

Pursuant to Article 18, paragraph 1, item 3 and Article 58a, paragraph 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), the Governor of the National Bank of Serbia hereby issues the following

D E C I S I O N

ON CASH MANAGEMENT THROUGH AGENT OF THE BANK

1. This Decision regulates the manner of cash management through agent of the bank, including in particular operations relating to cash management that an agent can perform in the name of the bank and the requirements the agent must meet in order to perform these operations.

2. An agent, within the meaning hereof, means a bank or company meeting the requirements prescribed hereby, or a bank or company with which another bank concluded a contract on agent operations (hereinafter: contract).

3. The agent may perform the following operations relating to cash management (hereinafter: cash operations):

- 1) processing of banknotes and coins (hereinafter: cash) taken over from the bank – verification of authenticity and numerical accuracy, and sorting;
- 2) packaging of processed cash;
- 3) storing and holding of cash which is the subject of processing.

An agent may store and hold cash for up to five business days from the day of its takeover, except where cash stored and held is unfit for circulation, in which case this deadline can be extended pending fulfilment of requirements for minimum amount of inward cash payment (forming of a minimum package) laid down by the decision on cash management (hereinafter: Decision).

In addition to operations listed in paragraph 1 hereof, an agent which is a bank may also engage in cash safekeeping activities.

4. A bank meeting the prescribed requirements regarding technical and/or technological and human resource capacity may perform cash operations as an agent, provided it concludes a contract with another bank.

A company may perform cash operations as an agent if the bank assesses that the company meets the prescribed requirements regarding

technical and/or technological, organisational and human resource capacity, and that the bank can adequately manage the risks associated with the outsourcing of cash operations to such company.

A bank may conclude a contract with the company from paragraph 2 hereof only after such company has deposited to the bank's account the dinar equivalent of EUR 150,000 at the middle exchange rate of the National Bank of Serbia applicable on the payment value date.

The deposit from paragraph 3 hereof shall represent contract performance security and the company shall ensure that this deposit does not fall below the amount from that Section throughout the duration of the contract.

5. A bank or company intending to engage in agent operations shall submit a written application to the bank, specifying the cash operations they intend to perform and making an offer to conclude a contract.

Along with the application and offer from paragraph 1 hereof, a company intending to engage in agent operations shall enclose the following documentation:

- 1) decision on entry in the business entities register;
- 2) evidence of having technical and technological infrastructure for the performance of cash operations, as follows:
 - report of the National Bank of Serbia containing its positive opinion on the performance of the banknote handling and/or coin processing machine (hereinafter: machine), and/or notification that the machine to be used is on the list of the types of machines designated by the Decision,
 - statement of the company's responsible person that premises where cash operations are to be performed meet the requirements from Section 8 hereof, with appropriate evidence (test certificate, design documentation, etc.);
- 3) evidence of the legal basis for the use of business premises for the performance of cash operations (evidence of ownership of business premises and/or lease agreement or other evidence showing that the business premises are to be used for the performance of cash operations for at least another year);
- 4) evidence, not older than six months, that the company's director and employees designated to directly perform cash operations have not been convicted by a final judgement to unconditional imprisonment of longer than six months for a criminal offence or for a criminal offence that makes them unfit for performing cash operations;
- 5) evidence of human resource capacity, i.e. report of the National Bank of Serbia on the provision of training services in the area of cash processing to employees designated to perform cash operations;

6) excerpt from the act on internal organization relating to the performance of cash operations;

7) internal acts on operating procedures relating to cash operations and security.

Along with the application and offer from paragraph 1 hereof, a bank intending to perform cash operations shall also submit the documents from paragraph 2, indents 2), 3), 5) and 7) hereof.

6. The contract shall regulate in particular the cash operations that the agent performs on the bank's behalf, the manner of performing cash operations, fee charged for the performance of cash operations and other rights, obligations and responsibilities of the agent and the bank, as well as the duration of the contract.

After the contract is concluded, and by no later than the next business day, the bank shall submit to the National Bank of Serbia a copy of the contract and a notification on the concluded contract in electronic form.

Along with the contract and notification from paragraph 2 hereof, the bank shall submit evidence to the National Bank of Serbia that the agent has established a communication line and that the agent is capable of keeping records on received, processed and delivered cash, in accordance with Section 14 hereof, as well as data on cash received for safekeeping.

