

DECREE

ON THE CONDITIONS AND MANNER OF REDEMPTION OF REPUBLIC OF SERBIA BONDS ISSUED IN RESPECT OF THE ECONOMIC DEVELOPMENT LOAN BEFORE MATURITY FOR THE PURPOSE OF PAYING CERTAIN COSTS

(“RS Official Gazette”, no. 95/2004)

Article 1

This Decree specifies in further detail the conditions and manner of redemption of Republic of Serbia bonds, issued in line with Article 9 of the Law on the Regulation of the Obligations of the Republic of Serbia in Respect of the Economic Development Loan (“RS Official Gazette”, no. 43/2004, hereinafter: Law), Decision on Issuing Republic of Serbia Bonds for the Purpose of Regulating Obligations in Respect of the Economic Development Loan (“RS Official Gazette”, no. 78/2004), before maturity, and the maximum amount to which persons are entitled in order to pay certain costs referred to in Article 11, paragraph 1 of the Law.

Article 2

Persons with their claims established subject to the regulation referred to in Article 8, paragraph 2 of the Law and converted into bonds as defined in Article 12, paragraph 1 of the Law (hereinafter: entitled persons) shall be entitled to redemption of the bonds referred to in Article 1 hereof (hereinafter: bonds) before maturity for the purpose of paying certain costs.

Article 3

An entitled person may redeem the bonds before maturity, with the application of a discount rate of 2% annually, for personal purposes or for those of close family members (spouse, parents, children, brothers and sisters) in order to pay for certain costs incurred since the day of entry into force of the Law, such as:

- 1) costs of medical treatment in the country – based on medical specialist’s report, with diagnosis of illness and opinion on the necessity of medical treatment and certified bills of the competent health institution;
- 2) costs of treatment abroad for the illnesses that cannot be treated in the country – based on medical specialist’s report, with diagnosis of illness and opinion on the necessity of medical treatment, certificate of the republic health authority that certain illnesses cannot be treated in the country and bill of the health institution abroad;
- 3) costs of purchasing medicines and orthopedic aids in the country – based on medical specialist’s report, with diagnosis of illness and opinion on the necessity to purchase

medicines and orthopedic aids, certified bills of a pharmacy or another legal entity registered to engage in the purchase and sale of medicines and orthopedic aids;

4) costs of purchasing medicines and orthopedic aids which are not produced or sold in the country abroad – based on medical specialist’s report, with diagnosis of illness and opinion on the necessity to purchase medicines and orthopedic aids, certificate of the republic health authority that a particular medicine and orthopedic aid is not produced or sold in the country and the bill of the competent institution abroad;

5) funeral costs – based on the death certificate, and certified bills of the competent institution or an independent commercial business, if in the place of residence of the entitled person there is no institution with legal entity status registered to provide funeral services – up to EUR 500 in dinar equivalent value. If certified bills are not enclosed, the payment will be made against the death certificate – up to EUR 250 in the dinar equivalent value.

For the costs referred to in paragraph 1, indents 2) and 4) hereof, the entitled person residing abroad shall not be required to obtain the certificate referred to in these indents.

The payment made in respect of the costs referred to in paragraph 1, indents 1) to 4) hereof shall amount up to the level of actual costs, against the enclosed bill, in the case of refund of already paid costs, or up to the level of the amount specified in the pro-forma invoice, if payment is effected by transferring funds to the account of the competent organization or institution.

All costs referred to in paragraph 1 hereof shall be paid against original documentation.

Article 4

The funds for the redemption of bonds before maturity for the purpose of paying certain costs referred to in Article 3 hereof shall be provided by the Republic of Serbia by making a payment to the credit of a special account opened with the National Bank of Serbia for these purposes.

Article 5

The payment of costs established hereunder shall be effected through the bank referred to in Article 12 of the Law, or banks (hereinafter: bank) which maintain securities accounts of the entitled persons within their securities accounts with the Central Securities Depository and Clearing House a.d. Beograd (hereinafter: Central Securities Depository).

