

# SEE LINK



## COUNTRY SPECIFICS

## SERBIA



**SEE link**  
Connecting markets

## **Content**

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General Market Information

Setting Up A Trading Account

Opening An Account With A Local Broker

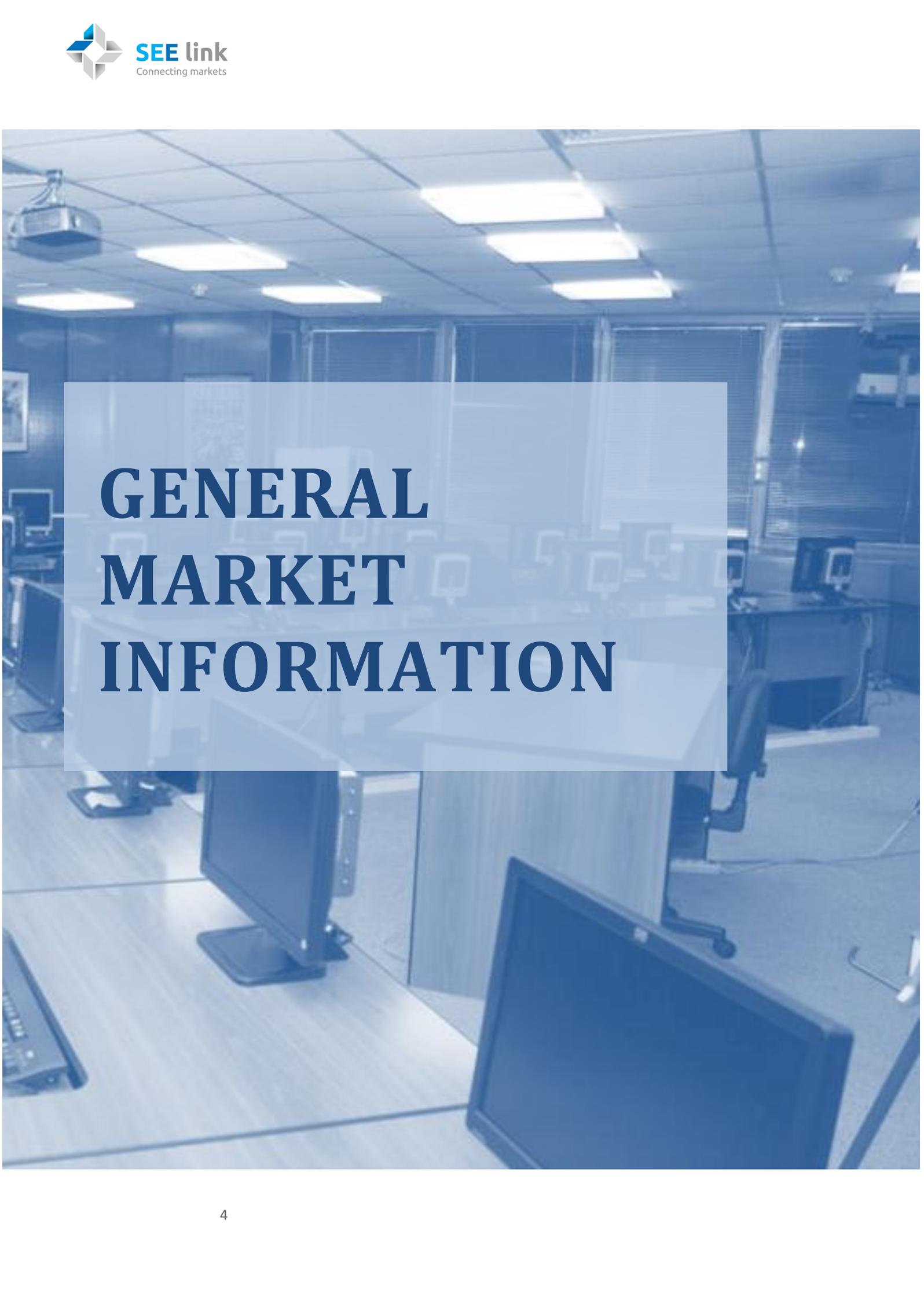
Trading

Post-Trading (Settlement)