Where provisions of the contract are amended, the bank shall submit to the National Bank of Serbia a copy of the annex to the contract, and a notification of conclusion of an annex to the contract in electronic form, while in case of contract termination, it shall notify the National Bank of Serbia of such termination in electronic form, by no later than the next business day following the day of such amendment and/or termination.

The content of the notification from paragraphs 2 and 4 hereof is defined by the guidelines on electronic exchange of data on cashier operations between banks and the National Bank of Serbia.

In case of failure of the electronic data exchange system, the bank shall submit the notifications from paragraph 5 of this Section in writing, including in particular the following data:

– information on the concluded contract: agent's business name and head office, contract reference number, date of the contract, type of operations outsourced to the agent, list of agent's organisational units in

which operations which are the subject of the contract shall be performed and duration of the contract, if agreed;

- information on the concluded annex to the contract: agent's business name and head office, reference number of the annex to the contract, date of annex to the contract, reference number of the contract to which the annex refers and data on the type of operations outsourced to the agent, list of agent's organisational units in which operations that are the subject of the contract are performed and duration of the contract, if contract duration is amended and/or data are changed by this annex to the contract;

- information on contract termination: agent's business name and head office, contract reference number and date of contract termination.

The notification in writing must be stamped and signed by the bank's responsible person.

7. Immediately after concluding the contract and before starting to perform cash operations, the agent shall conclude an insurance contract to the benefit of the bank. The insurance contract shall provide coverage for any loss to the bank arising from the performance of cash operations, and its duration and policy period shall not be shorter than the duration of the contract.

8. Cash processing shall be carried out by the agent in a special counting room, which must be separated from other business premises by partitions made of sturdy and solid material and a door that locks.

The agent shall store and hold and/or safe keep cash in a special room – vault and/or strongbox.

The vault from paragraph 2 hereof is a special room made of steel, concrete or other solid material, its doors having at least two locks with two different keys, each key having at least one copy.

The strongbox from paragraph 2 hereof is a burglary-proof room, where at least one inside wall is one meter or less, made of steel or other solid material, its doors having at least two locks with their respective keys, each key having at least one copy.

The keys referred to in paragraphs 3 and 4 hereof shall also be understood to include codes.

The premises for cash processing, packing, storing and holding and/or safekeeping shall be located within a restricted access area under constant surveillance (restricted access area).

The premises from paragraph 6 hereof must be equipped with security systems and safeguard measures implying non-stop video surveillance with recording, alarm system, early fire detection sensors, restricted access control system, 24 hour physical security, etc.

The agent shall keep the video surveillance recording from paragraph 7 hereof for at least 30 days.

9. The agent shall process cash as envisaged by the Decision and in line with minimum standards for automated verification of banknote fitness defined by the Decision.

The agent shall process banknotes on the banknote processing machine verifying authenticity and physical characteristics of banknotes (BMP), and coins on the coin processing machine (CMP), each of which must meet general technical requirements defined by the Decision.

10. Section 9 hereof notwithstanding, in case of extraordinary circumstances (machine breakdown, power outage, etc.), the agent may process cash manually, in line with minimum standards for manual verification of circulating banknotes fitness as defined by the Decision. Not more than 10% of the total quantity of cash processed in the current year may be processed in this way.

11. When processing cash, the agent shall use only the machine in regard to which the National Bank of Serbia issued its report and gave a positive opinion on its performance, in accordance with the Decision, and/or a machine included in the list of types of machines specified by the Decision.

The National Bank of Serbia shall verify the performance of machines at the request of the company or bank intending to engage in agent operations, and at the request of the agent, manufacturer or authorised sales representative and/or distributor of such machines for the territory of the Republic of Serbia (hereinafter: the applicant). The request shall be submitted in electronic form, but may also be submitted in writing in case of failure of the electronic data exchange system and/or in case it is impossible to send the request electronically. The content of the request in electronic form is laid down by the guidelines from Section 6, paragraph 5 hereof, while the content and form of the request in writing are laid down in Annex 1. The request in writing must be stamped and signed by the applicant's responsible person.

Along with the request from paragraph 2 hereof, the applicant shall submit relevant documents (instructions for use, technical documentation on the performance of the machine, etc.).