Article 6

For the purpose of paying the costs referred to in Article 3, paragraph 1 hereof, the entitled person shall submit an application to the bank with prescribed documentation.

The bank shall check whether the applicant is the entitled person, check the balance in its securities account and perform control of the submitted documentation, in line herewith.

Article 7

After performing the foregoing control, and for the purpose of making payments based on applications fulfilling the conditions specified herein, the bank shall submit to the National Bank of Serbia – Monetary System and Policy Department – Division for Monitoring Foreign Currency Savings, Belgrade (hereinafter: Division) requests for the transfer of dinar or foreign currency funds for the payment of bonds of the Republic of Serbia before maturity, in the Form 1 – Request for the transfer of dinar funds for the payment of bonds of the Republic of Serbia before maturity, or Form 2 – Request for the transfer of foreign currency funds for the payment of bonds of the Republic of Serbia before maturity, which are enclosed herewith and constitute an integral part thereof.

Along with the requests referred to in paragraph 1 hereof, the bank shall also submit a signed representation that the documentation of the entitled person entirely meets all conditions specified herein, in the Form 3, enclosed herewith and constituting an integral part thereof.

Article 8

The bank shall number the request for the transfer of dinar funds and the request for the transfer of foreign currency funds referred to in Article 7 hereof in a chronological order starting from number 1 with the letter index D (1D, 2D, 3D...) or E (1E, 2E, 3E), respectively, until the end of the payment period.

Article 9

On the basis of the requests referred to in Article 7 hereof, the National Bank of Serbia shall transfer the funds for bond payment from a special account referred to in Article 4 hereof to the bank.

Article 10

The National Bank of Serbia shall transfer dinar funds to the bank by transferring such funds to a commission account opened with the National Bank of Serbia, or transfer foreign currency funds to a foreign currency account of the bank abroad, or the bank shall receive foreign cash, which it shall specify in its request.

Article 11

The bank shall effect bond payment at a discounted value, as defined in Article 3, paragraph 1 hereof, in foreign currency or the dinar equivalent value by applying the purchase exchange rate for foreign currency based on the exchange rate list of the National Bank of Serbia for foreign currency valid at the time of payment.

Article 12

The data on individually performed bond payments to entitled persons before maturity shall be submitted electronically by the bank to the Central Registry, in line with the data transfer specification.

Article 13

The bank shall submit to the National Bank of Serbia data on effected bond payments before maturity in order to account for dinar or foreign currency funds transferred as defined herein, in line with data content from Forms 4 and 5, enclosed herewith and constituting an integral part thereof.

Article 14

A new request for the transfer of dinar or foreign exchange funds shall be submitted by the bank to the National Bank of Serbia, after accounting for the funds transferred on the basis of a previous request.

Article 15

If the bank fails to pay the full amount of dinars or euros based on the previous request, it shall be required to list the names of entitled persons to which no payment was made (if the person has waived the payment, or the bank has been unable to contact the person, etc.) in the new request for the transfer of funds.

In the new request, the bank will specify the amount of funds necessary for payment in respect of that request, notifying however that the amount of unpaid funds in respect of the previous request should be subtracted from the former amount.

Article 16

The bank shall submit a monthly report on effected bond payments to the Division, in the Form 6, enclosed herewith and constituting an integral part thereof.

Article 17

All transactions related to bond payments before maturity – the opening of special accounts, keeping records of funds payment, sale, purchase and conversion of foreign currency funds, transfer of funds to banks, monitoring the frequency of bond payment, bookkeeping records of changes and other transactions as defined herein, in the name and for the account of the Republic of Serbia, shall be performed by the National Bank of Serbia subject to Article 61 of the Law on the National Bank of Serbia (“RS Official Gazette”, no. 72/2003 and 55/2004).

For the purpose of performing the transactions referred to in paragraph 1 hereof, the Ministry of Finance and the National Bank of Serbia shall conclude an agreement.

Article 18

This Decree shall enter into force on the next day following its publication in the "Official Gazette of the Republic of Serbia."

