

Pursuant to Article 14, paragraph 1, item 9) and Article 45, 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, 40/2015 – Constitutional Court decision and 44/2018), the Executive Board of the National Bank of Serbia issues

DECISION
ON PROCEDURES RELATED TO FOREIGN CASH TRANSACTIONS
BETWEEN THE NATIONAL BANK OF SERBIA AND BANKS

1. This Decision sets forth the manner in which the National Bank of Serbia (NBS) performs transactions relating to foreign currency cash – banknotes (hereinafter: foreign cash).

2. Transactions referred to in Section 1 hereof shall be as follows:

- 1) Conversion of foreign cash for foreign exchange in the same currency,
- 2) Conversion of foreign exchange for foreign cash in the same currency,
- 3) Conversion of foreign cash in one currency for foreign cash in another currency,
- 4) Conversion of foreign cash in one currency for foreign exchange in another currency,
- 5) Conversion of foreign exchange in one currency for foreign cash in another currency,
- 6) Exchange of damaged and non-circulating banknotes for circulating banknotes,
- 7) Receipt of foreign cash on the grounds determined by law and other regulation (grants, humanitarian aid, etc) and crediting the equivalent amount in dinars to the bank's account.

The transactions referred to in paragraph 1 hereof shall be performed in the following currencies: the euro (EUR), Swiss franc (CHF) and US dollar (USD).

The NBS shall accept foreign banknotes as circulating currency in transactions under paragraph 1, subparagraphs 1), 3), 4) and 7) hereof, and/or as non-circulating or damaged banknotes in transactions under subparagraph 6) (hereinafter: foreign cash categories).

The NBS shall submit to banks the standard payment instructions which contain the names and numbers of NBS accounts abroad.

3. Transactions referred to in Section 2, paragraph 1, subparagraphs 1)–5) hereof shall be performed when the amount of foreign cash handed over, and/or foreign exchange credited to the NBS foreign exchange account with a correspondent bank abroad for the currencies referred to in Section 2, paragraph 2 hereof is at least EUR 10,000 (equivalent value of other currency), while the minimum quantity of foreign cash handed over shall be a package comprising 100 pieces.

Transactions referred to in Section 2, paragraph 1, subparagraph 6) hereof shall be performed for transactions of exchange of damaged and non-circulating cash for the currencies referred to in paragraph 2 thereof which the bank intends to hand over to the NBS – up to the total weekly amount of no more than EUR 50,000 (equivalent value in other currency), by individual bank.

4. To convert/hand over foreign cash and/or convert foreign exchange in transactions referred to in Section 2, paragraph 1 hereof, a bank shall submit a request (hereinafter: request) to the NBS – Cash Department (hereinafter: Department), in electronic form, and may also submit it in writing in case of electronic system failure.

The content of the request in electronic form is regulated by the guidelines on electronic exchange of data between banks and the NBS in relation to treasury operations. The content and form of the request in writing are regulated by Annex 1.1 – for the transaction referred to in Section 2, paragraph 1, subparagraphs 1) and 4) hereof and Section 21 hereof, Annex 1.2 – for the transaction referred to in Section 2, paragraph 1, subparagraphs 2) and 5) hereof, Annex 1.3 – for the transaction referred to in Section 2, paragraph 1, subparagraphs 3) and 6) hereof and Annex 1.4 – for the transaction referred to in Section 2, paragraph 1, subparagraph 7) hereof.

The request in writing must be stamped and signed by the legal representative of the bank and/or an authorised person (hereinafter: responsible person in the bank).

By submitting the request, a bank agrees that it shall, within eight business days from the day of receiving the NBS notification referred to in Section 17 and/or 24 hereof, compensate for differences that the NBS and/or a foreign bank detects in processing of foreign cash, and/or compensate for the damage in cases referred to in Section 12, paragraph 2 hereof.

5. A bank shall submit a separate request for each of the transactions referred to in this Decision.

The request may be submitted each business day, from 8.30 am to 3 pm.

If a bank submits the request after 3 pm, the request shall be considered not submitted.

If the request specifies several NBS branches (hereinafter: branches) as the place of handover and/or receipt of foreign cash, the date of handover and/or receipt of foreign cash must be the same.

The request may not be submitted by a bank's organisational parts.

6. The Department shall notify a bank of whether it accepts to perform the transaction and shall specify the foreign cash pay-out date for the transactions that the pay-out is envisaged for, on the same business day when the request is submitted in respect of transactions referred to in Section 2, paragraph 1, subparagraphs 1)–6) hereof.

