation was determined

Internet website: <http://www.aod.rs>

Stock Exchange (BSE)

Belgrade Stock Exchange Ltd. (BELEX) is sole securities Exchange in Republic Serbia owned (77.58%) by the State and (22.42%) other entities - its members mostly, such as: banks, investment companies and other legal entities. Membership is granted to domestic licensed banks and investment companies which met the law requirements for obtaining SEC license. The BSE is a fully computerized exchange with members of the exchange being able to trade and execute deals from their own premises.

The Belgrade Stock Exchange currently maintains the following two indices:

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- 1) BELEX15 – leading index of the Belgrade Stock Exchange, describes the movement of prices of the most liquid Serbian shares and is calculated in real time;
 - 2) BELEXline – general, “benchmark” index of the Belgrade Stock Exchange, calculated at the end of a trading day.

The indices of the Belgrade Stock Exchange are weighted by market capitalization and can serve as an underlying for the creation of structured products and derivatives on the local and foreign markets.

The Belgrade Stock Exchange is a full member of the Federation of Euro-Asian Stock Exchanges (FEAS).

Internet website: <http://www.belex.rs>

Central securities depository (CSD)

Central securities depository and clearing house ltd. (CSD) is founded in 2003 as Joint stock Company 100% owned by the State-Republic of Serbia. It is the only securities depository and clearing house in Serbia. Activities within the scope of the CSD include pre-trading activities (registration of financial instruments in dematerialized form) as well as post-trading activities, since the central function of the CSD is to provide infrastructure for accurate and secure recording, as well as timely settlement of transactions with financial instruments. The settlement system is designed in accordance with Recommendation for Securities Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commission (IOSCO).

Membership in CSD is opened for Banks, Investment companies, International clearing houses, asset management companies and other institutions which meet CSD membership requirements.

Legal frame for CSD service scope, duties and responsibilities is The Law on Capital markets and Companies Act.

Internet website: <http://www.crhov.rs>

Buy in - Sell out

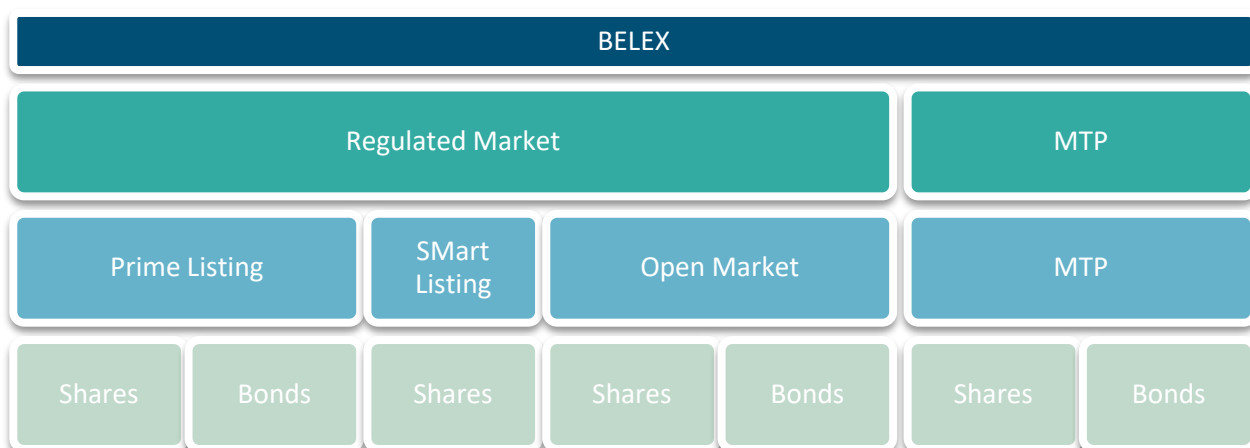
NOTE: The CSD does not operate as a CCP and does not guarantee transactions with its own capital. Instead, The CSD operates "settlement Guarantee fund". Each CSD member is required to deposit EUR 40.000 into the CSD Guarantee Fund in order to secure the settlement process in case it is short with cash or securities to cover the transaction. Apart from Guarantee Fund assets, each CSD member is required to provide bill of exchange as a guarantee for the timely settlement. Where it is not possible to provide cash or financial instruments by utilizing the Guarantee Fund, the CSD undertakes emergency steps for enforced sale or enforced purchase of financial instruments. Only if all settlement protection mechanisms fail, settlement can then be cancelled with the consent of all transaction participants.

