

Pursuant to Articles 21 and 45 of the Law on the National Bank of Serbia (RS Official Gazette, Nos. 72/2003 and 55/2004) and Section 15 of the Decision on Terms and Conditions of Performing Foreign Payment Transactions (RS Official Gazette, No. 24/2007), the Governor of the National Bank of Serbia hereby issues the following

## **GUIDELINES FOR IMPLEMENTING THE DECISION ON TERMS AND CONDITIONS OF PERFORMING FOREIGN PAYMENT TRANSACTIONS**

### **I. GENERAL PROVISIONS**

1. These guidelines shall set forth in detail the terms and conditions of implementing the Decision on the Terms and Conditions of Performing Foreign Payment Transactions (hereinafter: Decision).

Foreign payment transactions include payments, collection of payments and transfers in foreign exchange and dinars under current and capital transactions between residents and non-residents.

Foreign payment transactions shall be executed by means of payment instruments applied in international payment transactions, applying international banking rules and standards and using payment orders prescribed herein.

2. Foreign payment transactions shall be performed from accounts referred to in Section 2 of the Decision that are in compliance with the provisions of the decision on the unique structure for identification and classification of accounts and the plan of accounts for the application of international rules and the IBAN standard.

The bank shall keep records of the time of the receipt of all foreign payment orders or orders for the collection of payments from abroad, as applicable, as well as of confirmations of the receipt of cover in this respect, unless such orders are processed using the SWIFT technology.

3. The bank shall maintain foreign exchange accounts of residents and non-residents in compliance with the regulation on analytical accounts within the Chart of Accounts for banks, while the National Bank of Serbia shall maintain such accounts in compliance with the Chart of Accounts prescribed for the National Bank of Serbia.

The bank shall maintain foreign exchange accounts in foreign currency and the dinar equivalent value of such foreign currency converted by applying the official middle exchange rate.

4. The beneficiary bank shall be the bank whose account abroad is credited or which receives foreign cash, as well as the bank that runs a non-resident account from which the payment is debited.

The paying bank shall be the bank which credits the account of a resident or a non-resident or pays out funds to such resident or non-resident.

5. Banks shall submit data and reports on performed foreign payment

transactions to the National Bank of Serbia, in the manner and within the timeframes specified herein, in compliance with the reporting schedule given in Annex 1 hereto.

In performing foreign payment transactions, banks shall use the following:

- Reference Code List for Payments, Collection of Payments and Transfers in Foreign Payment Transactions – Annex 2;
- Payment Instruments Code List – Annex 3;
- Special Resident Codes (identification numbers) – Annex 4;
- Currency Code List and Country Code List – as specified in the nomenclatures maintained by the Institute for Standardization of Serbia, which are published on the website of the National Bank of Serbia.

The annexes referred to herein are enclosed herewith and are integral thereto.

5a. Banks can effect payments, collections and transfers under current and capital transactions by foreign exchange clearing between residents and non-residents through foreign currency reserve requirement account with the National Bank of Serbia.

The clearing referred to in paragraph 1 hereof shall be performed for the account of banks that have concluded an agreement with the National Bank of Serbia and for the account of banks headquartered in the territory of the country with whose central bank the National Bank of Serbia has concluded a clearing agreement.

5b. A bank – financial settlement agent in respect of electricity trading activities in an organized electricity market in the Republic of Serbia shall make collection/payment in respect of trading and financial settlement in such market pursuant to an agreement with a non-resident legal person authorized to engage in clearing and financial settlement activities.

The bank from paragraph 1 hereof shall collect claims from the non-resident referred to therein using a collection order (transaction type – 60), with an adequate reference code, specifying its identification number as that of the collection beneficiary in the order.

The bank from paragraph 1 hereof shall make a payment of debt to the non-resident referred to therein using a payment order (transaction type – 70), with an adequate reference code, specifying its identification number as that of the payment order issuer in the order.

The bank from paragraph 1 hereof shall make the transfer of funds from special-purpose foreign exchange accounts of residents opened for the purpose of clearing and financial settlement in respect of electricity trading activities in an organized electricity market in the Republic of Serbia internally using a general foreign exchange order, on the basis of a standing order of such resident or, as applicable, direct debit in respect of an order of the non-resident from paragraph 1 hereof, in accordance with the contract concluded with such resident.

## II. PAYMENT TRANSACTIONS IN FOREIGN EXCHANGE

### **Foreign collections**

6. A foreign collection shall mean the funds earned under current and capital transactions with non-residents.

*Collection of payment by remittance and the presentation of collection documents*

7. A bank shall credit the account of the collection beneficiary specified in the non-resident's order by no later than the deadline referred to in Section 4, paragraph 3 of the Decision, after receiving a foreign bank's notification that foreign exchange was credited to such bank's account as well as data from the collection beneficiary relating to grounds and details necessary for effecting payment in respect of such collection, along with the document if the enclosure of such document is stipulated as a precondition to payment execution.

Payment order referred to in paragraph 1 hereof shall mean a foreign bank order containing all data necessary for its processing in compliance with these Guidelines.

If the collection beneficiary is a natural person, a bank can copy the reference code for collection from the data specified in the payment order issued by a non-resident natural person, while in the case of non-resident legal entities the bank shall act in compliance with paragraph 1 hereof.

If the collection beneficiary's account is not specified in the non-resident's order, the bank shall act in compliance with Section 6 of the Decision.

8. If collection is effected in respect of a foreign credit transaction, the bank may credit the collection beneficiary's account if such credit transaction has been reported to the National Bank of Serbia and if the beneficiary has presented the following documents to the bank:

- 1) K3 forms, certified by the National Bank of Serbia, for the use of:
  - financial and subordinated credit or loan in foreign exchange granted to a resident by a non-resident,
  - credit or loan in foreign exchange granted to resident natural persons and branches of foreign legal entities by non-residents,
  - credit or loan in dinars granted to a resident by international financial organisations and development banks or financial institutions founded by foreign states;
- 2) KO forms, certified by the National Bank of Serbia, for the collection of principal and interest in respect of:
  - financial and subordinated credit or loan in foreign exchange,
  - commercial credit or loan in foreign exchange and dinars for financing deferred and advance payments of goods and services in foreign trade transactions, granted to a non-resident by a resident.