By way of exception to paragraph 1 hereof, for transactions referred to in Section 2, paragraph 1, subparagraph 6) hereof, the Department shall notify a bank of the cash pay-out date within the deadline referred to in Section 20, paragraph 2 of this Decision.

The notifications referred to in paragraphs 1 and 2 hereof shall be submitted in the manner prescribed by the guidelines referred to in Section 4, paragraph 2 hereof, and may also be submitted in writing in case of electronic system failure.

7. If the Department accepts to perform the transaction, a bank shall hand over foreign cash and/or credit foreign exchange to the NBS account with a correspondent bank abroad within two business days from the day of submitting the request.

8. The NBS shall receive and/or pay out foreign cash in branches (Annex 2) – each business day from 9 am to 3.30 pm.

9. A bank shall submit to the Department a list of persons authorised to hand over and/or receive foreign cash (hereinafter: bank's authorised persons), with specimen signatures of such persons and their names, surnames and unique citizen identification numbers. This list shall be stamped and bear the signature of the bank's authorised person.

Along with the list referred to in paragraph 1 hereof, a bank shall submit to the Department electronically (by e-mail to ovlascena.lica@nbs.rs, on compact disk or in electronic form in accordance with the guidelines referred to in Section 4, paragraph 2 hereof) data on their respective authorised persons and their specimen signatures, including their photographs.

A bank shall notify the Department of the change in the bank's authorised persons in the manner specified in paragraphs 1 and 2 hereof, three business days before the handover and/or receipt of foreign cash.

10. Foreign cash shall be received/handed over by the bank's authorised person specified in the request, who shall present to the person in the branch authorised to hand over/receive foreign cash (hereinafter: authorised person in the branch) the ID card or passport (personal ID document) for identification purposes. Otherwise, the NBS shall not receive/hand over foreign cash.

11. The NBS shall receive from a bank circulating, damaged and/or non-circulating foreign cash – if not counterfeit and if these are non-circulating banknotes whose term for replacement has not expired in accordance with paragraph 4 hereof – according to the following criteria:

1) for the receipt of circulating (regular) foreign cash:

- if undamaged,
- if the banknote has a tear and the width of the tear is less than 8 mm and its length less than 15 mm, whereas diagonally it measures less than 18 mm (only one tear is allowed),
- if the banknote is patched with a self-adhesive tape and the length of the tape does not exceed 10x10 mm and the thickness of the tape does not exceed 50µm,
- if the banknote is folded in such a way that it can be unfolded by hand,
- if the banknote has one missing part at most, whose surface is less than 10mm².

2) for the receipt of damaged foreign cash:

- if the banknote has a tear and the width of the tear is equal to or more than 8 mm and its length equal to or more than 15 mm, whereas diagonally it is equal to or more than 18 mm (several tears are allowed),

- if the banknote is patched with a self-adhesive tape and the length of the tape exceeds 10x10 mm and/or the thickness of the tape exceeds 50µm,
- if the banknote is folded and crumpled in such a way that it cannot be unfolded by hand,
- if the banknote is stained due to regular use,
- if the structure of the banknote paper has been damaged due to regular use, which reflects in the loss of its solidity and limpness,
- if the banknote is written on to a lesser extent.

The NBS shall not receive damaged banknotes not specified in paragraph 1, subparagraph 2) hereof, particularly banknotes which are written on, stained in ink, dyed in colour of any origin, contaminated, de-inked to a significant extent, smeared, sticky, wet or damaged in fire, through rotting or chemicals; if there is a visible lack of colour in a part or in the entire banknote; if the banknote is smeared by alert colour which serves as chemical protection against theft and/or which is used to colour banknotes in case of forceful opening of banknote packages; if the group of banknotes being delivered follows the same pattern (shape, nature, form) of damage; if one of the visible security features of the banknote is missing or if at least one of these elements is unclear (illegible); if the banknote has weaknesses in its structure which result in a significant lack of solidity; if the part of the banknote exceeding 10mm² is missing etc.

The NBS shall accept from a bank as circulating also foreign cash being withdrawn from circulation – by no later than 60 days prior to the withdrawal.

The NBS shall accept from a bank non-circulating foreign cash by no later than 60 days before the expiry of the deadline for its replacement.

The NBS shall calculate the deadlines referred to in paragraphs 3 and 4 hereof pursuant to the issuing bank's acts on the withdrawal of foreign cash from circulation, and/or pursuant to the final deadline for its replacement.

Under the terms hereof, non-circulating foreign banknotes which are at the same time damaged shall be considered non-circulating foreign cash.