Cash And Security Guarantee. Anti-Money-Laundering  
Requirements

Corporate Events

Taxation



# **GENERAL MARKET INFORMATION**

## MARKET OPERATOR

Belgrade Stock Exchange (BELEX). Website: <http://www.belex.rs/eng/>

## FINANCIAL REGULATOR

The Securities Commission (SEC). Website: <http://www.sec.gov.rs/index.php/en/>

## LIST OF LICENSED INVESTMENT FIRMS

List of the licensed investment firms can be found on the Belgrade Stock Exchange's website: [http://www.belex.rs/eng/clanovi/spisak\\_clanova](http://www.belex.rs/eng/clanovi/spisak_clanova)

## DEPOSITORY INSTITUTION

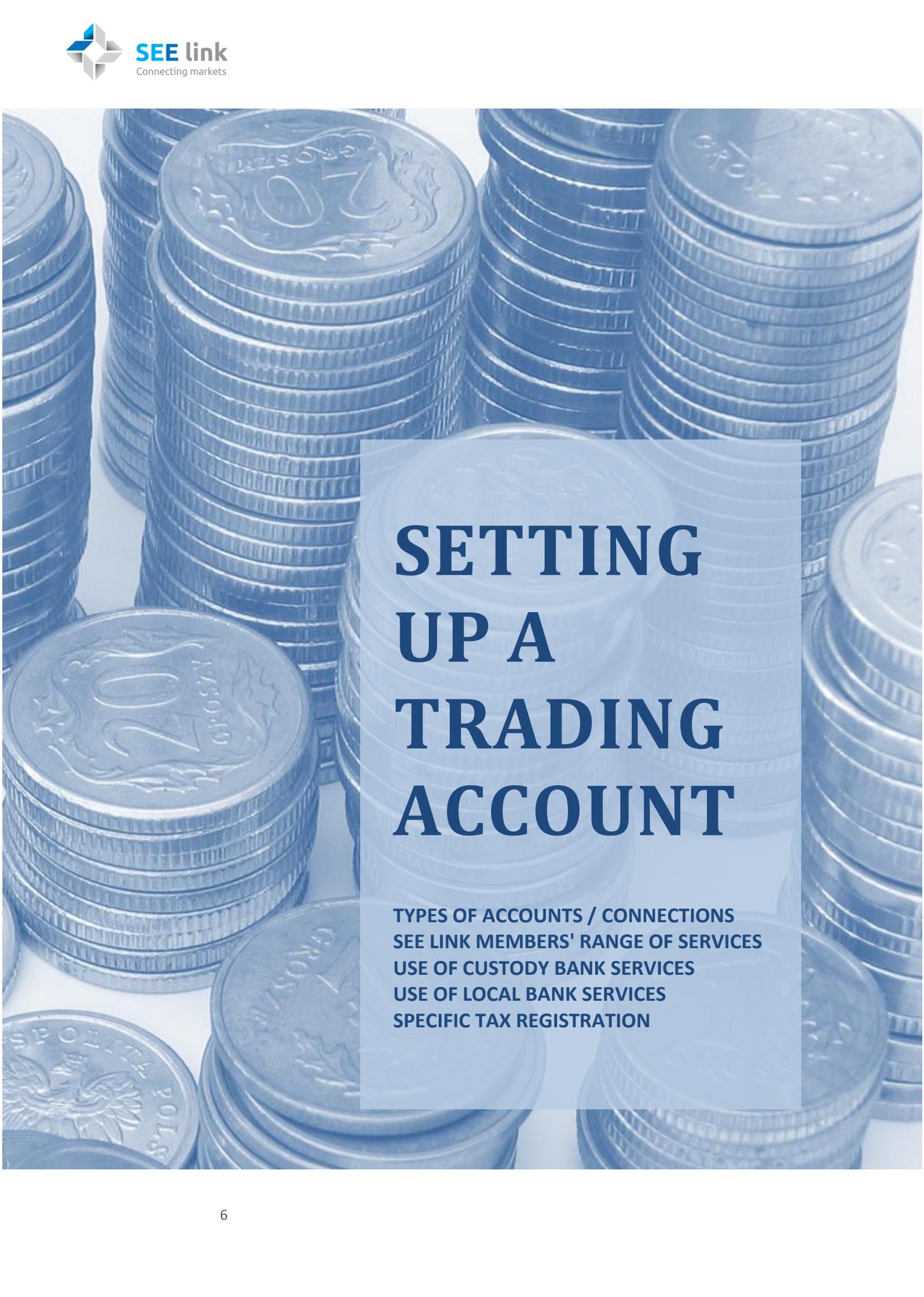
Central Securities Depository and Clearing House (CSD). Website: <http://www.crhov.rs/>