The collection beneficiary shall keep the documents referred to in paragraph 1 hereof for own purposes and for the purposes of the relevant supervisory bodies.

A bank may credit the collection beneficiary's account in respect of foreign credit transactions other than those specified in paragraph 1 hereof even if they have not been reported to the National Bank of Serbia.

9. If the beneficiary bank has not received data and the documents prescribed for effecting payment in respect of collection pursuant to Sections 7 and 8 hereof, the bank shall, in respect of the obligation for unperformed payments, credit the foreign exchange liabilities account from the Chart of Accounts for Banks using a general

foreign exchange order (transaction type – 66) and specifying reference code 909.

At the order of the collection beneficiary and immediately after conditions are met for effecting payment in respect of collection, the bank referred to in paragraph 1 hereof shall cancel the general foreign exchange order with reference code 909 and issue a collection order (transaction type – 60), specifying the adequate reference code, or, if such conditions are not met, it shall return such funds in the same amount to the bank from which it has received the funds using a general foreign exchange order (transaction type – 77), reference code 109.

10. The bank shall process the collection of payment from abroad based on the collection order (transaction type – 60), which contains requisite elements prescribed herein.

11. In cases where the beneficiary bank is also the paying bank, such bank shall debit Account 050 or Account 051 in order to credit Account 5007 or accounts referred to in Section 3 hereof, as applicable. The bank shall process collections in foreign exchange using the collection order (transaction type – 60) and specifying the collection reference code if the beneficiary is a resident or, if the beneficiary is a non-resident, by issuing a general foreign exchange order (transaction type – 66) and specifying reference codes 501 or 502.

12. In cases where the beneficiary bank is not the paying bank, the beneficiary bank shall notify the paying bank of the collection received and shall transfer the funds to such bank not later than on the next business day following the date when the funds were received.

The beneficiary bank shall receive funds from abroad on Account 050 via a general foreign exchange order (transaction type – 66), reference code 562, by specifying the identification number of the paying bank; it shall send a SWIFT message 103 (with fields 50 and 52 filled in) to the paying bank and transfer the funds using a general foreign exchange order (transaction type – 77), reference code 162.

Banks that are connected with other banks in the Republic of Serbia through Account 5001 and Account 050 shall record entries using a general foreign exchange order (transaction type – 66), reference code 569.

In cases where the beneficiary bank is an agent under a contract between that bank and a foreign pension fund on the transfer of pension payments to other banks in the Republic of Serbia with which the accounts of pension beneficiaries are maintained, such bank shall receive funds from abroad using a collection order (transaction type – 60), reference code 800 and specifying its identification number as that of the beneficiary in the order. The beneficiary bank shall transfer the funds received to the paying bank using a general foreign exchange order (transaction type – 77), reference code 162. The paying bank shall receive the funds using a general foreign exchange order (transaction type – 66), reference code 562, to credit the collection beneficiary's account.

13. The paying bank shall receive funds on Account 050 based on a collection order (transaction type – 60) bearing an adequate reference code for collection if the beneficiary is a resident and shall credit such funds to accounts referred to in Section 3 hereof or, if the beneficiary is a non-resident, based on a general foreign exchange order (transaction type – 66) bearing reference code 501 or 502 to credit account 5007.

At the request of the paying bank, the beneficiary bank shall provide cover on accounts 050 or 051 to the paying bank, within 2 business days from the submission of

such request at the latest.

14. The bank shall deliver an account statement to the collection beneficiary whose account was credited in accordance with the Decision, and, if necessary, any other documents (e.g. payment order under which such collection was received).

15. If the collection beneficiary referred to in Sections 7 and 8 hereof is not the end beneficiary of funds in respect of foreign collection, such beneficiary shall instruct the bank to transfer the funds to the credit of the end beneficiary's account on the same business day or on the business day following the receipt of the notification of collection. The bank shall transfer such funds using a general foreign exchange order, within the time period specified in Section 5, paragraph 4 of the Decision.

#### *Collection of payment by documentary credit*

16. The bank shall process the collection of foreign payment by documentary credit in compliance with Section 7 hereof. Along with documents relating to the documentary credit, the collection beneficiary shall also submit to the bank data requested by the National Bank of Serbia for statistical purposes.

Prior to the processing referred to in paragraph 1 hereof, when collection is effected under a confirmed documentary credit, the bank shall post the cover received under an opened documentary credit to the debit of Account 050 and to the credit of the foreign bank's deposit account using a collection order (payment instrument 3, reference code 514), while collection under documentary credit shall be debited from the foreign bank's deposit account and credited to accounts referred to in Section 3 hereof.

17. The bank shall record the entry of a confirmed documentary credit in favour of local beneficiaries as an off-balance sheet item.

#### *Collection by cheque*

18. The bank shall process foreign collection by cheque payable on presentation in the manner referred to in Section 7 hereof, while entries shall be made to debit Account 052 and to credit accounts referred to in Section 3 hereof. Along with the cheque, the collection beneficiary shall also submit to the bank data requested by the National Bank of Serbia for statistical purposes.

The bank shall send the redeemed cheque abroad for collection and record an entry in respect of this change on Account 052 using a general foreign exchange order (reference code 115).

The bank shall process foreign collection in respect of the cheque using a collection order (reference code 515) and make entries to the debit of Account 050 and to the credit of Account 052.

The bank shall forward to a foreign bank for collection all cheques not redeemed on presentation in order to receive payment in cash against documents. After receiving payment in cash against the cheques, the bank shall process the collection in the manner set out in Section 7 hereof.

#### **Collections effected by using/debiting payment cards issued by foreign legal entities**

18a. The bank shall process collections from abroad arising from the use of

foreign payment cards to the credit of foreign exchange accounts of legal entities based on a collection order (transaction type – 60), with an adequate collection reference code when the collection beneficiary is a resident, to debit Account 050 or 5007 and to credit the accounts referred to in Section 3 hereof, or based on a general foreign exchange order (transaction type – 66), reference code 501 or 502, when the payment beneficiary is a non-resident, to credit Account 5007.