AUTHORIZED BANK REGISTRATION NUMBER AND
NAME

Form 1

REQUEST no. _____ D

FOR THE TRANSFER OF DINAR FUNDS FOR THE PAYMENT OF REPUBLIC OF
SERBIA BONDS BEFORE MATURITY

issued subject to the Decision on Issuing Republic of Serbia Bonds for the Purpose of
Regulating Obligations in Respect of the Economic Development Loan ("RS Official
Gazette", no. 78/2004)

No.	Name and surname of entitled persons	Date of request submission	Basis of payment	Amount of funds necessary for payment in dinars
1.	2.	3.	4.	5.

TOTAL DINARS: _____

Please effect the transfer of dinar funds for the payment of bonds before maturity.

Transfer the funds to the account no.:

(reference number)

Date: _____

Bank stamp and signatures of

authorized persons

AUTHORIZED BANK REGISTRATION NUMBER AND
NAME

Form 2

REQUEST no. _____ E

FOR THE TRANSFER OF FOREIGN CURRENCY FUNDS FOR THE PAYMENT OF
REPUBLIC OF SERBIA BONDS BEFORE MATURITY
issued subject to the Decision on Issuing Republic of Serbia Bonds for the Purpose of
Regulating Obligations in Respect of the Economic Development Loan ("RS Official
Gazette", no. 78/2004)

No.	Name and surname of entitled persons	Date of request submission	Basis of payment	Amount of funds necessary for payment in euros
1.	2.	3.	4.	5.

TOTAL EUROS: _____

Please effect the transfer of foreign currency funds for the payment of bonds before maturity.

The transfer in respect of this request is to be effected:

- 1) By receiving foreign cash (the amount in euros shall be rounded to the smallest-denominated paper banknote – 5 euros)
- 2) By transferring funds to the foreign currency account of the bank abroad – name of the bank and account number _____

(Specify the method of funds transfer)

Date: _____ Bank stamp and signatures of authorized persons

BANK REGISTRATION NUMBER AND NAME

Form 3

REPRESENTATION

"Under full responsibility, and with the obligation to indemnify any damages incurred through unauthorized use of funds, we hereby represent that all applications and documentation of the **entitled person**, for which request no. _____ of _____ for the transfer of funds for bond payment before maturity in the amount of _____ is submitted, in all respects meet the conditions stipulated by the Decree ("RS Official Gazette", no.).

Date: _____

Bank stamp and signatures of authorized persons

Form 4

*BANK REGISTRATION NUMBER AND
NAME*

SPECIFICATION*

OF EFFECTED PAYMENTS OF THE REPUBLIC OF SERBIA BONDS BEFORE
MATURITY IN THE DINAR EQUIVALENT VALUE

issued subject to the Decision on Issuing Republic of Serbia Bonds for the Purpose of
Regulating Obligations in Respect of the Economic Development Loan ("RS Official
Gazette", no. 78/2004)

AS OF _____

ON EFFECTED PAYMENTS OF REPUBLIC OF SERBIA BONDS BEFORE
MATURITY

issued subject to the Decision on Issuing Republic of Serbia Bonds for the Purpose of
Regulating Obligations in Respect of the Economic Development Loan ("RS Official
Gazette", no. 78/2004)

for the month of _____ 200...

<i>BOND MATURITY</i>	<i>OVERALL NOMINAL BOND VALUE (from specifications) - in EUR -</i>	<i>DISCOUNTED BOND VALUE (paid in EUR from specifications) - in EUR -</i>	<i>DISCOUNTED BOND VALUE (paid in CSD from specifications) - in EUR -</i>	<i>DINAR VALUE OF PAID BONDS (from specifications)</i>	<i>TOTAL DISCOUNTED VALUE OF PAID BONDS - in EUR -</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6 (4+3)</i>
<i>31 Aug 2004</i>					
<i>31 Aug 2005</i>					
<i>31 Aug 2006</i>					
<i>31 Aug 2007</i>					
<i>TOTAL:</i>					

Date: _____ Bank stamp and signatures of authorized persons