## INVESTOR COMPENSATION FUND

Deposit Insurance Agency is the Investor Protection Fund Operator <http://www.aod.rs/en-zastita-investitora.html#!>

## WEB SITES PROVIDING CORPORATE INFO AND FINANCIAL REPORTS

All relevant information regarding the listed and quoted companies can be found at <http://www.belex.rs/>



# SETTING UP A TRADING ACCOUNT

TYPES OF ACCOUNTS / CONNECTIONS  
SEE LINK MEMBERS' RANGE OF SERVICES  
USE OF CUSTODY BANK SERVICES  
USE OF LOCAL BANK SERVICES  
SPECIFIC TAX REGISTRATION

## TYPES OF ACCOUNTS / CONNECTIONS

Connection types that are possible for Serbia are the following:

- Originating Broker – Executing Broker
- Originating Broker – Executing Broker + Custody
- Originating Broker – Executing Broker (securities) + Bank (money);

## CAN A SEE LINK MEMBER PROVIDE FULL RANGE OF SERVICES IN ORDER TO SET UP A TRADING ACCOUNT?

All Serbian investment firms participating in the SEE Link have obtained necessary licenses to provide a full range of investment services and ancillary services required to set up a trading account (including reception and transmission of orders, order execution, post-trading services, custodianship, etc.).

## IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE CUSTODY BANK SERVICES?

No, it's up to an investor to choose whether to enroll with a local custody bank or not. In case a SEE Link participant decides to enroll with the local custody bank, the balance of securities is recorded in the omnibus custody account. The omnibus custody account is kept by the custody bank in its name and on behalf of legal holders.

If investors choose not to enroll with a local custody bank, a local CSD member will open a proprietary securities account for them, in accordance with Operating Rules of CSD.

## IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE A LOCAL BANK SERVICES IN ORDER TO TRADE ON THE LOCAL STOCK EXCHANGE AND RECEIVE PAYMENTS RELATED WITH CORPORATE ACTIONS (DIVIDENDS, COUPONS, ETC.)?

No, it is not obligatory for an investor to use a local bank services. Client may opt for his money account to be held directly with the bank which is a member of CSD or with an investment firm. An investment firm keeps the account of clients' assets and client's money. Investment firms are obliged to segregate their proprietary assets from clients' assets and clients' money, which is kept in special clients' account in a bank which is a member of CSD.

A commercial bank account (not necessarily local) in the name of the investor is required in order to receive payments related to corporate actions such as dividend, squeeze-out and coupon payments.

## IS THERE A SPECIFIC TAX REGISTRATION REQUIRED?

Non-resident investors are required to obtain tax identification number. Non-resident investors usually appoint tax representative to handle their business with the Tax Administration.

In order for a non-resident retail person to obtain a Tax ID number from the Tax Administration the following documents must be submitted to the Tax Administration:

- Application for getting Tax ID number;
- A copy of the original Power of Attorney and a certified translation;
- Certified copy of identity document (ID card or passport) of the foreign retail persons;
- A proof – statement for which purposes the Tax ID number is required for (in this case the contract signed with local brokerage company).

In order for a non-resident legal entity to obtain a Tax ID number from the Tax Administration the following documents must be submitted to the Tax Administration:

- Application for getting Tax ID number
- A copy of the original Power of Attorney and a certified translation by a sworn-in court interpreter;
- A certified translation of the Extract of registration from the Company Register and a copy on the original language
- A proof – statement for which purposes the Tax ID number is required for.

# OPENING AN ACCOUNT WITH A LOCAL BROKER

DOCUMENTS REQUIRED FOR ACCOUNT NOTARIZED AND APOSTILLED DOCUMENTS  
ACCOUNT OPENING BY PROXY  
OTHER WAYS TO OPEN AN ACCOUNT REMOTELY  
DOCUMENT LANGUAGE  
SPECIAL TAX REGISTRATION

## DOCUMENTS REQUIRED FOR OPENING AN ACCOUNT FROM THE SEE LINK PARTICIPANT

### Non-resident retail client

Before a SEE Link participant retail client opens an account it is necessary to authorize a person from the Republic of Serbia as a tax representative in order to obtain a Tax ID Number. In this case, the resident or domestic retail person shall receive a Tax ID number (TIN) from the Tax Administration for the foreign entity in the name and for the account of a non-resident.

