

Pursuant to Article 39, paragraph 6 of the Law on Foreign Exchange Operations (RS Official Gazette, Nos 62/2006, 31/2011 and 119/2012) and Article 14, paragraph 1, item 9, and with reference to Article 34, item 9 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015 and 40/2015 – CC decision), the Executive Board of the National Bank of Serbia hereby issues the following

DECISION

ON TERMS AND MANNER OF PERFORMING EXCHANGE OPERATIONS

1. This Decision sets out in detail the terms and manner in which foreign cash and cheques denominated in foreign currency are purchased from and sold to natural persons – residents and non-residents (hereinafter: exchange operations).

2. For the purposes of this Decision, the following definitions shall apply:

- *bank* means a resident joint-stock company seated in the Republic of Serbia and licensed by the National Bank of Serbia (NBS) to perform deposit and credit operations, payment transactions, as well as other operations in compliance with law;
- *economic entity* means a resident legal entity and entrepreneur registered as such with the relevant authority;
- *public postal operator* means a resident providing postal services and performing exchange operations based on a separate law governing its activity;
- *exchange dealer* means a bank, public postal operator and authorised exchange dealer;
- *authorised exchange dealer* means an economic entity authorised by the Tax Administration to perform exchange operations which entered into agreement on the performance of such operations with one and/or more banks;
- *authorisation* means a written authorisation in the form of a decision issued by the Tax Administration to an economic entity permitting it to carry out exchange operations;
- *exchange office* means a spatial and organisational unit where exchange operations are carried out at one or more currency exchange counters;
- *currency exchange counter* means a spot in the exchange office where currency exchange operations are carried out;
- *automated teller machine* (automated exchange office) means an automated machine which is integrated to the currency exchange counter in terms of record keeping and reporting on the exchange operations carried out;
- *temporary exchange office* means a spatial and organisational unit where exchange operations are carried out temporarily at one or more currency exchange counters;
- *travelling exchange dealer* means an employee of a bank, public postal operator or an authorised exchange dealer, who is integrated to the exchange dealer's currency exchange counter and who conducts exchange operations in the territory of the Republic of Serbia in a transport vehicle in passenger traffic, or at economic, tourist and similar events;
- *software* means a technological application of the NBS, bank and/or public postal operator used by the exchange dealer and enabling the performance of exchange operations in the prescribed manner;
- *working day* means any day other than Sunday and public and religious holiday declared non-working;
- *working day of exchange dealer* means every day in the week during which an exchange dealer conducts exchange operations and/or which is designated as a working day by an internal act of the exchange dealer;
- *week* means a period from 0.00 hours on Monday through 24.00 hours on Sunday;

– *temporary cessation of exchange operations* means cessation of exchange operations for a limited or indefinite period at one, several or all exchange offices, of which the authorised exchange dealer shall notify the Tax Administration.

3. An economic entity shall submit to the Tax Administration an application for authorisation to perform exchange operations.

Along with the application referred to in paragraph 1 hereof, the economic entity shall submit the following documentation based on which the Tax Administration shall assess whether it meets the requirements for the performance of exchange operations:

- decision on entry into the register with the competent authority;
- written agreement with a bank on the performance of exchange operations (hereinafter: agreement), containing a mandatory list of exchange offices and their addresses and a provision that the agreement shall have no legal effect if the legal entity has not obtained the authorisation;
- evidence, not older than six months, that the owner, and/or founder of the economic entity, and/or director of the economic entity and/or director of the founder of the economic entity and employees to be directly engaged in exchange operations have not been convicted of criminal offences against economy, property, life and bodily security, public order and peace, and legal transactions;
- data on employees to be directly engaged in exchange operations, along with copies of their identity cards;
- certificate of at least secondary education for employees to be directly engaged in exchange operations;
- certificate issued by the Tax Administration on completed training for carrying out exchange operations – for employees to be directly engaged in exchange operations in the economic entity;
- specimen signatures of persons authorised to represent the authorised exchange dealer, certified by the competent authority;
- document based on which it uses the business premises for the performance of exchange operations (title to property, and/or lease contract for the period of not less than a year or other evidence that the economic entity is legitimately using the business premises for the conduct of exchange operations);
- statement of possession of the following equipment: a metal cash register, counting machine, UV lamp and modern devices for the detection of counterfeits (devices containing marker sensors and a magnetic detection mechanism enabling detection of most US dollar counterfeits, as well as euro counterfeit detection devices), and a telephone line;
- statement of possession of equipment specified by the NBS and/or a bank to use the software of the NBS and/or the bank;
- statement of possession of the video equipment for continuous video recording of the currency exchange counter of the authorised exchange dealer during working hours;
- proof of payment of authorisation procedure expenses, in line with the law on the republic administrative fees;
- notification of working hours and breaks during working hours.

Where an economic entity also intends to carry out exchange operations on an automated teller machine which is spatially remote from the currency exchange counter to which it is integrated, the agreement shall also include the address at which such automated teller machine is located as well as an indication of the said currency exchange counter, while the economic entity shall, along with the evidence referred to in paragraph 2, indent 8 hereof, present also a document based on which it uses the premises where the automated teller machine is located.

4. The Tax Administration shall assess whether the applicant under Section 3, paragraph 1 hereof meets the requirements for the performance of exchange operations and shall decide on the application by no later than 30 days after the submission of the application and full documentation.

If the application referred to in Section 3, paragraph 1 hereof does not contain all of the data set out in paragraphs 2 and 3 of the same Section, the Tax Administration shall invite the economic entity in writing to supplement the application within three working days.

If the applicant referred to in paragraph 2 hereof fails to act within the deadline specified in that paragraph and/or does not supplement the application as specified in the invitation to provide supplementary data, the Tax Administration shall reject such application and issue appropriate conclusion.

After it has established that the economic entity meets the requirements to perform exchange operations, the Tax Administration shall issue a decision granting authorisation to each exchange office specified in the agreement, and shall present such decision to the economic entity. A copy of that decision shall be delivered to the bank with which the economic entity has entered into agreement. The authorised exchange dealer has an obligation to visibly display the original copy of the authorisation in the exchange office.

The economic entity to which the Tax Administration granted the authorisation referred to in paragraph 4 hereof shall start performing exchange operations within 30 days from the day of receiving the decision.

If the Tax Administration establishes that the economic entity failed to meet the requirements for the performance of exchange operations, it shall issue a decision denying the application for authorisation.

5. The authorised exchange dealer shall be obliged to meet the requirements referred to in Section 3, paragraphs 2 and 3 hereof at all times.

The authorised exchange dealer shall inform the Tax Administration of any changes in the data referred to in Section 3, paragraphs 2 and 3 hereof, within five working days after such changes occur, while notification of the change of premises for currency exchange shall be delivered prior to the actual change.

6. The public postal operator and authorised exchange dealer may enter into agreement with one and/or more banks to regulate mutual relations in the conduct of exchange operations.

Once they enter into agreement and/or agreements referred to in paragraph 1 hereof, the public postal operator and authorised exchange dealer shall deliver such agreement and/or agreements to the Tax Administration immediately or within five working days following the entry into such agreement(s). If it has entered into agreement with several banks, the public postal operator shall deliver to the Tax Administration a statement declaring to which bank it intends to submit the report on exchange operations referred to in Section 22, paragraph 6 hereof.

The public postal operator and authorised exchange dealer shall notify the Tax Administration of any amendment, termination or cessation of validity of the agreement immediately or within five working days following such change, and shall deliver to it a copy of the annex to the agreement and/or the agreement on termination.

Once a month, a bank shall deliver to the Tax Administration a record of concluded and amended and/or terminated agreements.