### **Collections effected through foreign exchange clearing**

19a. The bank shall process foreign collection effected through foreign exchange clearing using a collection order (transaction type – 60), with an adequate collection reference code, to debit Account 060 and to credit the accounts referred to in Section 3 hereof, if the collection beneficiary is a resident, or using a general foreign exchange order (transaction type – 66), reference codes 501 or 502, to credit Account 5007, if the payment beneficiary is a non-resident.

### **Foreign payments**

20. The bank shall effect foreign payments pursuant to a payment order of a resident (transaction type – 70).

21. The bank shall execute a foreign payment order:

- which contains elements prescribed by these guidelines;
- which has been signed by an authorized person of the order issuer by hand or electronically or which, in accordance with the contract between the bank and the order issuer, has been issued in another way which enables the authentication of the order issuer (e.g. electronic or mobile banking order);
- for which the cover has been provided to the bank;
- which was enclosed with the documents proving the foreign payment obligation and establishing the grounds for payment, in accordance with regulations.

The documents from paragraph 1 hereof may be as follows:

- in case of current transactions – single customs document, invoice, pro-forma invoice, contract, certificate of reciprocity or another document relevant for identifying the obligation;
- in case of capital transactions – a decision or resolution issued by the competent authority on the specific transaction, enforceable probate court decision, contract concluded with a foreign partner, as well as other transaction-specific documents proving that the transaction is not fictitious or simulated.

A bank may not reject the execution of a payment order from paragraph 1 hereof only because the order issuer did not stamp the order, unless it has been explicitly agreed at a written request by such person that the bank shall reject the execution of a payment order that has not been stamped.

The obligation of the bank to reject the execution of a payment order that has not been stamped shall not be considered explicitly agreed within the meaning of paragraph 2 of this Section when it is envisaged only by the bank's general terms of operation which the agreement on payment services refers to – unless the resident has explicitly asked in the request from paragraph 2 of this Section that this obligation of the

bank, stipulated in the general terms of operation, is applied when the resident is giving consent to the execution of payment transactions.

The order issuer shall be responsible for the authenticity of documentation and validity of the transaction referred to herein.

If the order issuer is a natural person, he/she shall be required to act in compliance with the provisions of this Section, except that the order referred to herein shall be filled in by the bank at the request of such person and the order issuer shall not certify the authenticity of such order with its stamp.

21a. Notwithstanding Section 21 hereof, the bank and the order issuer may agree in writing that the order issuer is not required to enclose with the payment order a document proving the payment obligation and determining the payment grounds, unless another regulation stipulates that such payment order must be supported by the specific documentation. This applies in particular to the following transactions:

- transfer of foreign exchange abroad in accordance with the regulation on the conditions for effecting personal and physical transfers of means of payment to/from abroad;

- transfer of foreign exchange in accordance with the regulation on terms and conditions under which residents may hold foreign exchange in bank accounts abroad;

- transfer or, as applicable, payments or collections of receivables and debt under resident foreign trade transactions other than those considered commercial credits and loans, pursuant to the law on foreign exchange operations;

- collections and payment to a non-resident other than the one with regard to which the resident has any debt or receivables under current and capital transactions, pursuant to the law on foreign exchange operations;

- transactions which, pursuant to the law on foreign exchange operations, may be performed in foreign exchange in the Republic of Serbia;

- transfer of funds abroad from the account of a non-resident, as well as from the account of a resident – branch of a foreign legal entity, in which case evidence of payment of tax liabilities in the Republic of Serbia shall be enclosed.

In case the agreement from paragraph 1 hereof is concluded, the order issuer shall keep the document referred to therein in the manner and within the time prescribed by the Decision.

22. If the bank executes an order pursuant to a court decision, it shall effect the payment at the order of the court or pursuant to an effective court decision (specifying the identification number of the legal entity and grounds for payment).

24. A bank shall make payment under a foreign credit transaction if the order issuer has reported that transaction to the National Bank of Serbia and if the order issuer has presented the following documents to the bank:

- 1) K3 forms for the relevant credit transaction, certified by the National Bank of Serbia, for the repayment of the principal and interest in respect of:
  - financial and subordinated credit or loan in foreign exchange,
  - credit or loan in foreign exchange granted by non-residents to resident natural persons and branches of foreign legal entities,

- commercial credit or loan in foreign exchange and dinars for financing deferred and advance payments of goods and services in foreign trade transactions, granted to a non-resident by a resident,
- credit or loan in dinars granted to a resident by international financial organisations and development banks or financial institutions founded by foreign states;

2) KO forms, certified by the National Bank of Serbia, for the use of financial and subordinated credit or loan in foreign exchange granted by a resident to a non-resident.

When repaying obligations under foreign credit transactions in which the National Bank of Serbia is the agent, the order issuer shall provide cover to the National Bank of Serbia no sooner than four and no later than two business days prior to the date of the foreign payment obligation.

The order issuer shall keep the documents referred to in paragraphs 1 and 2 hereof for own purposes and for the purposes of the relevant supervisory authorities.

A bank may make payment under foreign credit transactions other than those specified in paragraph 1 hereof even if the order issuer has not reported those transactions to the National Bank of Serbia.

25. If the amount of payment to a beneficiary in an EU member country does not exceed 50,000 euros, prior to accepting the order, the bank shall notify the order issuer in writing or electronically as to the:

- time span during which funds need to be in the account of the beneficiary's bank, specifying the exact start of the time span;
- (tentative) amount of time needed for the beneficiary's bank to credit its account;
- level of fees and other charges to be paid by the order issuer;
- date of bank account debiting (value date);
- procedure to be taken by the order issuer in the event of appeal or damage claim;
- exchange rates applied (in case of conversion of euros).

In respect of the performed payment referred to in paragraph 1 hereof, the bank shall submit the following data to the order issuer:

- transaction reference number;
- payment amount less charges;
- level of fees and other charges to be paid by the order issuer;
- applicable exchange rate, in case euros are converted into another currency;
- value date.

