

Pursuant to Article 18, paragraph 1, item 3) 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 and 44/2018) and Section 14 of the Decision on Conditions and Manner of Extending Daily Liquidity Loans to Banks against the Collateral of Securities (RS Official Gazette, Nos 52/2008, 40/2010, 3/2011, 18/2011, 34/2013 and 8/2019), the Governor of the National Bank of Serbia issues the following

## **GUIDELINES IMPLEMENTING THE DECISION ON THE CONDITIONS AND MANNER OF EXTENDING DAILY LIQUIDITY LOANS TO BANKS AGAINST THE COLLATERAL OF SECURITIES**

### **General provisions**

1. These Guidelines define in more detail the conditions and manner of carrying out operations relating to the extension of daily liquidity loans to banks against the collateral of securities (hereinafter: liquidity loan).

2. Operations referred to in Section 1 hereof relate to the following:

1) pledging securities for the extension of liquidity loans, i.e. registration and termination of lien of the National Bank of Serbia (NBS);

2) extension, disbursement and repayment of liquidity loans;

3) collection of due receivables (principal and interest) under a liquidity loan.

3. Operations referred to in Section 2 hereof shall be carried out via the web-platform *Monetary operations of the National Bank of Serbia – lending facilities application* (hereinafter: the web-platform) and by exchanging electronic messages, as determined hereby.

Access to the web-platform and its use shall be defined in more detail by the user guide.

Monetary payments under operations referred to in Section 2 hereof shall be effected via electronic messages, in line with the NBS regulations on payment operations.

4. In order to perform operations via the web-platform, the bank shall provide its internet protocol address (IP address) to the NBS, as well as the list of persons who have been authorised to access the web-platform on behalf and for the account of the bank, to submit applications for the termination of the NBS's lien and other applications for using liquidity loans, who also perform other operations relating to liquidity loan approval; the bank shall include these persons' specimen signatures in the list, as well as provide the NBS with other data prescribed by the defined form (Annex 1).

5. For the purpose of disbursing a liquidity loan, the NBS shall conclude an agreement on liquidity loan with the bank, in accordance with Section 4 of the Decision on Conditions and Manner of Extending Daily Liquidity Loans to Banks against the Collateral of Securities (hereinafter: Decision).

### **Pledging securities as collateral (registration and termination of the NBS's lien)**

6. A bank shall pledge securities for granting a short-term loan by registering the NBS lien over these securities. The registration of the NBS lien over these securities shall be made by transferring these securities to the escrow account of the bank as the pledge issuer, which is held in the Central Securities Depository and Clearing House a.d. Beograd (hereinafter: Central Securities Depository), in favour of the NBS as the recipient of pledge under a short-term loan.

The certificate of the Central Securities Depository on pledged securities over which the NBS lien is registered shall serve as evidence that the securities are pledged.

7. The bank shall submit to the NBS via the web-platform the application for termination of the NBS's lien (Annex 2), for the purpose of termination of the NBS's lien on all or some securities prior to their pledge date.

The lien referred to in paragraph 1 hereof shall terminate provided that the bank has no unsettled obligations towards the NBS in respect of a disbursed liquidity loan. If a bank has not settled all of its liabilities, the lien may partly terminate only if the remaining pledge of securities is sufficient to ensure the settlement of the NBS's receivables.

If conditions for the termination of the lien referred to in paragraph 2 hereof have been met, the NBS shall send to the Central Securities Depository an electronic message – notification that conditions have been met for the termination of the lien on all or some securities, which shall contain all elements of the order for the transfer of these securities. At the same time, via the web-platform, the bank shall have access to the consent for the termination of the NBS's lien (Annex 3).

Notwithstanding paragraph 1 hereof, if due to technical problems in operation of the web-platform a bank cannot submit the request for termination of the NBS's lien in the manner specified in that paragraph, it shall submit the request by e-mail at: [mere.mp@nbs.rs](mailto:mere.mp@nbs.rs), or by telefax at: +381113338204 (if it is not possible to submit the request by e-mail for technical reasons). The request referred to in this paragraph which is submitted by telefax or e-mail must be signed by the bank's authorised person.

8. If, on the expiry date of the pledge, the bank has no outstanding liabilities against a disbursed liquidity loan, the NBS shall send to the Central Securities Depository an electronic message – notification that the

requirements for the termination of the NBS's lien have been met, containing all elements of the securities transfer order. If a bank has not settled all of its liabilities referred to in this paragraph, the lien therefrom shall terminate only if the remaining pledge of securities is sufficient to ensure the settlement of the NBS's receivables.

### **Disbursement and repayment of a liquidity loan**

9. For the purpose of disbursing a liquidity loan, a bank shall submit to the NBS, via the web-platform, an application for the disbursement of a liquidity loan (Annex 4).

The application referred to in paragraph 1 hereof may be submitted only by persons in the bank who are authorised to submit the application on behalf and for the account of the bank, and in regard to whom the bank had submitted the authorisation to the NBS in the prescribed form (Annex 1).

Notwithstanding paragraph 1 hereof, if due to technical problems in the operation of the web-platform a bank cannot submit the request for the disbursement of a liquidity loan in the manner specified in that paragraph, it shall submit the request by e-mail at: [mere.mp@nbs.rs](mailto:mere.mp@nbs.rs), or by telefax at: +381113338204 (if it is not possible to submit the request by e-mail for technical reasons). The request referred to in this paragraph, which is submitted by telefax or e-mail, must be signed by the bank's authorised person.