7. The exchange dealer shall purchase and sell foreign cash and cheques in line with the regulation specifying the types of foreign exchange and foreign cash to be purchased and sold in the foreign exchange market.

8. Once a day, at the beginning of its working day, the exchange dealer shall determine its foreign exchange rates list which shall be valid until the publication of its next foreign exchange rates list.

The public postal operator and authorised exchange dealer shall determine the foreign exchange rates list referred to in paragraph 1 hereof in line with the foreign exchange rates list applicable to foreign cash of the bank and/or banks with which they entered into agreement.

9. When carrying out exchange operations in respect of foreign cash and cheques, the exchange dealer shall apply a rate ranging between the buying and selling exchange rates quoted in its foreign exchange rates list applicable to foreign cash.

In terms of purchase and sale of foreign cash in the course of one working day, the lowest selling exchange rate of the exchange dealer per unit of a foreign currency for a specific type of foreign cash may not be equal to nor lower than its highest buying exchange rate for such type of foreign cash.

10. When carrying out exchange operations, the exchange dealer may charge a commission on the dinar equivalent of foreign cash and/or cheques calculated at the buying and/or selling exchange rate applicable on the date of purchase and/or sale.

The public postal operator and authorised exchange dealer may charge a commission of no more than 3% on the amount of foreign cash purchased from natural persons, i.e. 3% of the value of undamaged and/or circulating banknotes within the meaning of the guidelines implementing this Decision.

11. To ensure adequate selection of currencies, a bank may sell foreign cash to the public postal operator and authorised exchange dealer with which it has entered into agreement exclusively for the subsequent sale of such foreign cash to natural persons, provided that the types of such foreign cash are in compliance with the regulation on the types of foreign exchange and foreign cash to be purchased and sold in the foreign exchange market and in compliance with the agreement.

To purchase foreign cash referred to in paragraph 1 hereof, the public postal operator and authorised exchange dealer shall transfer the dinar equivalent of such foreign cash to the bank from their dinar current accounts.

12. The public postal operator and authorised exchange dealer shall, in line with the agreement with the bank which sold foreign cash to them within the meaning of Section 11 hereof, within seven days from such sale, sell to the bank foreign cash in the same amount and in the same currency or in the equivalent of such foreign cash in another currency.

For foreign cash sold within the meaning of paragraph 1 hereof, the bank shall pay to the public postal operator and authorised exchange dealer the dinar equivalent of such foreign cash calculated at the exchange rate ranging between the exchange rates quoted in the bank's exchange rates list for foreign cash applicable on the date of purchase and in accordance with the agreement.

13. At least once a week, and no later than 12.00 hours on the first working day of the following week, the public postal operator and authorised exchange dealer shall sell to the bank at least 80% of the total net amount of foreign cash purchased in the course of the week – irrespective of the currency composition of such foreign cash – in the types of foreign cash specified by the regulation referred to in Section 11, paragraph 1 hereof, and in accordance with the agreement.

Total net purchase, within the meaning of paragraph 1 hereof, shall be calculated as the difference between the amount of foreign cash purchased and sold from/to natural persons by the public postal operator and/or authorised exchange dealer at all exchange offices.

14. The bank shall pay to the public postal operator and authorised exchange dealer with which it entered into agreement and from which it purchased foreign cash within the meaning of Section 13 hereof, the dinar equivalent of such foreign cash calculated at the exchange rate ranging between the exchange rates quoted in the bank's exchange rates list for foreign cash applicable on the date of purchase and in accordance with the agreement.

15. The public postal operator and authorised exchange dealer may deposit foreign cash purchased as specified hereunder in a special foreign currency account opened with a bank in line with the decision specifying the terms and conditions of opening and keeping foreign currency accounts of residents.

The bank shall purchase/sell foreign cash from/to the public postal operator and authorised exchange dealer through the account specified in paragraph 1 hereof, in accordance with the agreement.

16. The bank shall purchase and sell foreign cash under a transfer order submitted electronically by a natural person based on the document it has signed with such a person.