After obtaining the TIN, the foreign physical person may conclude an agreement and open an account. This requires the following:

- Notarized copy (with apostille) of client's passport (which is still valid for a minimum of 3 months)
- Signed and notarized (with apostille) power of attorney in case the client has one
- Client's tax power of attorney notarized (with apostille) – the client needs to have a resident in Serbia authorized to handle tax issues. If not in Serbian, this document needs to be translated into Serbian (after it has already been notarized) by a person authorized for translation in Serbia.
- Proof of assigned Tax ID Number (TIN)
- Proof of a securities trading account with a commercial bank in Serbia (copy of a contract with the bank, etc.)

### Non-resident legal person

After obtaining the TIN, the foreign legal entity may conclude an agreement and open an account. This requires the following:

- Original or notarized copy (with apostille) of an Extract from the court (corporate) register, which may not be older than three months
- If such document doesn't exist in the country of incorporation, then other valid documents can be submitted. This document has to specify the company's legal form and date of incorporation.  
Documents needs to be translated into Serbian by a professional person authorized for translation in Serbian (translation not necessary for corporate entities registered in Croatia, Bosnia and Herzegovina and in Montenegro).
- Document on appointment of authorized persons for representing the company (not necessary if this information is contained in the Extract from the registry).
- Notarized copy (with apostille) of passports of persons authorized for representing the Legal entity or signing agreements.
- Client's tax power of attorney notarized (with apostille). The client needs to have a resident in Serbia authorized to handle tax issues. If not in Serbian, this document needs to be translated into Serbian (after it has already been notarized).
- Proof of assigned Tax Identification Number (TIN)
- Specimen of signatures of persons authorized to place buy/sell orders. This form must be signed by the person authorized to represent the company. Form has to include full name, personal phone number and signature of persons authorized for placing orders.

- List and copies of passport of individuals (natural persons) – beneficial owners who participate with more than 25% in the capital of the Legal entity.
- Proof of a securities trading account with a commercial bank in Serbia (copy of a contract with the bank, etc.)

## WHICH OF THE REQUIRED DOCUMENTS MUST BE NOTARIZED AND APOSTILLED?

Not all required documents need an apostille, depending of the originating state. Apostille is needed in all cases where documents are originating from the countries that participate in the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents and also has a number of bilateral agreements regulating the issue of legalization.

## CAN A PROXY OPEN AN ACCOUNT AND, IF YES, BASED ON WHAT ADDITIONAL DOCUMENTS?

Yes, a proxy can open an account.

### Non-resident retail person

- In the case a non-resident retail person is not located in Serbia and wants to sign the agreement through a proxy, then it is necessary for that person to obtain a certified Tax Power of Attorney from the competent authority in their country (the court or notary) but also to obtain a General Power of Attorney for representation (in some countries, in addition to certification by a notary, it is also necessary to carry out additional verification, which means that a court or other competent authority (e.g. Ministry) should put an apostille on a document certified by a notary);
- Certified copy of identity document of the client (identity card or passport);
- A photocopy of the Tax Power of Attorney;
- A photocopy of identity document of a tax representative (with the original for inspection);
- The Decision of the Tax Administration on the assigning of the TIN;
- Power of Attorney for the conclusion of the Agreement and the performance of securities trading (original or certified copy on the foreign language and certified translation by a sworn-in court interpreter);
- Certified copy of identity document (ID card or passport) of the person who has been given the Power of Attorney.

In order to open a dedicated bank account for trading in the name of non-resident retail person, a person who has given the power of attorney is necessary to obtain a copy of the Tax Power of Attorney and a General Power of Attorney (for the bank), because a foreign person will be the future owner of shares and therefore the account must be addressed to his name. Also, a copy of the General Power of Attorney is required for the Tax Office for tax returns on behalf of a foreign physical person.

### Non-resident legal entity

Opening an account through a proxy:

- In case of opening an account through a proxy (a person who is not representative of the legal entity), it is necessary to obtain the Power of Attorney for conclusion of the agreement and trading in financial instruments (original or notarized photocopy on a foreign language and certified translation of a sworn-in court interpreter) as well as a notarized photocopy of identification document (personal ID or passport) of the person given the Power of Attorney;

In order to open a dedicated bank account for trading in the name of non-resident legal entity, a person who is given the power of attorney is necessary to obtain a copy of the Tax Power of Attorney and a General Power of Attorney (for the bank), because that foreign person will be the future owner of shares and therefore the account must be addressed to his name. Also, a copy of the General Power of Attorney is required for the Tax Office for tax returns on behalf of a foreign legal entity.