TRADING AND SETTLEMENT

Trading environment

Belgrade Stock Exchange (BSE) can be reached via its members: Banks, with SEC license of an investment companies and Investment companies.

Market organization:



Trading Methods

Securities trading at the Exchange sessions can be organized by the following methods of trading:

1. Single price method and
2. Continuous trading method.

Block trading is a block transaction in a security traded at the regulated market or MTF/OTP, which has been concluded outside the session at which trading is conducted by the single price auction method or continuous trading method, in the bilateral relation of one buyer and one seller and according to conditions prescribed by the Rules.

For securities trading the fluctuation zone is determined.

Fluctuation zone is the largest possible price deviation from the reference price, e.g. the price range within which the transaction is permitted at the same trading session.

Single price method

In the single price method the members place trading orders in the pre-opening phase, and the price is determined during the auction phase based on the placed trading orders.

During the single price determination the following criteria are applied:

1. Maximization of the trading volume,

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2. Minimization of the difference between the possible price and the reference price.

The single price is determined as the price of the greatest trading volume measured by the amount of the given security.

Continuous trading method

Trading orders continuously placed to the BelexFIX in the continuous trading method, in the continuous trading phase, are entered into the electronic order book. The BelexFIX continuously compares the price conditions and the quantity of the existing placed but unexecuted orders to the newly placed trading orders, and when the conditions of trading orders permit, the transaction is concluded.

Trading orders waiting for execution are executed according to the price priority of the order, and if the prices in two or more orders are equal, the priority is given to the order placed earlier.

The execution of a particular trading order is possible if an order of the opposite type transaction exists in the BelexFIX with the price equal or better than the active status order waiting for execution.

The at-the-close price is determined as the average weighted price of the traded units of each security during the trading session.

Trading Hours

Regulated Market

1. On the Regulated Market segment, trading in *shares* on the market segments: *Prime Listing - Shares and Opet Market - Shares*, shall be organized by the *continuous trading method* with the following duration of regular and special trading phases within the applied fluctuation zone model representing a combination of the AZF and SZF:

REGULAR PHASES	
o 9:00 – 9:30	preopen phase, with sub-phases:
9:00 – 9:25	order entry
9:25 – 9:30	random period
o 9:30	opening
o 9:30 – 14:00	continuous trading
o 14:00	closing, or later for the duration of the activated special phase
SPECIAL PHASES - which are activated by breaching the SZF	
o 10 minutes – preopen extension, with the sub-phases	
8 minutes - extension of order entry	
2 minutes - random period of the extension	
o 10 minuta – intraday auction, with the sub-phases	
8 minutes – intraday order entry	
2 minutes – intraday random period	

2. On the Regulated Market segment, trading in *debt securities and other financial instruments* on the market segment: *Prime Listing – Government Bonds - EUR and Prime Listing – Government and Municipal Bonds - RSD*, shall be organized by the *continuous trading method*, with the following duration of regular phases within the applied fluctuation zone model containing only AZF:

REGULAR PHASES	
o 9:00 – 9:30	preopen phase, with sub-phases:
9:00 – 9:25	order entry
9:25 – 9:30	random period
o 9:30	opening
o 9:30 – 14:00	continuous trading
o 14:00	closing

1. On the MTP BELEX trading in *shares* on the market segments: *MTP shares* shall be organized by the *continuous trading method*, with the following duration of regular and special trading phases within the applied fluctuation zone model representing a combination of AZF and SZF:

REGULAR PHASES

o 09:00 – 9:30	preopen phase, with sub-phases:
9:00 – 9:25	order entry
9:25 – 9:30	random period
o 9:30	opening
o 9:30 – 14:00	continuous trading
o 14:00	closing, or later for the duration of the activated special phase