10. The bank may submit to the NBS the application for the disbursement of a liquidity loan (Annex 4) by no later than ten minutes before the expiry of the time envisaged for the exchange of payment messages, in line with operating rules which govern real time settlement under gross principle (hereinafter: operating rules).

The bank may submit to the NBS several applications referred to in paragraph 1 hereof within one business day and within the available amount for the disbursement of a liquidity loan and the prescribed timeframe.

11. If a bank meets the requirements set forth by the Decision, the NBS, based on the submitted application referred to in Section 9 hereof, shall disburse the liquidity loan, as follows:

- 1) as a daylight liquidity loan – intraday loan (hereinafter: intraday loan), or
- 2) as an overnight liquidity loan – overnight loan (hereinafter: overnight credit).

12. A bank shall repay the intraday loan to the NBS on the same business day, no later than the deadline set forth for exchanging payment messages, in line with the operating rules.

If a bank fails to repay the intraday loan pursuant to paragraph 1 hereof, the NBS shall automatically extend an overnight loan to such bank, in the amount of the unrepaid intraday loan.

In accordance with Section 9 of the Decision, the bank shall repay the

overnight loan, including the interest, to the NBS the following business day after the day the credit was used, by no later than 11.00 am.

13. The bank shall repay a liquidity loan (intraday/overnight) by crediting the account of the NBS – liquidity loan account No 908-88106-82, with the credit reference number 6-157000-xxxxxxxx (identification xxxxxxxx designating the bank code from the Codebook which banks use when filling out payment orders and which is published on the NBS website; hereinafter: the Codebook).

If a bank makes a payment exceeding the amount of the liquidity loan which the bank is using at the time of such payment, the NBS shall refund the bank for the difference between the two amounts by paying such difference to the bank's current account.

14. The NBS shall calculate and charge regular interest on the amount of the used overnight loan every business day, for each business day and non-business day, pursuant to Section 8 of the Decision, and default interest pursuant to Section 11 of that Decision.

The bank shall pay the amount of regular interest referred to in paragraph 1 hereof, in line with the calculation received from the NBS, to the account of the NBS – revenue/expenditure of the NBS No 980-16-85, with the credit reference number 6-020000-xxxxxxxx (identification xxxxxxxx designating the bank code from Codebook).

### **Collection of receivables under liquidity loans**

15. If a bank fails to settle the liabilities under overnight loans within the prescribed time period, the NBS shall neither extend any further overnight loan to such bank, nor an intraday loan – until the final settlement of all liabilities of the bank under the overnight loan.

If a bank fails to repay the amount of the disbursed overnight loan within the time period referred to in Section 12, paragraph 3 hereof, the NBS shall send a written notice to the bank, on the same business day, stating that the bank's liabilities under the overnight loan have become due and that the bank must settle its due debts under such loan (principal and interest) on that day, before the hour defined in the operating rules as the deadline for executing transfer orders.

If a bank fails to settle the liabilities referred to in paragraph 2 hereof within the time period specified therein, the NBS shall collect its receivables on the following business day (principal and default interest) by selling the securities pledged as collateral, and as regards the collection of its receivables under regular interest, it shall use the promissory notes referred to in Section 18 hereof.

The NBS shall decide whether its receivables will be settled by selling or appropriating pledged securities.

16. In accordance with Section 10 of the Decision, the NBS may collect the amount of receivables under outstanding regular interest from the amount of sold or appropriated securities pledged as collateral – if it is not possible to collect such interest via promissory notes referred to in Section 18 hereof.

17. The funds earned from the sale of securities pledged as collateral shall be directed by the Central Securities Depository to the money account of the creditor – the NBS, with a simultaneous transfer of the pledged securities from the escrow account of the bank – collateral provider to the proprietary account of the buyer of such securities.

If the bank fails to repay the overnight loan within the deadline specified in Section 9 of the Decision, the amounts that the issuer of pledged securities pays out based on such securities after the expiry of such deadline (payment within the due date, payment of a part of the nominal value, early repurchase, revenue payment, etc.) shall belong to the NBS for the purpose of settling its due receivables, and shall be transferred to the NBS's money account in line with the agreement referred to in Section 4 of the Decision.

If the amount obtained by selling the pledged securities, or the amount referred to in paragraph 2 of this Section, is higher than the amount of the NBS's receivables, the NBS shall immediately transfer such difference between the two amounts to the bank's current account.

18. The NBS shall collect receivables under outstanding regular interest by way of promissory notes, deposited by the bank upon concluding the liquidity loan agreement.

Exceptionally, the NBS may use the promissory notes herefrom to collect due receivables (principal and default interest) when it determines that the collection of such receivables may not be effected by the sale or appropriation of the pledged securities.

19. In case the execution of liabilities within the meaning of these Guidelines falls due on a non-business day, such liabilities shall be executed on the first following business day.

20. The entry and termination of the NBS's lien, activation of lien, transfer of securities from one account of the securities holder to another, clearing and settlement of liabilities and receivables in securities and money, under operations with securities referred to in these Guidelines, shall be conducted pursuant to regulations of the Central Securities Depository.

21. The Annexes to these Guidelines shall be printed herewith and are integral hereto.

### **Final provisions**

22. These Guidelines repeal the Guidelines Implementing the Decision on the Conditions and Manner of Extending Daily Liquidity Loans to Banks Against the Collateral of Securities (RS Official Gazette, Nos 52/2008 and 41/2013).

23. These Guidelines shall be published in the RS Official Gazette and shall enter into force on 31 March 2019.

D. No 8  
22 March 2019  
Belgrade

Governor  
National Bank of Serbia

Dr Jorgovanka Tabaković