Complete documentation should be certified in the country of origin by a notary or court while in some countries, in addition to certification by a notary, it is necessary to carry out additional legalization, which means that a court or other competent authority (e.g. Ministry) should put an apostille on the document certified by a notary. Thereafter, the documentation should be certified by a sworn-in court interpreter.

#### WHAT ARE OTHER WAYS TO OPEN AN ACCOUNT REMOTELY?

The only procedure to open the accounts remotely is by authorizing a resident or local law firm.

#### IS IT OBLIGATORY TO PROVIDE ANY DOCUMENTS IN LOCAL (SERBIAN) LANGUAGE?

Certain documents must be provided in Serbian, as stated above.

#### IS THERE A SPECIAL TAX REGISTRATION REQUIRED?

Before a SEE Link participant foreign entity opens an account it is necessary to authorize a person from the Republic of Serbia as a tax representative in order to get a Tax ID Number. In this case, a resident shall receive a Tax ID number (TIN) from the Tax Administration for the foreign entity in the name and on behalf of a non-resident.



# TRADING

**ATHEX TRADING HOURS  
TYPES OF ORDERS AND VALIDITY  
VOLATILITY INTERRUPTIONS  
OTHER TRADING LIMITS  
DAY TRADING  
MARGIN BUYING AND SHORT SELLING  
OTC TRADING**

## MSE TRADING HOURS

Trading sessions are organized every working day, from Monday to Friday, according to the following schedule:

### Regulated Market

Trading in all securities in all market segments is organized by the continuous trading method, with the phases:

09:00 – 09:30	pre-opening phase, with sub-phases:
09:00 – 09:25	receipt of orders
09:25 – 09:30	random period
09:30	opening
09:30 – 14:00	continuous trading
14:00	closing

### MTP BELEX

1. MTP Shares, traded by the Single Price Auction with the following phases:

09:00 – 12:00	pre-opening phase, with subphases:
09:00 – 11:55	receipt of orders
11:55 – 12:00	random period
12:00	auction
12:00	trading

2. MTP Bonds, traded by the Continuous Trading with the following phases:

9:00 – 9:30	pre-opening phase, with sub-phases:
9:00 – 9:25	receipt of orders
9:25 – 9:30	random period
9:30	opening
9:30 – 14:00	continuous trading
14:00	closing

**All times are Serbian Time (GMT+01:00)**

## TYPES OF ORDERS AND VALIDITY

- Market orders: orders without a price, to buy or sell certain amount of financial instruments at the best available current price on the market. A market order is immediately matched with an opposite order of the highest execution priority. If at the moment of placing a market order there are no trading orders of the opposite side, the market order is entered into the electronic order book with the status of the active order with the limit price equal to the price of the last transaction, unless until that moment transactions have not been concluded, when an order with the active status is entered into the electronic order book at the indicative price.
- Limit orders: orders to buy or sell certain amount of financial instruments at a specified limit price, or better than that.

Execution terms

- Iceberg
- IoC
- FOK

In terms of validity, order validity can vary from up to 90 days.

## VOLATILITY INTERRUPTIONS

Volatility Interruptions mechanism is supported through the model of fluctuation zones, which represents a set of applied fluctuation zones, such as:

- absolute fluctuation zone /AFZ/ - the largest possible price deviation from the indicative price, e.g. the price range within which the transaction is permitted at the same trading session;
- static fluctuation zone /SFZ/ - price deviation from the indicative price, which overpassing activates special trading phases;
- dynamic fluctuation zone /DFZ/ - price deviation relative to the previous price of a security, which overpassing activates a set of phases of the intra-day auction;

SZF is activated if a transaction is possible outside the range of SZF, which activates one of the following special trading phases:

1. extension of pre-opening– in single price auction and continuous trading,
2. set of phases of the intra-day auction in the continuous trading method.

The number of SZF activations during one trading session is limited to one activation at every SZF border.

DZF can be part of the fluctuation zone model only on the market segments with the continuous trading method. DZF is activated if a transaction is possible outside the range of DZF, which activates the special phase – set of phases of the intra-day auction.

The maximum number of DZF activations during one trading session is determined by the fluctuation zone model.