26. The bank shall execute the payment order within the time period specified in Section 8 of the Decision.



*Payment by remittance and payment against the presentation of collection documents*

27. If a bank effects foreign payment by remittance or against the presentation of collection documents, such payment shall be debited to the accounts referred to in Section 3 hereof and credited to accounts 050, 051 and 5007.

If the order issuer is a natural person providing foreign payment cover by paying in foreign cash, such payment cover shall be carried in Account 500 until such payment is made.

*Payment by documentary credit*

28. The bank shall open a documentary credit at the request of the order issuer and record entries of such opened documentary credits as off-balance sheet items.

The order issuer shall provide payment cover in respect of the documentary credit at the latest by the date of payment in respect of such documentary credit, and such cover shall be debited using a general foreign exchange order to the accounts referred to in Section 3 hereof and credited to the cover account.

29. For the bank to provide cover for confirmation abroad, it shall make an entry in respect of such cover using a general foreign exchange order to debit Account 265 and to credit Account 050 or Account 5007, specifying reference code 411.

30. An entry of payment by documentary credit shall be made using a payment order (payment instrument 3) to debit the cover account and to credit Account 265, or to debit the cover account and to credit Account 050 or Account 5007, making sure that adequate reference code is specified.

To reimburse confirmed deposits, unused portion of the documentary credit or unused documentary credit, entries shall be made using a general foreign exchange order to debit Account 050 or Account 5007 and credit Account 265, specifying reference code 411, or to debit the cover account and credit the accounts referred to in Section 3 hereof.

The bank shall enter closed documentary credits as off-balance sheet items.

*Payment by cheque*

31. Foreign payments by cheque issued by the bank shall be made against a payment order.

When issuing a cheque, the bank shall debit the accounts referred to in Section 3 hereof and credit Account 510.

After making foreign payment by cheque, the bank shall debit Account 510 and credit Account 050 or Account 5007, making sure adequate reference code is specified.

**Payment effected through foreign exchange clearing**

31a. The bank shall effect foreign payment through foreign exchange clearing using a resident payment order (transaction type – 70), specifying the reference code if the order issuer is a resident and implementing the procedure from Sections 21 to 26 hereof, while transfer at a non-resident's request shall be effected using a general foreign exchange order (transaction type – 77), reference codes 101 or 102.

The bank shall make an entry of the payment made or transfer effected as referred to in paragraph 1 hereof by crediting Account 060 and debiting relevant accounts from Sections 27 to 31a hereof.

### **Special transactions**

#### *Purchase and sale of securities via a custody bank or an authorized company*

32. In order to purchase securities issued by foreign issuers or foreign currency denominated domestic securities issued abroad, a resident shall instruct the custody bank or an authorized broker-dealer company (legal entity or bank) (hereinafter: authorized company) to trade in securities and shall pay in the cover in favour of a special purpose account of the custody bank or authorized company for the purchase of such securities. Payments via a custody bank or an authorized company shall be made using a payment order (transaction type – 70) bearing the name and identification number of the custody bank or authorized company, to be executed by the bank in compliance with Articles 20 and 21 hereof.

33. In securities trading, the resident is not required to obtain evidence of the grounds for payment and specification of payment liability prior to making a payment, but the order issuer (custody bank or authorized company) shall obtain adequate documentation in the name and for the account of the resident and make sure it is submitted to the bank and/or to the resident.

34. For the purpose of the sale of securities of domestic issuers, the resident shall issue a selling order to the custody bank or authorized company. The bank shall process collection in respect of the sale of such securities using a collection order (transaction type – 60), specifying the identification number of the custody bank or authorized company, in compliance with Sections 6 and 7 hereof.

#### *Transfer of funds by international money orders*

34a. A resident performing activities in relation to an international money order based on a special law governing its activity (hereinafter: public postal operator) shall transfer funds to/from abroad through a bank with which it entered into a contract.

A natural person who received the funds abroad, remitted by an international money order, shall decide whether to receive from the public postal operator the relevant payment in dinars or in the foreign currency specified in the order.

Funds remitted abroad by an international money order may be paid out in dinars or in a foreign currency – up to the amount that natural persons may freely take out of the country as defined by the regulation on the conditions for effecting personal and physical transfers of means of payment to/from abroad.

Reference code 271 – international money order shall be specified for foreign payment transactions by an international money order.

#### *Foreign business travel*

35. The resident order issuer shall calculate the compensation to cover the costs of foreign business travel, or advance payment and final calculation of costs of such travel, in foreign exchange.

In the event that the compensation, or advance payment and full and final settlement of costs of foreign business travel, are paid out abroad, the resident order issuer shall issue a payment order to a bank (transaction type – 70), reference code

340, specifying the name and surname of the person travelling abroad on business.

The payment of the compensation referred to in paragraph 1 hereof may be effected:

- in foreign currency – from Account 098 (when the travel order issuer and the person travelling on business have accounts in the same bank), and from Account 050 – when they have accounts in different banks);

- in foreign cash – from Account 051;

- by cheque drawn on a foreign bank, foreign travellers' cheque or business payment card.

If the person referred to in paragraph 2 hereof does not collect his/her foreign cash in a bank, in field 9 of the payment order the resident order issuer shall specify the name, surname and identity card number of the person who will collect such foreign cash.

If the calculation of the costs referred to in paragraph 1 hereof reveals that less funds were paid out in respect of foreign business travel, the difference from the final calculation of costs of such travel shall be credited to the foreign exchange account of such resident – natural person.

36. If the calculation of the costs of business travel reveals that more money was paid out in respect of foreign business travel, the surplus amount shall be returned to the issuer of the business travel order.

With regard to the issuance of the order referred to in paragraph 1 hereof (when the travel order issuer and the person travelling on business have accounts in the same bank), the bank shall execute the collection order (transaction type – 60), reference code 340, payment instrument 2, from Account 098.