17. Within measures taken to preserve the stability of the financial system and aiming to ensure uniform performance of exchange operations, the NBS shall, via its software used by the exchange dealer, provide the exchange dealer with direct (online) access to the overview of circulating foreign currency banknotes along with descriptions, security features and collection deadlines, as well as information relating to foreign currency counterfeits (hereinafter: Overview).

The exchange dealer that does not use the NBS software shall access the Overview via the NBS website, using the username and password provided by the NBS.

The NBS shall regularly update the Overview.

Upon granting and/or withdrawing the authorisation, the Tax Administration shall deliver to the NBS a list of economic entities holding authorisation and/or entities whose authorisation was withdrawn.

18. The authorised exchange dealer shall:

- visibly display a sign in front of the exchange office reading “EXCHANGE OFFICE” in Serbian and one of the world's major languages;
- issue to a natural person a receipt for foreign cash and cheques purchased and sold, by using software, or in the event of electronic system failure, a hand-written receipt containing all elements prescribed by the guidelines implementing this Decision, unless the bank performs exchange operations under the transfer order submitted electronically by a natural person, in which case it shall issue a receipt to the natural person at his/her request, based on the electronically stored data;
- visibly display its own exchange rates list;

- set out in or in front of the exchange office a clearly visible notification as to the lowest (minimum) and highest (maximum) amount to be paid on the purchase and sale of foreign cash for all currencies quoted in its exchange rates list (per unit of foreign currency). The minimum amount, within the meaning hereof, shall mean the guaranteed amount that the exchange dealer pays to natural persons when it purchases foreign cash and shall be made up of its foreign cash buying exchange rate for a particular currency reduced by the maximum commission. The maximum amount, within the meaning hereof, shall mean the guaranteed amount that the exchange dealer charges to natural persons when it sells foreign cash and shall be made up of its foreign cash selling exchange rate for a particular currency, increased by the maximum commission;
- display at the beginning of working hours, in the same place and manner in which the exchange rates list is displayed, a clearly visible notification as to the amount of the maximum commission, and charge the commission up to the percentage specified therein; the content of the notification may not be changed in the course of working hours;
- in the course of each transaction and in order to ensure protection against counterfeits, act as specified by the regulation on handling suspected counterfeits;
- visibly display, both in Serbian and English, the following notification and act in accordance therewith:

"IMPORTANT NOTIFICATION:

1. Prior to the transaction, the exchange dealer shall inform a natural person client of the total amount of dinars receivable per unit of foreign currency to be sold, and/or total amount of dinars payable per unit of foreign currency to be purchased. The said amounts must be equal to or more favourable for the client than the amounts stated on the advertising board.

2. On each sale to natural person clients of 50 or 100 US dollar notes, the exchange dealer shall enter in the sale receipt: name and surname of a resident natural person and his/her personal ID number as specified in his/her valid identity card or passport, and/or name and surname of a non-resident natural person and the number of his/her valid travel document, as well as banknote serial numbers.

3. On each sale of foreign cash to natural person clients, the exchange dealer shall, if so requested by the client, enter in the sale receipt: name and surname of a resident natural person and his/her personal ID number as specified in his/her valid identity card or passport, and/or name and surname of a non-resident natural person and the number of his/her valid travel document, as well as banknote serial numbers.

Note: The exchange dealer shall enter data from items 2 and 3 of this notification in the sale receipt for the purpose of protecting natural persons from counterfeits, non-circulating banknotes, etc."

- keep the cash book by using software and, in the event of electronic system failure, enter data therein from the hand-written receipts for the purchase/sale of foreign cash and cheques immediately after the recovery of the electronic system; if the bank performs exchange operations under the transfer order submitted electronically by a natural person, the cash book shall contain data on the exchange operations carried out in such a manner, which shall be stored in electronic form;
- keep books of account relating to exchange operations separate from other operations it engages in;
- perform exchange operations according to the notification on the working hours delivered to the Tax Administration and displayed in the exchange office;

– act in compliance with the regulation governing anti-money laundering and terrorism financing in the event of any transaction or several inter-related transactions equalling or exceeding the amount established in the said regulation.