SPECIAL PHASES - which are activated by breaching the SZF

o 10 minutes – preopening extension, with the sub-phases
8 minutes - extension of order entry
2 minutes - random period of the extension
o 10 minutes – intraday auction, with the sub-phases
8 minutes – intraday order entry
2 minutes – intraday random period

2. On the MTP Belex, trading in *debt securities and other financial instruments* on the market segment *MTP Government and Municipal Bonds – RSD* shall be organized by the *continuous trading method*, with the following duration of regular phases within the applied fluctuation zone model containing only AZF:

o 9:00 – 9:30	preopen phase, with sub-phases
9:00 – 9:25	order entry
9:25 – 9:30	random period
o 9:30	opening
o 9:30 – 14:00	continuous trading
o 14:00	closing

OTC Market

OTC deals are based on the agreement between two contracting parties. In Serbia, this market serves mostly for trading with: Debt instruments, delisted company shares or shares under corporate actions/take-overs.

OTC market deadline for T+0 debt securities is 3:30 pm and 2:00 pm for equities.

Settlement

T+2 is standard settlement cycle for all instruments.

T+1/T+0 is possible but requires all transaction sides to accept.

All trades are settled in CSD.

The CSD shall transfer financial instruments from one account into another at the same time that payment is made, i.e. on a DvP (Delivery versus Payment) basis, pursuant to financial instrument transfer orders and cash payment orders received through CSD members (depositories of financial instruments and cash of parties to the transaction) by the time limit stipulated in the orders and as envisaged in the CSD Term Schedule Rulebook.

The Regulated Market or MTF/OTP shall provide the CSD with an electronic file containing information on transactions entered into involving financial instruments (proof of transaction). The CSD shall, pursuant to such proofs of transactions, transmit electronic messages to CSD members keeping financial instrument and cash accounts of both sellers and buyers. CSD members shall confirm the receipt of such messages by transmitting return electronic messages to the CSD.

Netting - For transactions entered into in a regulated market or through an MTF/OTP, the (future) holder of financial instruments may sell such financial instruments before they have been cleared by the CSD, or before such financial instruments have been transferred into the proprietary financial instrument account of the holder with the same depository that is a CSD member.

The CSD shall clear and settle receivables and payables in financial instruments and cash arising from transactions entered into involving financial instruments up to T+2 on a rolling settlement basis with reference to the day the transaction is entered into CSD system. Day T is the day when the transaction is concluded and entered into CSD system, as a trade contract sent by BELEX or entered by CSD member itself (in cases of OTC).

For transactions entered into in the regulated market or through an MTF/OTP the CSD shall clear and settle financial instruments and cash on T+2, excepting where a

CSD member applies in writing for a shortened settlement cycle of between T+0 and T+1.

For transactions entered into OTC, the CSD shall clear and settle financial instruments and cash within a range of between T+0 and T+2.

On T+2 settlement date The CSD shall verify balances in cash and financial instrument accounts at 9 am, 10 am, and 11 am. Where sufficient amounts are encountered in financial instrument and cash accounts to meet the obligations undertaken, transactions entered into in the regulated market or through an MTF/OTP shall be settled

The timetable and steps are prescribed by CSD Term schedule.

MARKET INSTRUMENTS

Serbian market is open to both foreign and local investors. All BELEX listed equity shares and bonds are dematerialized. No physical certificates are available for trading.

Type of instruments available

Equities

- Ordinary shares
- Preferential shares
- Closed end fund shares (ZIF)

Debt instruments

- Government bonds
- Municipal bonds
- Corporate bonds

Securities Identification

ISIN is the standard code for identification of securities in Serbia. CFI code is used for financial instrument classification

ANTI-MONEY LAUNDERING REQUIREMENTS

As an EU candidate state, Serbia is fully complied with EU standards on the prevention of the use of the financial system for the purposes of money laundering or terrorism financing.

Law on Prevention of Money Laundering and Terrorism Financing and Law on Restriction on Disposal of Property with the Aim of Preventing Terrorism and spreading of weapons for mass destruction prescribed the ground rules of the "Know Your Customer" procedures. Prior to establishing a business relationship, service providers shall apply due diligence measures for identifying the customer, the customer's agent, proxy or other authorized representative and verifying their identity as well as final owner controlling the client business.