If a person who went on business travel abroad has an account with another bank, that bank shall transfer the funds using a general foreign exchange order (transaction type – 77), reference code 162, from Account 050, while the bank of the travel order issuer shall effect the return of foreign currency using a collection order (transaction type – 60), reference code 340, payment instrument 2, to Account 050.

The bank shall make an entry of the return of foreign cash against the collection order (transaction type – 60), reference code 340, payment instrument 6, on Account 051.

The bank of the resident order issuer shall report to the National Bank of Serbia on all transactions referred to in paragraph 3 hereof, within the deadlines specified in Section 51, paragraph 2 hereof.

#### *Sale of foreign travellers' cheques*

37. Proceeds from the sale of foreign travellers' cheques by the bank shall be debited to the account from Section 3 hereof and credited to Account 509. When a bank makes a payment to a foreign bank in respect of a foreign travellers' cheque sold, such proceeds shall be debited to Account 509 and credited to Account 050.

#### *Guarantee transactions not deemed to constitute a credit transaction*

37a. When activating a guarantee, warranty and other types of collateral obtained from non-residents in respect of transactions between two residents, the bank shall effect collection from abroad against a collection order (transaction type – 60), reference code 525, while for the settlement of an enforced guarantee, warranty and other types of collateral the bank shall use the payment order (transaction type – 70), reference code 125.

When activating a guarantee, warranty and other types of collateral issued by the bank in respect of transactions between two non-residents, the bank shall effect payment to abroad against a payment order (transaction type – 70), reference code 345, while for the settlement of an enforced guarantee, warranty and other types of collateral the bank shall use the collection order (transaction type – 60), reference code 545.

When activating guarantees, warranties and other types of collateral issued by residents or obtained from non-residents in respect of transactions between residents and non-residents, at the time of executing the payment and collection order the bank shall specify an adequate transaction reference code from Annex 2.

#### *Payments, collections, pay-in and payout in foreign cash*

37b. The bank shall perform payments, collections, pay-ins and payouts in foreign cash, effected in compliance with the decision of the National Bank of Serbia specifying cases and conditions of payments, collections, pay-ins and payouts in foreign cash on the same day it receives foreign cash, against a collection order (transaction type – 60) or against a payment order (transaction type – 70) which contains all elements prescribed herein, debiting or crediting Account 051 in the manner set out by Sections 11, 12, 13, 21 and 21a thereof.

For payments, collections, pay-ins and payouts in foreign cash between residents the bank shall specify the transaction reference code 808 in the general foreign exchange order.

For payments, collections, pay-ins and payouts in foreign cash between a resident and a non-resident the bank shall specify the transaction reference code from Annex 2.

#### **Cancellation of collection and payment**

38. Collection of foreign payment resulting from the return of funds under a previously executed foreign payment shall be processed using a collection order (transaction type – 60), payment instrument 2, by specifying an adequate reference code and crediting the account of the resident who made such a payment, against an adequate document specifying the grounds and the reason for the return of funds.

Payments abroad in respect of the return of payment received from abroad shall be processed using a payment order (transaction type – 70), payment instrument 2, with specification of the relevant reference code. In this case, funds shall be returned to the non-resident that made the payment to the resident in the same amount, in the same currency and to the foreign order issuer as specified in the original payment order, against the relevant document specifying the obligation and the reason for returning the funds abroad.

39. Cancellations of collections and payments to correct errors shall have a red cancel mark (amount preceded by a negative sign).

39a. If a resident collection beneficiary or payment order issuer, as applicable,

detects an error in mandatory elements of the foreign payment order, a bank shall cancel the wrong order and submit a new, correct one within a year of the transaction date against the presentation of the resident's written explanation and the necessary documentation, if prescribed as a requirement for the execution of collection or payment.

## **Payment cards**

40. The bank shall make an entry of the collection in respect of payment card use against a collection order (reference code 532). After the collection is effected, the bank shall make entries to debit Account 050 and to credit Account 500.

The bank shall make an entry of foreign payment in respect of payment card use against a payment order (transaction type – 70), reference code 132, to the debit of Account 500 and to the credit of Account 050.

Entries referred to in paragraphs 1 and 2 hereof, other than those for collection transactions referred to in Section 19a hereof, shall be made by the bank that is the payment card agent.

41. The bank that is the payment card agent shall submit to the National Bank of Serbia by the 10<sup>th</sup> day of the month for the preceding month:

- data on total monthly spending in foreign networks (in euros) – for legal entities and natural persons;
- data on total monthly spending (in dinars) – for cards of foreign issuers in the bank's retail network;
- data on total monthly transfer of funds in euros from the foreign issued payment card account of a non-resident natural person to the payment card account of a resident, by sender's country – for natural persons;
- data on total monthly spending (in euros) in internet foreign trade transactions by using domestic payment cards, by the country of the bank which accepted the payment card – for legal entities and natural persons;
- data on total monthly spending (in euros) in internet foreign trade transactions by using foreign issued payment cards, by the country of the payment card issuer – for legal and natural persons;
- data on total monthly spending (in euros) in respect of electronic purchase/sale of goods and services via foreign electronic money institutions – for legal entities and natural persons.

### **III. COLLECTIONS, PAYMENTS AND TRANSFERS IN THE REPUBLIC OF SERBIA THROUGH NON-RESIDENT FOREIGN EXCHANGE ACCOUNTS**

#### **Collections**

42. At the request of a non-resident, the bank shall effect payment under current and capital transactions to a resident beneficiary, to the debit of non-resident account 5007, using a collection order (transaction type – 60), specifying an adequate reference

code, and to the credit of the accounts referred to in Section 3 hereof.

If the beneficiary bank is also the paying bank (if the non-resident and resident collection beneficiaries hold foreign exchange accounts in the same domestic bank), the bank shall, at the request of the non-resident, effect payment to the debit of non-resident account 5007 and to the credit of the accounts referred to in Section 3 hereof, using a collection order (transaction type – 60), and specifying an adequate reference code.

