

Pursuant to Article 18, paragraph 1, item 2) 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, 40/2015 – CC decision and 44/2018), for the purpose of implementing Section 7, paragraph 5 of the Decision on the Conditions and Manner of Implementing Open Market Operations (RS Official Gazette, Nos 45/2011, 34 2013 and 74/2020), Section 2, paragraph 5 of the Decision on the Conditions and Manner of Extending Daily Liquidity Loans to Banks Against a Collateral of Securities (RS Official Gazette, Nos 52/2008, 40/2010, 3/2011, 18/2011, 34/2013, 8/2019 and 74/2020) and Section 2, paragraph 7 of the Decision on Terms and Conditions of Granting Short-Term Liquidity Loans Against a Collateral of Securities (RS Official Gazette, Nos 95/2010, 3/2011, 18/2011, 98/2012, 34/2013, 8/2019 and 74/2020), the Governor of the National Bank of Serbia hereby issues

D E C I S I O N
ON THE CRITERIA FOR ELIGIBILITY OF SECURITIES ISSUED BY
DOMESTIC COMPANIES IN MONETARY OPERATIONS OF THE
NATIONAL BANK OF SERBIA

1. This decision sets forth the criteria for eligibility of securities issued by domestic companies (hereinafter: corporate bonds) in monetary operations of the National Bank of Serbia for the purpose of:

- 1) purchase of corporate bonds from banks in the secondary market, in the conduct of open market operations (repo and outright transactions);
- 2) approving daily liquidity loans to banks against a collateral of corporate bonds;
- 3) approving short-term liquidity loans to banks against a collateral of corporate bonds.

2. In accordance with regulations of the National Bank of Serbia governing monetary operations referred to in Section 1 of this Decision, namely the Decision on the Conditions and Manner of Implementing Open Market Operations, Decision on the Conditions and Manner of Extending Daily Liquidity Loans to Banks Against a Collateral of Securities and Decision on Terms and Conditions of Granting Short-Term Liquidity Loans Against a Collateral of Securities – corporate bonds shall also be eligible for monetary operations of the National Bank of Serbia, namely the bonds in dinars, without a foreign currency clause, issued by a domestic company with a solvency scoring of minimum “(D) *acceptable solvency*” as assigned by the

Serbian Registers Agency or with other solvency/creditworthiness assessment equivalent to “(D) acceptable solvency”.

Within the meaning of decisions referred to in paragraph 1 of this Section, a domestic company shall be a company or other legal person headquartered in the Republic of Serbia, other than a company and legal person supervised by the National Bank of Serbia in accordance with the provisions of the law governing the position, organisation, authorisations and functions of the National Bank of Serbia.

The solvency scoring “(D) acceptable solvency” from paragraph 1 of this Section refers to the basic level of the company’s solvency assessment “(D) acceptable solvency” and covers all specific levels within the basic level which are, together with the designation for the basic solvency rating also shown by additional symbols, namely “(D+)”, “(D)” and “(D-)”, in accordance with the methodology of the Business Registers Agency defining company solvency scoring.

In accordance with the regulations referred to in paragraph 1 of this Section, eligible for the National Bank of Serbia’s monetary operations are corporate bonds of maximum ten-year original maturity issued by 31 December 2020.

3. Corporate bonds shall be eligible for monetary operations referred to in Section 1 of this Decision based on the following additional criteria:

1) the highest total nominal amount of corporate bonds which the National Bank of Serbia may accept shall be set at 55 (fifty-five) billion dinars, taking into account the total nominal value of corporate bonds which are used in all monetary operations from Section 1 of this Decision on a specific day;

2) the highest total nominal amount of an individual issue or a tranche of corporate bonds which the National Bank of Serbia may accept shall be set at 70% of the total nominal value of an individual issue or a tranche of corporate bonds of a single issuer, taking into account the total nominal value of corporate bonds per an individual issue or a tranche of corporate bonds of a single issuer that are used in all monetary operations from Section 1 of this Decision on a specific day;

3) the highest total nominal amount of corporate bonds of a single issuer that the National Bank of Serbia may accept shall be set at 11 (eleven) billion dinars of the nominal value of corporate bonds of that issuer, taking into account the total nominal value of corporate bonds of a single issuer that are used in all monetary operations referred to in Section 1 of this Decision on a specific day.

4. The National Bank of Serbia may refuse to accept corporate bonds in the implementation of one or more monetary operations referred to in Section 1 of this Decision if their acceptance could jeopardise or compromise efficient implementation of monetary policy objectives, taking into account the total nominal value of corporate bonds that are used in all monetary operations from Section 1 of this Decision, the National Bank of Serbia's exposure to the individual issuer of those securities, the remaining maturity of corporate bonds and their market value (marketability).

5. This Decision shall be published on the website of the National Bank of Serbia and shall take immediate effect.

G. No 6489
24 June 2020
B e l g r a d e

G o v e r n o r
of the National Bank of Serbia

Dr Jorgovanka Tabaković