12. In order to carry out cash processing, the agent must have trained (qualified) staff.

The training in cash processing for employees designated to directly perform cash operations shall be provided by the National Bank of Serbia based on a special request of the agent and/or company or bank intending to perform agent operations (hereinafter: special applicant). This request shall be submitted in electronic form, but may also be submitted in writing in case of failure of the electronic data exchange system and/or in case it is impossible to submit the request electronically. The content of the request in electronic form is laid down by the guidelines from Section 6, paragraph 5 hereof, while the content and form of the request in writing are laid down in Annex 2. The request in writing must be stamped and signed by the special applicant's responsible person.

The National Bank of Serbia shall draft a report on the conducted training referred to herein and submit it to the special applicant.

13. The agent shall process cash in the order it was taken over from the bank, of which it shall keep records per each bank.

Specifically, the records from paragraph 1 hereof shall contain the number, business name and head office of the bank, takeover date, amount per denomination structure and processing date.

The agent shall store and hold in the vault the cash taken over and processed, and shall sort it by each bank.

If the agent is a bank entrusted with cash safekeeping under contracts, it shall safe keep cash in the vault sorted out across all banks.

14. The agent shall keep records on received, processed and delivered cash separately for each bank, in a way which enables the National Bank of Serbia to access these records in real time, using the established line of communication.

On the basis of records from paragraph 1 hereof, the agent shall prepare and submit to the National Bank of Serbia the report on processed cash, for each bank, by no later than the 10th day in the month for the preceding month. This report is submitted in electronic form and/or in writing in case of failure of the electronic data exchange system and/or in case it is impossible to submit the request electronically. The content of the report in electronic form is laid down in the guidelines from Section 6, paragraph 5

hereof, while the content and form of the report in writing are laid down in Annex 3. The report in writing must be stamped and signed by the agent's responsible person.

If the agent is a bank providing cash safekeeping services, it shall, on the basis of records from paragraph 1 hereof, also prepare and submit to the National Bank of Serbia a report on cash received for safekeeping, for each bank, by no later than the 10th day in the month for the previous month. This report shall contain in particular an indication of the type of cash, opening and end-of-period balance, and the date of receipt/delivery, and data disclosed in terms of the number of pieces per denomination. The report is submitted in electronic form and/or in writing in case of failure of the electronic data exchange system. The content of the report in electronic form is laid down by the guidelines from Section 6, paragraph 5 hereof. The report in writing must be stamped and signed by the agent's responsible person.

The agent shall keep data on received, processed and delivered cash, and data on cash received for safekeeping, for at least a year from the day of occurrence, in a form adequate to serve as evidence.

15. The agent may take over cash from a bank only. Once processing is completed, the agent may deliver such processed cash only to the bank from which unprocessed cash was taken over.

Paragraph 1 hereof notwithstanding, the agent may deliver cash to the National Bank of Serbia and take it over from the National Bank of Serbia only as a person authorised by the bank, as set out by the Decision.

16. For the entire period that it performs cash operations, the agent shall meet the requirements specified in this Decision.

17. The bank shall ensure that the agent provides to the bank and the National Bank of Serbia timely and unrestricted access to its documents, business books and data, including the opportunity to carry out a verification of the performance of cash operations outsourced to the agent.

The bank shall be liable for all agent's actions and omissions relating to the performance of outsourced cash operations.

18. The provisions of the Decision relating to follow-up verification of machine performance and the examination of cash management practices at a bank shall also apply to the examination of cash operations outsourced by the bank to the agent in accordance with this Decision.

If the bank does not comply with the Decision due to omissions in the agent's operations, the National Bank of Serbia may order the bank to terminate the contract with the agent.

19. The fees for services from Sections 11 and 12 hereof shall be calculated and charged in accordance with the decision on uniform fees charged for services provided by the National Bank of Serbia.

20. The Annexes to this Decision are enclosed with and integral to this Decision.

21. As of the day of entry into force hereof, the Decision on Cash-Related Operations Performed by Agent and Requirements for their Performance (RS Official Gazette, No 115/2013) shall cease to be valid.

22. This decision shall be published in the RS Official Gazette and enter into force on 1 October 2015.

Dec. No 22
28 September 2015
B e l g r a d e

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