If the beneficiary bank is not the paying bank (if the non-resident and resident collection beneficiaries hold foreign exchange accounts in different domestic banks), the beneficiary bank shall, no later than on the next business day following the day of receiving the cover, notify the paying bank of the collection received, transfer the funds to such bank and make an entry against a general foreign exchange order (transaction type – 77), reference code 101 or 102, to the debit of Account 5007 and to the credit of Account 050.

After receiving the funds, the paying bank shall make entries against a collection order (transaction type – 60), specifying an adequate reference code, to the debit of Account 050 and to the credit of the resident accounts referred to in Section 3 hereof.

In case of transfer from the foreign exchange account of a non-resident of one bank to the foreign exchange account of a non-resident of another bank, entries shall be made against a general foreign exchange order (transaction type – 77), specifying reference code 103, to the debit of Account 5007 and to the credit of Account 050. After receiving the funds, the paying bank shall make an entry against a general foreign exchange order (transaction type – 66), reference code 503, to the debit of Account 050 and to the credit of Account 5007.

## **Payments**

43. If the non-resident and resident (order issuer) hold foreign exchange accounts in the same domestic bank, at the order of the resident, the bank shall make a payment to the non-resident under current and capital transactions to the debit of the accounts referred to in Section 3 hereof and to the credit of non-resident account 5007, using a payment order (transaction type – 70) and specifying an adequate reference code.

If the non-resident and resident (order issuer) hold foreign exchange accounts in different domestic banks, the bank shall, at the order of the resident, effect payment against a payment order (transaction type – 70), specifying an adequate reference code, and enter such payment to the debit of the accounts referred to in Section 3 hereof and to the credit of Account 050.

In the case referred to in paragraph 2 hereof, the bank with which a non-resident account is maintained shall make the entry against a general foreign exchange order (transaction type – 66), reference code 501 or 502, to the debit of Account 050 and to the credit of Account 5007.

44. A bank may purchase foreign exchange from a non-resident, at its request, in which case entry to the debit of non-resident account 5007 shall be made against a general foreign exchange order (transaction type – 77), specifying reference code 101 or 102, while entry to the credit of account 4007 shall be made using a general foreign exchange order (transaction type – 66), specifying reference code 703.

## **IV. COLLECTIONS, PAYMENTS AND TRANSFERS IN THE REPUBLIC OF SERBIA**

## THROUGH NON-RESIDENT DINAR ACCOUNTS

### **Collections**

45. At the request of a non-resident, the bank shall effect payment under current and capital transactions to a resident beneficiary, to the debit of Account 4007, against a collection order (transaction type – 60), specifying an adequate reference code, to the credit of the dinar account of the resident.

If the beneficiary bank is also the paying bank, entry shall be made to the debit of Account 4007 and to the credit of the dinar account of the resident, against a collection order (transaction type – 60), specifying an adequate reference code.

If the beneficiary bank is not the paying bank, the beneficiary bank shall, not later than on the next business day following the day of receiving the cover, notify the paying bank of the collection received via message MT103 (SWIFT), transfer funds to the paying bank via message MT202 and make entries against a general foreign exchange order (transaction type – 77), reference code 101 or 102, to the debit of Account 4007 and to the credit of Account 037.

After receiving the MT103 (SWIFT) message, the paying bank shall make entries against a collection order (transaction type – 60), specifying an adequate reference code, to the debit of Account 037 and to the credit of the dinar account of the resident. After receiving the MT202 message, the bank shall make entries internally using a general foreign exchange order to the debit of Account 000 and to the credit of Account 037.

In case of a transfer of funds from the dinar account of a non-resident of one bank to the dinar account of a non-resident of another bank, the beneficiary bank shall make entries against a general foreign exchange order (transaction type – 77), specifying reference code 103, to the credit of Account 037, using SWIFT message MT 103. After receiving the MT103 message, the paying bank shall make entries against a general foreign exchange order (transaction type – 66), reference code 503, to the debit of Account 037 and to the credit of the dinar account of a non-resident.

The bank shall effect payment of costs in the Republic of Serbia from a non-resident account using a general foreign exchange order (transaction type – 66), reference code 704.

### **Payments**

46. At the order of the resident, the bank shall effect payments under current and capital transactions to the credit of non-resident account 4007 using a payment order (transaction type – 70), specifying an adequate reference code, and debiting the dinar account of the resident.

At the order of the resident, the bank shall effect payment to the non-resident whose account is maintained with another bank using a payment order (transaction type – 70), specifying an adequate reference code, send the message MT103 (SWIFT) to another bank and make entries to the debit of the dinar account of the resident and to the credit of Account 037. The bank shall transfer the funds to another bank using the MT202 message and make entries internally against a general foreign exchange order, to the debit of Account 037 and to the credit of Account 000.

After receiving messages MT103 (SWIFT) and MT202, the bank with which a non-resident account is maintained shall enter the funds received against a general

foreign exchange order (transaction type – 66), reference code 501 or 502, to the debit of Account 037 and to the credit of account 4007, or to the debit of Account 000 and to the credit of Account 037.

47. A bank may sell foreign exchange to a non-resident at its request, in which case entry to the debit of Account 4007 shall be made using a general foreign exchange order (transaction type – 77), specifying reference code 703, while entry to the credit of Account 5007 shall be made against a general foreign exchange order (transaction type – 66), specifying reference code 501 or 502.

#### **Purchase and sale of foreign exchange and dinars between a bank and a non-resident bank**

48. In case of purchase of foreign exchange from a non-resident bank, the bank shall make entries against a general foreign exchange order (transaction type – 66), specifying reference code 888, to the debit of Account 050 and to the credit of Account 4007.

If the dinar account of a non-resident bank is maintained in another domestic bank, the bank shall make entries using a general foreign exchange order (transaction type – 66), specifying reference code 888, to the debit of Account 050 and to the credit of Account 037. Such bank shall transfer dinar funds to another bank by sending the adequate SWIFT message (MT202) and make entries to the debit of Account 037 and to the credit of Account 000 (specifying reference code 888). After receiving the message MT202, the other domestic bank shall enter the received funds against a general foreign exchange order (transaction type – 66), specifying reference code 501, to the debit of Account 037 and to the credit of Account 4007.