19. In addition to the requirements specified in Section 17 hereof, the authorised exchange dealer shall:

- visibly display, next to the word “EXCHANGE OFFICE”, the name of the exchange office and its founder, and/or name and surname of the owner;
- visibly display the authorisation granted to such exchange office by the Tax Administration;
- keep in the exchange office photocopies of current agreements with the bank and/or banks;
- visibly display the name of the bank and/or banks with which it entered into agreement;
- transfer to the current account with the bank, within seven working days at most, any amount of dinars in excess of double the average amount of dinars used for the purchase of foreign cash in the month with the greatest purchase in the course of the preceding twelve months, and/or since the start of operation if it operates less than twelve months (exceptionally, if the authorised exchange dealer operates less than a month, double the average amount shall be determined in respect of the week with the greatest purchase);
- deliver purchased cheques to the bank within time limits and in the manner specified by the agreement;
- keep in the exchange office only dinar cash, foreign cash and cheques which are intended for and arise from exchange operations and which have been recorded in the prescribed way and supported by appropriate documentation;
- ensure that dinar cash, foreign cash and cheques intended for exchange operations are kept separately from dinar cash, foreign cash and cheques arising from other operations carried out in that office if the authorised exchange dealer also engages in other operations, except in case of provision of payment services, whereas if they are kept at the same cash register, the authorised exchange dealer shall pack them separately and mark them with the inscription “*Exchange Operations*”;
- ensure that the balance of dinar cash and foreign cash at the exchange office corresponds to data on books which are kept separately for each type of operations;
- keep in the exchange office the notifications of the bank and/or the NBS relating to foreign banknotes, including the notifications of the bank and/or the NBS relating to the performance of exchange operations;
- keep in the exchange office the following equipment: a metal cash register, counting machine, UV lamp and modern devices for the detection of counterfeits (devices containing marker sensors and a magnetic detection mechanism enabling detection of most US dollar counterfeits, as well as euro counterfeit detection devices), and a telephone line;
- keep in the exchange office equipment according to the specification of the NBS and/or the bank regarding the use of the software of the NBS and/or the bank;
- visibly display a notification that the facility is under video surveillance;
- ensure continuous video recording of the currency exchange counter, as well as of the automated teller machine which is integrated to the counter, by using video equipment during working hours;
- keep in the exchange office for at least ten working days video recordings that show the current time of the event during the working hours of the exchange office, with a focus on natural persons engaged in transactions;
- submit video recordings only to the authority in charge of supervision and/or to the Ministry of Interior at its request, as well as to the natural person to which the video recording relates, if so requested.

The obligations of the public postal operator shall be subject to provisions set forth by paragraph 1 hereof, save for indents one, two, five, seven and eight.

20. Should the exchange dealer conduct exchange operations through an automated teller machine, it shall:

- visibly display a sign on the automated teller machine, in the Serbian and one of the world's major languages, indicating that customers can carry out currency exchange operations on that machine;
- ensure that the automated teller machine contains information about the name and address of the currency exchange counter of the exchange dealer to which it is integrated;
- ensure that a receipt is issued in respect of purchase and sale of foreign cash;
- ensure that the automated teller machine contains information on the exchange rate applied in individual transactions;
- provide information on the amount of commission, if such commission is charged.

21. In the performance of exchange operations, the authorised exchange dealer shall use the software of one of the banks it has entered into agreement with or the software of the NBS if it has entered with the NBS into an agreement on installation, use and maintenance of software.

The public postal operator shall use its own software for the performance of exchange operations.

22. Banks shall submit to the NBS, on a daily basis and in electronic format, a report on exchange operations, which shall also contain data on the exchange operations performed under transfer orders submitted electronically by natural persons. The report shall be on the form prescribed by the guidelines implementing this Decision.

