

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 – Constitutional Court decision and 44/2018), Section 8, 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 2a, 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 5, paragraph 5 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 the following

**DECISION**  
**DETERMINING THE UPWARD/DOWNWARD HAIRCUT TO THE**  
**NOMINAL VALUE OF SECURITIES**

1. This Decision determines the level of the upward haircut that the National Bank of Serbia applies to the nominal value of securities in a repo transaction in which it sells securities within the meaning of the decision specifying the conditions and manner of implementing open market operations.

This Decision also determines the level of the downward haircut that the National Bank of Serbia applies to the nominal value of securities:

- 1) in a repo transaction in which it buys securities within the meaning of the decision specifying the conditions and manner of implementing open market operations;
- 2) in granting daily liquidity loans to banks within the meaning of the decision on the conditions and manner of extending daily liquidity loans to banks against a collateral of securities;
- 3) in granting short-term dinar loans to banks within the meaning of the decision on terms and conditions of granting short-term liquidity loans against the collateral of securities.

2. The level of the haircut referred to in Section 1 of this Decision shall be determined for dinar-denominated securities without a currency clause, issued by the National Bank of Serbia, the Republic of Serbia, an international financial organization and an international development bank or a financial institution, as well as by a domestic company within the meaning of the decisions referred to in that Section, and according to the type of securities and their residual maturity. The level of the haircut is presented in Annex 1 which is printed with this Decision and is an integral part thereof.

3. The National Bank of Serbia shall determine the downward haircut to the nominal value of securities bearing in mind the market price of these securities and the current market and monetary developments.

The levels of the downward haircut referred to in paragraph 1 of this Section shall be determined in such manner that the amount of the repurchase price in a repo transaction, and/or the amount of the extended daily liquidity loan, and/or the amount of the extended short-term dinar loan, interest included, corresponds to the price of securities as at the repurchase date, and/or the loan due date – taking into account the loan with the longest maturity, as well as interest rates on this loan and interest rates on securities that are the subject of repo transactions, and/or loans applied on the day the haircut levels are determined.

When determining the downward haircuts referred to in paragraph 1 of this Section, in order to hedge against interest rate risk, the National Bank of Serbia shall also apply a certain security increase to the haircuts determined in accordance with paragraph 2 of that Section.

4. This Decision repeals the Decision Determining the Upward/Downward Haircut to the Nominal Value of Securities (G No 4466 of 23 March 2020).

5. This Decision shall be published on the National Bank of Serbia's website and shall enter into force on the day of its adoption.

G No 6642  
30 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, sign.

**THE LEVEL OF UPWARD/DOWNWARD HAIRCUT TO  
THE NOMINAL VALUE OF SECURITIES**

<b>REPO SALE OF SECURITIES</b>		
<i>Type of security</i>	<i>Residual maturity in days</i>	<i>Upward haircut</i>
NBS bills	Up to 371	0.00%
<b>REPO PURCHASE OF SECURITIES</b>		
<b>DAILY LIQUIDITY LOAN</b>		
<b>SHORT-TERM DINAR LOAN</b>		
<i>Type of security</i>	<i>Residual maturity in days</i>	<i>Downward haircut</i>
NBS bills	Up to 371	10.00%
Discount securities of the RS, international financial organisations and international development banks or financial institutions	Up to 371	10.00%
Coupon securities of the RS and international financial organizations and international development banks or financial institutions	Up to 371	3.00%
	372–731	11.00%
	732–1,826	11.00%
	Over 1,826	23.00%
Bonds issued by domestic companies (corporate bonds) with the basic solvency scoring A (excellent solvency) and B (very good solvency)	Up to 731	14.00%
	732–1,826	14.50%
	Over 1,826	27.00%
Bonds issued by domestic companies (corporate bonds) with the basic solvency scoring C (good solvency)	Up to 731	15.00%
	732–1,826	15.50%
	Over 1,826	28.00%

Bonds issued by domestic companies (corporate bonds) with the basic solvency scoring D (acceptable solvency)	Up to 731	16.00%
	732–1,826	17.00%
	Over 1,826	30.00%