49. In case of sale of foreign exchange to a non-resident bank, the bank shall make entries against a general foreign exchange order (transaction type – 77), specifying reference code 888, to the debit of Account 4007 and to the credit of Account 050.

If the dinar account of a non-resident bank is maintained in one domestic bank and foreign exchange is purchased from another domestic bank, the bank with which the dinar account is maintained shall make entries using a general foreign exchange order (transaction type – 77), to the debit of Account 4007 and to the credit of Account 037, specifying reference code 101. The bank shall send the MT202 message to the other domestic bank and make entries to the debit of Account 037 and to the credit of Account 000. After receiving the message MT202, the other bank shall enter the received funds against a general foreign exchange order (transaction type – 66), specifying reference code 888, to the debit of the dinar account of the bank 000 and to the credit of Account 037. The bank shall enter the transfer of foreign exchange sold abroad against a general foreign exchange order (transaction type – 77), specifying reference code 888, to the debit of Account 037 and to the credit of Account 050.

#### **V. ORDERS USED IN FOREIGN PAYMENT TRANSACTIONS**

50. The order issuer or the collection beneficiary, as applicable, shall submit to the bank data for statistical purposes of the National Bank of Serbia within the timeframe set out in the Decision and these Guidelines.

The collection order, payment order and general foreign exchange order shall contain the following elements:



**COLLECTION ORDER** (transaction type – 60)

Field no	Name	Description	For the bank	Field format for the NBS
1	BANK	name identification number	O O	– 8H
2	BENEFICIARY	name and address identification number	O O	– 8H
2	INSTRUMENT OF COLLECTION	as specified in the <i>Payment Instruments Code List</i>	O	1H
3	ORDER NUMBER	as registered by the bank	O	20AH
4	SWIFT MESSAGE SENDER BANK	name and/or SWIFT address	O	–
5	ORDER ISSUER	name and address country	O O	70A 2AH
6	CORRESPONDENT BANK	name and/or SWIFT address	U	–
7	PURPOSE OF COLLECTION	purpose of collection	U	–
8	AMOUNT	currency code amount in currency	O O	3AH 16H
8	VALUE DATE	date of receipt of cover	O	8H
9	FOREIGN BANK CHARGES	foreign bank charges	U	16H
10	ENTRIES	to the debit of account to the credit of account	O O	5AH –
11	DINAR EQUIVALENT VALUE	calculated at the official middle exchange rate	U	–
11	PLACE AND DATE	place and date of order issuance	O	
STATISTICAL DATA				
12	REFERENCE	ordinal number	O	2H
12	REFERENCE CODE	as specified in the <i>Reference Code List for Collection of Payments, Payments and Transfers in Foreign Payment Operations</i>	O	3H
12	DESCRIPTION OF TRANSACTION	description of transaction	U	70AH
12	FOREIGN CURRENCY AMOUNT FOR THE REFERENCE	(+) gross amount receivable/ (-) amount deducted from collection	O	16H
13	CREDIT REPORT NUMBER	credit report number from the certified form	U	6H
13	CREDIT YEAR	year of entering into credit contract	U	4H
13	SPECIAL DESIGNATION		U	1H/2H

1. O – mandatory. U – provisional.

## COLLECTION ORDER (sample form)

1	Bank	2	BEneficiary
	_____		_____
3	Order no  _____		
4	At request of  _____		
5	At order of  _____		
6	Via  _____		
7	Collection		
8	We hereby pay:		We enter payment received
	Currency code  _____	Amount in foreign currency  _____	On value date  _____
9	Deducted at the order of foreign bank  _____		
10	To the debit of		
	To the credit of		
	To the debit of		
	To the credit of		
11	Dinar equivalent at the official middle exchange rate		RSD  _____
	Place and date		Bank's stamp and signature

### BENEFICIARY'S DETAILS

	STATISTICAL DATA (description of all transactions relating to this collection):			
12	No	Ref.code	Description of transaction	Gross amount receivable (+) Amount deducted from collection (-)
			Net amount in currency of collection	
13	Credit transaction report number  _____		Credit year  _____	Special designation  _____

**PAYMENT ORDER** (transaction type – 70)

The foreign payment order shall be completed by the order issuer and supplemented by the bank. If it is explicitly agreed that payment orders should be stamped, the stamp shall be placed in the part of the payment order where the order issuer's signature is placed.

Field no	Name	Description	For the bank	Field format for the NBS
1	ORDER ISSUER	name and address identification number	O O	– 8H
2	BANK	name identification number	O O	8H
2	PAYMENT INSTRUMENT	as specified in the <i>Payment Instruments Code List</i>	O	1H
3	ORDER NUMBER	as registered by the bank	* O	20AH
4	COLLECTION BENEFICIARY	non-resident's name and address non-resident's passport number country account	O U O O	70AH – 2AH –
5	BENEFICIARY BANK	name and country or SWIFT address	O	
6	AMOUNT	currency code amount in foreign currency	O O	3AH 16H
6	VALUE DATE	date of debit of foreign bank's account, foreign cash account or credited non-resident account	* O	8H
<b>STATISTICAL DATA</b>				
7	REFERENCE	ordinal number	O	2H
7	REFERENCE CODE	as specified in the <i>Reference Code List for Collection of Payments, Payments and Transfers in Foreign Payment Operations</i>	O	3H
7	DESCRIPTION OF TRANSACTION	description of transaction	U	70AH
7	FOREIGN CURRENCY AMOUNT FOR THE REFERENCE	gross amount payable (+) / amount deducted from payment (-)	O	16H
8	CREDIT REPORT NUMBER	credit report number from the certified form	U	6H
8	CREDIT YEAR	year of entering into credit contract	U	4H
8	SPECIAL DESIGNATION		U	1H/2H
9	PLACE AND DATE	place and date of order issuance	O	
<b>2. ACCOUNTING DETAILS</b>				
10	ENTRIES	to the debit of account to the credit of account	* O O	– 5AH
11	DINAR EQUIVALENT VALUE	calculated at the official middle exchange rate	* U	

O - Mandatory. U – Provisional.