Authorised exchange dealer using NBS software shall, on a daily basis and in electronic format, submit to the NBS a report on exchange operations, containing all data set out on the form prescribed by the guidelines implementing this Decision.

In the event of electronic system failure, the bank referred to in paragraph 1 and/or the authorised exchange dealer referred to in paragraph 2 hereof shall submit the report on exchange operations immediately after the recovery of electronic system.

The NBS shall deliver the reports referred to in paragraphs 1 and 2 to the Tax Administration on a daily basis.

Authorised exchange dealer using the software of a bank shall submit to such bank on a daily basis a report on exchange operations, containing all data set out on the form prescribed by the guidelines implementing this Decision.

The public postal operator shall deliver to the bank referred to in Section 6, paragraph 2 hereof, on a daily basis, a report on exchange operations, containing all data set out on the form prescribed by the guidelines implementing this Decision.

23. A travelling exchange dealer shall have a certificate issued by the exchange dealer confirming that he/she is integrated to the exchange dealer's currency exchange counter.

Where a travelling exchange dealer is integrated to the currency exchange counter of the public postal operator and authorised exchange dealer, the agreement shall stipulate the place, period and working hours for the performance of exchange operations by such travelling exchange dealer.

The travelling exchange dealer shall issue hand-written receipts on the purchase and/or sale of foreign cash.

The travelling exchange dealer's report shall be incorporated in the report of the exchange dealer that such travelling exchange dealer is integrated to.

24. Exchange operations shall be performed in temporary exchange offices on a seasonal basis, in accordance with the agreement.

25. The report on exchange operations performed at the automated teller machine shall be incorporated in the report of the currency exchange counter that the automated teller machine is integrated to.

26. The authorised exchange dealer shall submit to the Tax Administration a request for permanent cessation of exchange operations at one, several or all exchange offices, and shall notify thereof the bank with which it entered into agreement.

The authorised exchange dealer which temporarily ceases exchange operations at one, several or all exchange offices shall notify thereof the Tax Administration and the bank with which it entered into agreement within five days from the day it temporarily ceased exchange operations.

The authorised exchange dealer referred to in paragraph 1 hereof shall sell all foreign cash from one, several or all exchange offices to the bank with which it entered into agreement and deposit such cash to its current account at the latest on the next working day following the day on which it permanently ceased exchange operations at one, several or all exchange offices, and shall, together with the request from the above paragraph 1 submit to the Tax Administration proof of sale of foreign cash and the cash deposit receipt issued by the bank with which it holds its current account.

The authorised exchange dealer referred to in paragraph 2 hereof shall, on the day when it temporarily ceases exchange operations at one, several or all exchange offices, transfer all foreign cash and all dinar cash from such exchange office/s to the exchange office that continues to operate.

If the authorised exchange dealer referred to in paragraph 2 hereof fails to perform its obligation under paragraph 4 hereof, it shall deposit foreign and dinar cash to its account with the bank at the latest on the next working day following the day when it temporarily ceased exchange operations, and shall submit evidence thereof to the Tax Administration.

The authorised exchange dealer shall return to the Tax Administration the authorisations to conduct exchange operations at exchange offices where it ceases operations permanently.

Provisions of paragraphs 1 through 5 hereof shall apply accordingly to the public postal operator.

27. If an authorised exchange dealer using NBS software intends to cease operations permanently, it shall return to the NBS the ID cards for operation at all exchange offices.

28. The NBS Governor shall issue guidelines for the implementation of this Decision.

29. This Decision repeals the Decision on Terms and Manner of Performing Exchange Operations (RS Official Gazette, No 93/2011).

30. This Decision shall be published in the RS Official Gazette and shall enter into force on 1 July 2015.

G o v e r n o r
National Bank of Serbia
Dr Jorgovanka Tabaković, sgd.