For the first trading in a particular security, as well as for every next trading in the given security until the first transaction is concluded:

- AZF is determined relative to the indicative price in the following range:
  - a) -50% to +300%, for shares, and
  - b) +/-50% for other securities.
- SZF is determined relative to the indicative price in the following range:
  - a) -10% to +50% for shares, and
  - b) +/- 10% for other securities

For the next trading session:

- AZF is determined uniquely in the range of:
  - a) +/- 20%, for securities traded on the Regulated Market listings,
  - b) +/-30% for securities trading on the Open Market
  - c) +/-50% for share trading on the MTF Belex,
  - d) +/- 40% for other securities and other financial instruments on the MTF Belex.
- SZF is determined uniquely in the range of:
  - a) +/- 10% for securities on the Regulated Market listings (b) +/- 15% for securities on the Open Market,
  - c) +/- 25% for shares on the MTF Belex,

d) +/- 20% for other securities and other financial instruments on the MTF Belex.

DZF is determined by the decision, whereby DZF range cannot exceed SZF.

#### OTHER TRADING LIMITS

No other limits.

#### DAY TRADING

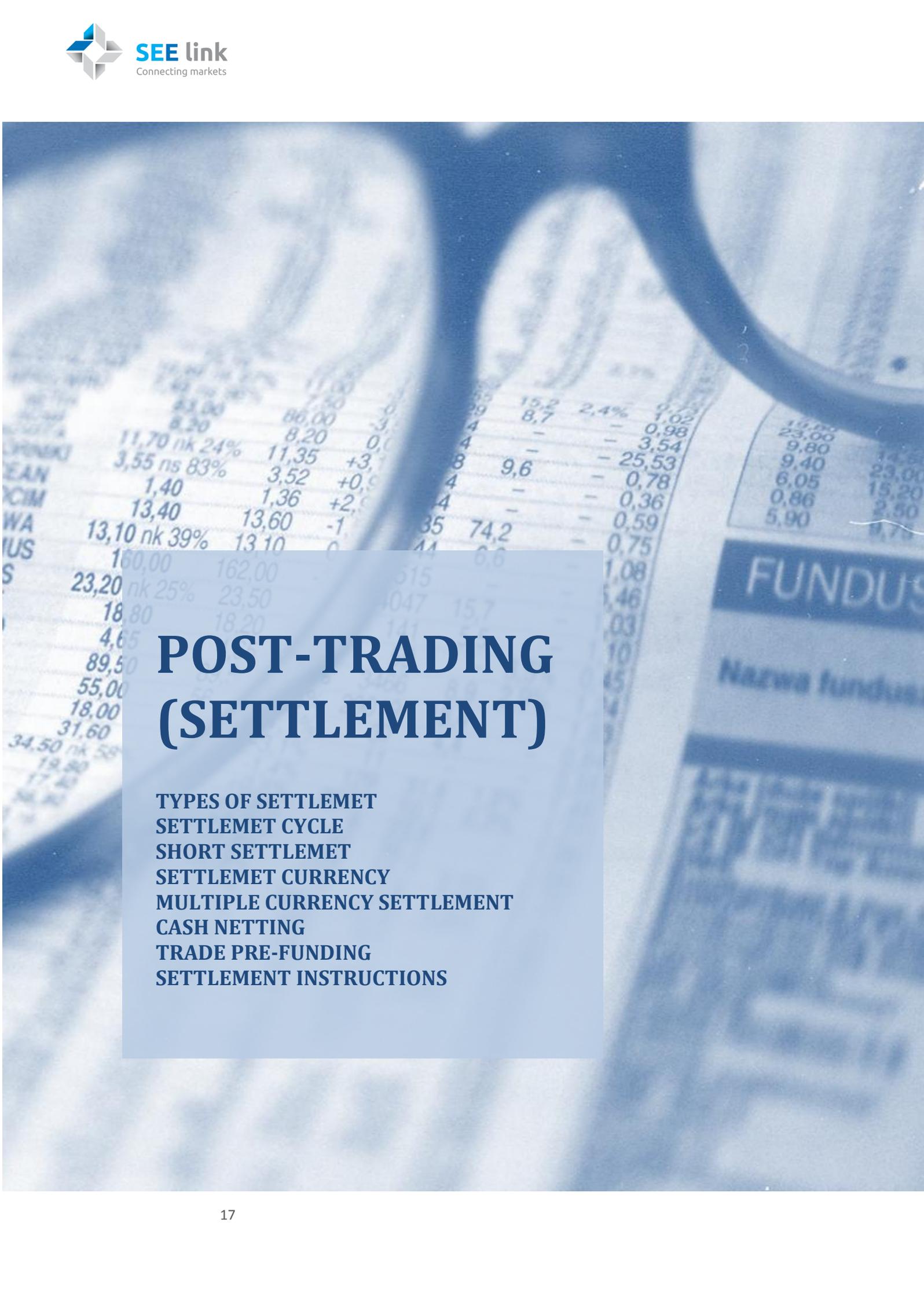
Allowed.