\*To be completed by the bank.

**PAYMENT ORDER** (sample form)

To be completed by order issuer

1	Order issuer	2	Bank	70
3	Order no			
4	To the credit of			
5	With			
6	Currency code	Amount in foreign currency	Value date	
STATISTICAL DATA (description of all transactions relating to payment):				
7	No	Ref. code	Description of	Gross amount payable Amount deducted from payment (-)
			Net amount in of payment	
8	Credit report number	Credit year	Special designation	
9	Place and Order issuer's signature			

**To be completed by the bank**

10	To the debit of	<input type="checkbox"/>	
	To the credit of		
	To the debit of		
	To the credit of		
11	Dinar equivalent value		
12	Place and date		
	Bank's stamp and signature		

**GENERAL FOREIGN EXCHANGE ORDER** (transaction type 66 or 77)

The general foreign exchange order is used for transactions which in the *Reference Code List for Collection of Payments, Payments and Transfers in Foreign Payment Transactions* (Annex 2) have been designated as *TRANSACTIONS BETWEEN RESIDENTS AND NEUTRAL TRANSACTIONS* and for transactions designated as *Financial account – deposits*.

The general foreign exchange order shall be completed by the bank.

ORDER ISSUER'S BANK	name identification number	O	8H
BENEFICIARY BANK	name identification number	O	8H
ORDER NUMBER	as registered by the bank	O	20AH
VALUE DATE	date of account debit or credit	O	8H
ORDER ISSUER	identification number	U	8H
NON-RESIDENT'S COUNTRY	mandatory for non-resident transactions	U	2AH
AMOUNT	currency code amount in foreign currency	O O	3AH 16H
PAYMENT REFERENCE CODE	as specified in the <i>Reference Code List for Collection of Payments, Payments and Transfers in Foreign Payment Operations</i>	O	3H
ENTRIES	to the debit of account	O	5H
BENEFICIARY	identification number	U	8H
NON-RESIDENT'S COUNTRY	mandatory for non-resident transactions	U	2AH
AMOUNT	currency code amount in foreign currency	O O	3AH 16H
PAYMENT REFERENCE CODE	as specified in the <i>Reference Code List for Collection of Payments, Payments and Transfers in Foreign Payment Operations</i>	O	3H
ENTRIES	to the credit of account	O	5H
PURPOSE OF PAYMENT	purpose of payment	U	–

O - Mandatory. U – Provisional.

# GENERAL FOREIGN EXCHANGE ORDER

(sample form)\*

66
77

Order issuer's bank	
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Beneficiary's bank	
--------------------	--

Order no		Date	
----------	--	------	--

Identification no of order issuer/ beneficiary	Nonresident's country	Currency		Amount in dinars	Reference	Account
		Code	Amount			
1	2	3	4	5	6	7




Purpose	
Place and date	Bank's stamp and signature

\*This order must be issued for the purposes of customs authorities when taking foreign cash or dinars out of the country, in accordance with the relevant regulation.

## VI. SUBMISSION OF DATA ON PAYMENTS, COLLECTIONS AND TRANSFERS IN FOREIGN PAYMENT TRANSACTIONS

51. The bank shall submit to the National Bank of Serbia data from the orders the mandatory elements of which are prescribed herein and data on the balance and turnover in the accounts specified in Annex 1.

The bank shall submit accurate data referred to in paragraph 1 hereof for the first and second ten days of the month within five days from their lapse, and for the third ten days of the month within the timeframe set for the submission of data to be included in the SSKR form. The balance as at the last day of the month shall match the data from the statement on the bookkeeping account balance.

A bank shall prepare the statement on account balance and turnover by currency (transaction type 00) for each individual account, in original currencies, on a daily basis for accounts for which daily reporting is required.

52. In case of collection/payment in respect of transactions of export/import of goods or services which for the purposes of the Law are deemed to constitute commercial credits and loans (Article 4 of the Law), the bank is required to enter "3" in the special designation field of the collection or payment order and specify the reference code for the basic transaction – exports or imports of goods or services.

53. In case of advance collection and payment in respect of transactions of exports/imports of goods or services, the bank is required to enter "1" in the special designation field of the collection or payment order, while if a resident performs collection or payment from/to a non-resident other than a non-resident towards whom such resident has obligations or claims under a current or capital transaction (Article 33 of the Law), the bank is required to enter "2" in this field and, in both cases, to specify the reference code for the basic transaction – current or capital transaction.

The bank shall report to the National Bank of Serbia on transactions under Article 33 of the Law in the manner and within the timeframes set out herein.

53a. In case transfers, payments and collections of receivables and debt under resident foreign trade transactions (Article 7 of the Law) are made by residents other than resident natural persons, and by non-residents, the bank shall specify in the foreign payment transaction orders the reference code of the principal transaction.

54. Reporting on transactions referred to in Article 12, paragraph 1 of the Law on Foreign Exchange Operations shall be done in the manner and within the timeframes set out herein (reference codes 538, 539, 771, 138, 139 and 771).

55. The bank may also submit aggregate data for accounts 051, 052, 5007 and 4007 for those transactions the reference codes of which are specified in the guidelines whereby the National Bank of Serbia regulates electronic submission of data. The bank shall submit such aggregate data on the data submission form prescribed by the National Bank of Serbia.

56. The bank shall submit data from orders used in foreign payment transactions for each individual order, except for transactions set out in Section 55 hereof.

57. The bank shall submit data referred to in these Guidelines in electronic form, in line with the regulation of the National Bank of Serbia.

58. As of the date these Guidelines enter into force, the Guidelines for Implementing the Decision on the Conditions and Manner of Payments, Collection of Payments and Transfers under Current and Capital Transactions in Foreign Exchange and Dinars (RS Official Gazette, No 94/2004) shall cease to be valid.

59. These guidelines shall enter into force on the day following their publication in the RS Official Gazette and shall apply as of 1 April 2007.

Dec. No 33

26 February 2007

Belgrade

G o v e r n o r

of the National Bank of Serbia

Radovan Jelašić, sign.