

Pursuant to Article 18, paragraph 1, indent 3 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004 and 44/2010) and Section 37 of the Decision on the Conditions and Manner of Implementing Open Market Operations (RS Official Gazette, No 45/2011), Governor of the National Bank of Serbia hereby issues

## **GUIDELINES ON IMPLEMENTING AUCTION PURCHASE/SALE OF SECURITIES**

### **General provisions**

1. These Guidelines regulate in more detail the operational aspect of the auction purchase/sale of securities between the National Bank of Serbia (NBS) and banks, pursuant to the Decision on the Conditions and Manner of Implementing Open Market Operations (hereinafter: the Decision).
2. The operations referred to in Section 1 hereof relate to the organisation and conduct of standard and quick auctions of securities (repo and outright transactions), in particular to:
  - 1) sending auction notices to banks;
  - 2) submission of bank bids for purchase/sale of securities;
  - 3) processing of bank bids and conclusion of a separate agreement on purchase/sale of securities;
  - 4) payment and transfer of securities based on concluded transactions of purchase/sale of securities.
3. The transactions referred to in Section 2, subsections 1)–3) hereof shall be performed, as a rule, via the *web platform 'Monetary operations of the National Bank of Serbia'* (hereinafter: web platform) and may also be performed via electronic mail or telefax.
4. To perform purchase/sale of securities via the web platform a bank shall submit to the NSB the internet protocol address (IP address) on Form 1.

In addition to data referred to in paragraph 1 hereof, a bank shall submit to the NBS the list of persons authorised, on the bank's behalf and for its account, to access the web platform and submit bids for the purchase/sale of securities, conclude agreements and perform other activities relating to such purchase/sale, with their signature specimens, including other data specified in Form 1.

A bank shall without delay notify the NBS of any change in data referred to in paragraphs 1 and 2 hereof.

### **Auction notice**

5. Based on the decision to organise a securities auction (hereinafter: auction decision), the NBS shall submit to banks the auction notice as a rule one business day before the standard auction and/or on the day of quick auction. The auction notice shall contain in particular: the auction number, auction date and time, type of securities, type of auction, type of transaction, deadline for bid submission, etc.

The notice referred to in paragraph 1 hereof shall be submitted via the web platform and email, and may be published on NBS's electronic service pages (Reuters and Bloomberg).

### **Submission of bank bids**

6. A bank wishing to participate in an auction, at the time specified in the auction decision, shall submit to the NBS via the web platform its bid for the purchase/sale of securities (hereinafter: bid), which contains the basic elements regarding the type of transaction and type of auction, as well as other elements from the auction decision.

A bank shall specify in the bid the number of securities and the interest rate at which it is willing to trade. In case of a repo transaction with a bank selling securities, the bank shall also specify the ISIN of securities being sold in accordance with the auction decision.

At outright auctions, a bank may specify in the bid the data on the number of securities and the price at which it is willing to trade – if so envisaged by the auction decision.

Notwithstanding paragraph 1 hereof, if due to technical problems in operation of the web platform a bank cannot submit the bid as specified in that paragraph – the bid shall be submitted by email at: [operacije.trziste@nbs.rs](mailto:operacije.trziste@nbs.rs) or by telefax at: +38111333-8207 (if the bid cannot be submitted by email due to technical reasons). The bid submitted by telefax and email must be submitted by the bank's authorised person.

7. Bids not submitted within the timeframe specified in the auction decision shall not be processed.

If the timeframe for the submission of bids has been extended in line with the Decision, the NBS shall notify banks of such extension via the web platform (if technically feasible) and by email.

8. A bank may modify or cancel the bid within the timeframe for bid submission specified in the auction decision.

Modifications and cancellation of bids shall be performed in the manner for bid submission as specified by Section 6 hereof.

9. A bank shall be responsible for bid validity and accuracy.

The NBS shall not accept for processing any bid which is submitted out of time or contains incomplete data, or if other requirements prescribed for bid submission are not fulfilled.

### **Bid processing and separate agreement**

10. Bids shall be processed in line with the Decision, including the ranking of bids and the allotment of securities to banks.

11. The separate agreement on the purchase/sale of securities between the NBS and a bank (hereinafter: separate agreement) shall be deemed concluded once the NSB accepts the bank's bid in whole or in part, and shall be valid without the signature of parties thereto.

The basic elements of the separate agreement are specified in Forms 2 and 2a – for repo transactions, and Form 3 – for outright transactions.

12. The NBS shall submit the separate agreement, as a rule via the web platform, to the bank whose bid was accepted in whole or in part.

If due to technical problems in operation of the web platform it is not possible to submit the separate agreement to the bank as specified in paragraph 1 hereof, the NBS shall submit the separate agreement to the bank via email or telefax if due to technical reasons the agreement cannot be sent by email.

## **Settlement of obligations**

13. The NBS and a bank shall settle their obligations in accordance with the separate agreement and the master agreement on the purchase/sale of securities.

14. The clearing and settlement of liabilities and receivables in securities and cash, arising from transactions of purchase/sale of securities concluded in accordance with the Decision and these Guidelines, shall be performed as specified by regulations of the Central Securities Depository and Clearing House, based on the securities transfer order and the payment order submitted to the Depository by the bank and/or the NBS.

To meet the requirements for clearing and settlement referred to in paragraph 1 hereof, the buyer and seller of securities shall, on the date of purchase and repurchase of securities, settle their financial obligations and obligations arising from the transfer of securities, in accordance with the concluded separate agreement.

15. Banks shall credit the proceeds generated from securities and amounts based on the pay-out of part of the nominal value of securities being subject to a repo transaction, paid during the transaction period, to the NBS's account "Primary issue under open market operations" (PI under OMO), account number 908-88107-79, which is opened in RTGS, within timeframes determined by the Decision.

The crediting of proceeds referred to in paragraph 1 hereof shall be made via the electronic message MT 103 or MT 202, under the SWIFT standard, credit reference number: 6-439906-000000000, via the RTGS, in line with NBS' regulations on payment transactions.

16. If obligations arising from concluded transactions of the purchase/sale of securities fall due on a non-business day, they shall be settled the first business day after falling due.

Business days are those days when interbank payments with the NBS are executed, in line with regulations on operations of the NBS RTGS and the clearing system.

17. Monetary obligations arising from concluded transactions of purchase and sale of securities shall be executed in dinars.

18. Operational processes determined hereby shall be implemented by the Monetary Operations Department – Open Market Operations Division.

19. The forms contained in these Guidelines are printed therewith and are integral thereto.

### **Final provisions**

20. On the day of effectiveness hereof, the Operating Rules for Implementing the Decision on the Conditions and Manner of Conducting Open Market Operations by the National Bank of Serbia (RS Official Gazette, Nos 116/2006 and 125/2007) shall cease to be valid.

21. These Guidelines shall be published in the RS Official Gazette and shall enter into force on 1 July 2011.

D. No 14  
22 June 2011  
Belgrade

Governor  
National Bank of Serbia

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