#### MARGIN BUYING AND SHORT SELLING

Although legally possible, rarely practiced on the market.

#### OTC TRADING

Supported, as prescribed by the Law on Capital Market.



# POST-TRADING (SETTLEMENT)

**TYPES OF SETTLEMENT**  
**SETTLEMENT CYCLE**  
**SHORT SETTLEMENT**  
**SETTLEMENT CURRENCY**  
**MULTIPLE CURRENCY SETTLEMENT**  
**CASH NETTING**  
**TRADE PRE-FUNDING**  
**SETTLEMENT INSTRUCTIONS**

## TYPES OF SETTLEMENT ALLOWED FOR ON-EXCHANGE TRANSACTIONS

DvP, BIS model 2

## SETTLEMENT CYCLE

T+2 is a default settlement cycle.

## IS SHORTER SETTLEMENT POSSIBLE

Yes. it is possible to settle on T+0 or T+1.

For OTC trades settlement cycle is performed following the settlement.

## SETTLEMENT CURRENCY

Serbian Dinar (RSD).

## IS MULTIPLE CURRENCY SETTLEMENT POSSIBLE?

No

## CASH NETTING

Yes.

## TRADE PRE-FUNDING (BOTH CASH AND STOCK)?

Prefunding is NOT required at the time of order placement, but in general on the day of settlement, CSD members that are parties to concluded transactions involving financial instruments are required to provide financial instruments and funds to make it possible for the CSD to settle transaction on a DvP basis.

Prefunding is required by certain custodian banks, depending on their contracted details with the client. CSD members are required to provide financial instruments and funds on T+1, 4pm, latest.

## IN CASE CUSTODIANS ARE INVOLVED IN TRANSACTION, WHO IS REQUIRED TO SEND SETTLEMENT INSTRUCTIONS?

The client is required to deliver settlement instructions to all custodian involved in the transaction.

# **CASH AND SECURITY GUARANTEE. ANTI-MONEY- LAUNDERING REQUIREMENTS**

**CLEARING HOUSE'S DEFAULT WATERFALL  
BUY-IN  
TRANSACTIONS MANAGEMENT  
SANCTIONS  
INVESTOR COMPENSATION FUND  
COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS  
REQUIRED DOCUMENTS**

## CLEARING HOUSE'S DEFAULT WATERFALL

The CSD operates settlement guarantee fund. All CSD members, excepting only the Republic of Serbia and the National Bank of Serbia, are required to make payments into the CSD Guarantee Fund in order to provide funds for the settlement of payables should a CSD member fail to provide financial instruments or funds for transactions entered into involving financial instruments.

The CSD does not operate as a CCP and does not guarantee transactions with its own capital.

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 the assets necessary for the settlement of transaction, either by utilizing the Guarantee Fund and bills of exchange or through other emergency procedures, the CSD shall cancel the transaction in question with the consent of all parties to such transaction, and shall notify the Securities Commission and the market operator thereof.

## BUY-IN

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.

Enforced sale or enforced purchase of financial instruments shall commence through the input of the sale order or purchase order, into the IT system of the market operator where the financial instruments in question are traded by the CSD.

Where insufficient financial instruments are encountered in financial instrument accounts of the seller, the CSD shall activate guarantee fund assets and shall initiate enforced purchase of such financial instruments after 11 a.m. on T+2.

Where funds required for settlement are not paid in by 11 a.m. on T+2, the CSD shall activate guarantee fund assets or shall initiate enforced sale of financial instruments.

## TRANSACTIONS MANAGEMENT

N/A

## SANCTIONS

All sanctions and penalties are regulated by CSD and SEC.

## INVESTOR COMPENSATION FUND

All CSD members, excepting only the Republic of Serbia and the National Bank of Serbia, are required to make payments into the CSD Guarantee Fund in order to provide funds for the settlement of payables should a CSD member fail to provide financial instruments or funds for transactions entered into involving financial instruments. The amount payable to the CSD Guarantee Fund is EUR 40,000.

Also, in 2011 Investor Protection Fund was established within the investor protection system. 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 is carried out within 3 months from the day when the right to compensation was determined.

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

## COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS

There are in general no restrictions on cash transfer for foreign persons.