Administration for the Prevention of Money Laundering (AMPL)

The Administration for the Prevention of Money Laundering is the financial-intelligence unit (FIU) of the Republic of Serbia, within the Ministry of Finance, which is the central anti-money laundering and counter-terrorist financing (AML/CFT) body in the system. The Administration performs financial and informational tasks, i.e., it collects, processes, analyzes, and forwards information, data, and documentation obtained in accordance with this law to the competent authorities. It also performs other tasks related to the prevention and detection of money laundering and terrorist financing in accordance with the law and participates in international cooperation in the fight against money laundering and terrorist financing. APML's powers and responsibilities are provided for in the Law on the Prevention of Money Laundering and Terrorist Financing (AML/CFT Law). The obliged entities under the AML/CFT Law send to the APML reports on suspicious transactions (STRs) and persons. The APML then analyses these reports and collects any additional data about them. If it finds reasonable grounds to suspect money laundering or terrorist financing in a specific case, the APML then discloses such data to the relevant bodies, primarily the competent prosecutors' offices and police. If it suspects, based on its own analyses and assessment and without a prior STR that a person or an organized

crime syndicate launders money or finances terrorism, the APML can request additional data from obligors and other state authorities. Also, the APML can start collecting and analyzing data upon the initiative of another state authority, such as the court, prosecutors' office, Security Information Agency, Securities Commission, police, etc.

DISCLOSURE REQUIREMENTS FOR INVESTORS

Foreign investors are free to invest on Serbian capital market and enjoy equal treatment as the local investors. The only difference is that foreign investors- both individuals and legal entities must hire their Tax representative to obtain their Tax identification number (TIN), which is mandatory data for opening portfolio account in CSD.

On reaching or falling below certain ownership thresholds alone or along with his connected entities, the investor is obliged to inform the issuer company, stock exchange and SEC.

Disclosure thresholds:

5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%

In case the investor reaches 25% of voting rights it is obliged to publish take-over bid to all remaining shareholders. At the proposal of a stockholder who holds the stocks accounting for at least 90% of the share capital of the company and who has at least 90% of votes of all stockholders holding common stocks (redeemer), the general meeting renders a decision on compulsory repurchase of all stocks of the remaining stockholders of the company, regardless of the encumbrances, prohibitions of disposal, restrictions and rights of third parties to those stocks, with the payment of the price determined by mutatis mutandis application of the provisions of this Act regarding payment to dissenting stockholders. Also the minor shareholders are entitled to initiate forced share sell to major shareholder who reached 90% voting rights.

CORPORATE ACTIONS

All securities are deposited at CSD via CSD member: Bank or Investment companies

Via CSD member, the investor can hold his securities in CSD on:

- Individual-Ownership account or
- Omnibus account

Individual-Ownership account is titled after the investor's name.

Omnibus account is titled after the name of CSD Member which opened the account for investor.

List of Shareholders in public companies is posted on CSD web pages. Shares on individual-Ownership accounts are displayed under the owner's name. So the investor with ownership account communicate directly with Issuer Company

On the other hand shares on omnibus accounts are displayed as CSD member name. The issuing company is unable to identify the investor-beneficial owner without obtaining the data from CSD member who opened that account. So the investor can communicate with the issuer company only through CSD member which opened omnibus account.

Corporate action procedures in Serbia are not defined in details by the applicable laws such as the Capital Market Law. The Law on Companies covers only the certain aspects of corporate actions. Lack of strict regulations in corporate actions puts the issuer company to make its own decision which creates the differences in market practice for the same event type. The most frequent document in voluntary event type is Power of Attorney (POA)

PROXY VOTING

Shareholders Meetings in Serbia are most cases scheduled in period from May till Jun.

Serbian Law on Companies defines two types of general meetings:

- Ordinary Shareholders Meeting;
- Extraordinary Shareholders Meeting.