There are no restrictions related to cash transfer, but the reporting entities are obliged to report the transfers above EUR 15,000 to the Anti Money Laundering Agency

## IF YES, WHAT DOCUMENTS ARE REQUIRED?

In order for non-resident investors to be able to repatriate the profits, a confirmation about paid taxes (if they apply) has to be issued by Tax Administration. Local tax representatives usually take care of this on behalf of non-resident investors.

# **CORPORATE EVENTS**

**DIVIDEND RECORD DATE/EX-DATE  
DIVIDEND PAYMENTS DISTRIBUTION  
PAYMENTS OF DIVIDENDS, COUPONS, UNUSED  
RIGHTS ETC.  
CAPITAL INCREASE WITH RIGHTS  
RECORD DATE/EX-DATE  
STOCK SPLITS / REVERSE STOCK SPLITS  
TRADE/SETTLEMENT SUSPENSION  
AUTOMATIC ORDER DELETION  
OTHER CORPORATE EVENTS**

## DIVIDEND RECORD DATE/EX-DATE

Payment of dividend is approved by a decision on profit distribution adopted at the Ordinary General Meeting, in which case such decision should also specify the amount of dividend.

In the Articles of Association a company may set the dividend record date, or the method of setting a date, on which a list of shareholders entitled to a dividend will be set. If the dividend date is not set by the Articles of Association, such date may be set by the decision on dividend, according to the method for setting of such date if it is provided by the Articles of Association.

Public joint-stock companies may not set a dividend record date earlier than the shareholders' record day for the General Meeting.

Ex-dividend date is one business day earlier than the dividend record date.

## IS THE CSD RESPONSIBLE FOR DIVIDEND PAYMENTS DISTRIBUTION TO SHAREHOLDERS?

Dividend payment is processed via CSD in the following way: on the day the payment of dividend, the issuer pays funds for the payment of dividend into the cash account of the CSD member acting as corporate agent for the issuer. The CSD forwards such funds to CSD members maintaining securities accounts of lawful holders of the shares in question. The CSD members transfer the assets into the cash accounts of lawful holders.

Alternatively, the company executing the dividend payment can transfer the dividend directly to clients' accounts, without involving CSD into the process.

## PAYMENTS OF DIVIDENDS, COUPONS, UNUSED RIGHTS ETC.

Payment is made through the transfer of funds into the accounts of CSD members maintaining lawful holders' financial instrument accounts, with such members then transferring the funds into lawful holders' cash accounts

## CAPITAL INCREASE WITH RIGHTS

A decision on new issue of shares for the purpose of capital increase is passed at the General Meeting. All existing shareholders have a preemptive right so they could maintain their percentage ownership.

## RECORD DATE/EX-DATE

There are no specific restrictions regarding the record date. The record date is determined by issuer's decision on capital increase.

## STOCK SPLITS / REVERSE STOCK SPLITS

The stock split/reverse stock split procedures are performed by the CSD.

**IS TRADING/SETTLEMENT SUSPENDED IN CASE OF CORPORATE EVENTS AND IF YES, FOR HOW LONG?**

In case of a stock split/reverse stock split, trading is suspended for 5 (trading) days.

**IS THERE AN AUTOMATIC ORDER DELETION AT THE END OF DIVIDEND RECORD DATE?**

No.

**ARE OTHER CORPORATE EVENTS POSSIBLE?**

General assembly, mergers and acquisitions, spin-offs, squeeze out, dividend payment, etc.

# **TAXATION**

**CAPITAL GAINS TAX  
DIVIDEND TAX  
VAT**

## CAPITAL GAINS TAX

Capital gains are taxed at 15%.

For foreign investors prevailing are the provisions of the Treaties for the avoidance of double taxation between Serbia and the investor's originating country, if available. For more information about the avoidance of double taxation and the list of countries please visit: <http://www.poreskauprava.gov.rs/sr/pravna-lica/pregled-propisa/ugovori-dvostruko-oporezivanje/1357/ugovori-o-izbegavanju-dvostrukog-oporezivanja.html>

## DIVIDEND TAX

Dividends are currently taxed at 15%.

For foreign investors prevailing are the provisions of the Treaties for the avoidance of double taxation between Serbia and the investor's originating country, if available. For more information about the avoidance of double taxation and the list of countries please visit: <http://www.poreskauprava.gov.rs/sr/pravna-lica/pregled-propisa/ugovori-dvostruko-oporezivanje/1357/ugovori-o-izbegavanju-dvostrukog-oporezivanja.html>

## VAT

Trading, clearing and settlement services are exempt from VAT.



**SEE link**  
Connecting markets