Ordinary Shareholders Meeting must be scheduled at least once per year but not after 6 month from recent business year. An extraordinary session of the general meeting is held as needed, as well as when so prescribed by Companies Act or the articles of association. In case that during preparation of annual or other financial statements that the company produces in accordance with the law, it is determined that the company operates with a loss due to which the value of net assets of the company became smaller than 50% of the company's share capital, an extraordinary session of the general meeting shall be convened, and in the invitation for that session shall contain the reason for convening that session, as well as a proposed agenda which shall include a proposal of a resolution on the liquidation of the company, i.e. a proposal of a decision on other measures to be taken when the situation occurs due to which the session was convened in the first place.

For Ordinary Shareholders Meeting, the announcement is 30 days prior the meeting date and for extraordinary, it is 21 days. The announcement with agenda is posted on the websites of company, Belgrade Stock Exchange and CSD. The company may in addition send the event notification to all shareholders in hard copy via postal mail and publish it in at least one top-selling daily newspaper with nationwide distribution in the Republic of Serbia. The announcement and agenda are posted in Serbian language only. No legal obligation for posting event information in English.

The Law on Companies set the record date for both meeting types to be 10 calendar days before the event date.

The shareholder can vote on following ways:

- by physical presence on the event
- by submission of the form for voting in absence
- by its representative with signed POA

- by electronic voting

Non-resident shareholders must provide their Notarized POA with apostille.

Votes or POA for shares deposited on omnibus account must be signed by CSD member and backed up with signed Corporate Action order given by investor to CSD member containing the process instructions.

TAXATION

Withholding Tax

It is applied at source, on execution of the following corporate events:

- Cash dividend
- Interest (or coupon) payment.

Securities issued by the state authorities are tax exempted, while the corporate debt securities are subject to withholding tax. Corporate debt securities coupon payments are very rare on the market.

The most frequent payments are dividend payments. Dividend payments can be executed a) via the CSD or b) by direct bank to bank cash transfer, depending on the solution issuer company has selected.

The tax is accrued and paid at source by the income payer. The Issuer Company applies the tax rate based on tax residency of each shareholder data for all shareholders.

Serbian Residents has unique 15% tax rate on corporate instrument coupons and dividends.

Withholdings tax rates for non-residents

Corporate coupon	
- Legal entities	20%
- Private Individual	15%
Dividend income	

- Legal entities	20%
- Private Individual	15%
Capital Gains	
- Legal entities	20%
- Private Individual	15%

20% tax rate is applied to undisclosed positions on Omnibus accounts.

Relief at Source is available to non-residents whose domicile country of residence has a Double Taxation Treaty (DTT) with Serbia. Non-residents may apply for relief at source if deliver the relevant documentation to issuing company or its CSD member prior to deadline.

Capital Gains

All securities sell should be reported to the local tax authority within 30 calendar days on a semi-annual basis via the local tax representative. Debt securities issued by the Republic of Serbia, autonomous provinces, municipalities and the National Bank of Serbia are not subject to capital gains tax. The process is not completely prescribed by the regulator. In that respect, it is up to the investor to match the delivery of securities with the appropriate purchase details.

Residents from countries ratified DTT with Serbia are free to select where they will pay the capital gain tax. They are free to wire abroad the cash deriving from financial instrument transaction if so is specified in DTT.

Tax Reclaim

If the tax is withheld at the non DTT rate either due to refusal or late application for Relief at Source, the non-resident client may apply for Tax reclaim by contacting its tax representative and follow his instructions. Tax reclaims do not have a standard market procedure and are processed on a case by case basis. Income reclaims are not a market practice as ex-date concept is not recognized in the Serbian market.

GLOSSARY OF ABBREVIATIONS

AML	Anti-Money Laundering
BELEX	Belgrade Stock Exchange
CCP	Central Counterparty
CFT	Combating Financial Terrorism
CSD	Central Securities Depository
DTT	Double Taxation Treaty
IPF	Investors Protection Fund
MTF/OTP	Non regulated market segment
NBS	National Bank of Serbia
OTC	Over-the-counter
POA	Power of Attorney
SEC	Securities and Exchange Commission
STR	Suspicious transactions
TIN	Tax Identification Number
ZIF	Closed-end fund share

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