12. If during the processing of foreign cash it determines the existence of damaged banknotes referred to in Section 11, paragraph 2 hereof or assesses that banknotes have been damaged on purpose, the NBS may return the banknotes received.

If a foreign bank refuses the purchase of damaged foreign cash or keeps such foreign cash, a bank shall compensate the NBS for the damage in respect of the returned and/or kept damaged banknotes, in the manner specified in Section 17, paragraphs 1 and 2 hereof.

The NBS shall make a list of serial numbers of received damaged foreign exchange and a bank may not dispute this list.

13. While making sure that the banknote faces upwards, a bank shall pack the foreign banknotes to be handed over to the NBS by currency (types of foreign cash), denomination and category – into packages of 100 banknotes apiece, each package banded with a packing strip. Such packages shall be banded into bundles of 1,000 banknotes apiece (10 packages of the same type, denomination and category).

Bundles shall be produced using a strapping machine (crosswise, with a note strapping tape) or vacuum packed.

Should less than 100 pieces of banknotes of the same type, denomination and category remain for packing (incomplete banknote packages), they shall be packed in the same manner as packages.

The banknote packing strip shall display the business name and head office of the bank, name of the organisational unit which did the packing, type and category of foreign cash, denominations, number of pieces and amount, date of packing and signatures of persons who did the counting and/or the code of the operator processing money. Data written on the note packing strip may not be changed.

14. Incomplete banknote packages, packages and bundles shall be packed into lots in a way that ensures their full safety. If necessary to be tied in lots, a security seal must be used.

The unique serial number of the package in line with CODE 128 (hereinafter: barcode) must be written on the lot (security bag, etc) and/or security seal (if the lot is tied). The first three characters of the barcode must designate the code of the bank making the payment.

The bank codes are contained in the decision regulating single identification numbers of banks for the execution of payment transactions in the country.

A lot shall contain one type and category of foreign banknotes in the same or different denominations.

15. After receipt of foreign cash, the order – specification for paying in foreign cash (Annex 3), prepared in two copies, shall be signed and stamped by the authorised person in the branch and delivered to the bank's authorised person for signature.

16. The NBS shall prepare a notification (hereinafter: notification on detected discrepancies), once in fifteen days, or more frequently if needed, if any discrepancies are detected (shortfall amount, including counterfeits or surplus amount) in the course of processing foreign cash received in accordance with this Decision. The notification shall contain in particular: the reference number and date of the notification, name of the branch where foreign cash was processed, bank's business name, date of handing over cash, payment document and lot reference numbers, type, category and amount of foreign cash handed over, the shortfall or surplus amount and other data.

The notification on detected discrepancies shall be submitted by the NBS to banks as prescribed by the guidelines referred to in Section 4, paragraph 1 hereof, as well as in writing in case of electronic system failure.

17. Within eight business days after receiving the NBS's notification on detected discrepancy, a bank shall compensate for the discrepancy in the form of shortfall amount – in the same type of currency, except in the case referred to in Section 12, paragraph 1 hereof.

Handing over of banknotes referred to in paragraph 1 hereof shall be performed at the same location at which a bank handed over the lot in which the discrepancy was detected.

Within eight business days after submission of the notification on detected discrepancies, the NBS shall hand over the ascertained surplus amount to a bank in the same currency, at the NBS Belgrade Branch.

18. If a bank specified so in its request, the bank's authorised person shall attend the processing of foreign cash at the NBS, apart from the types of foreign cash referred to in Section 21 hereof.

The Department shall notify a bank of the date, time and place of processing foreign cash.

19. The NBS shall pay out foreign cash to a bank based on the order – specification for paying out foreign cash (Schedule 4), confirming the regularity of the received foreign cash.

The NBS shall not receive any complaints of a bank regarding the paid-out foreign cash once the bank's authorised person has signed the order referred to in paragraph 1 hereof.

If prior to receiving foreign cash referred to in paragraph 1 hereof, the bank's authorised person requests to verify the regularity of such foreign cash (authenticity, types and categories of foreign cash, denomination and quantity), such verification shall be performed in the presence of the NBS's authorised person.

20. The NBS shall credit the bank's foreign exchange account with a correspondent bank abroad, and/or pay out foreign cash within two business days from receiving foreign cash at the NBS, and/or crediting the NBS foreign exchange account with a correspondent bank abroad.

By way of exception to paragraph 1 hereof, the NBS shall pay out the cash in respect of the transactions referred to in Section 2, paragraph 1, subparagraph 6) hereof within no more than 30 days from the day of receiving a bank's request for exchange of damaged and non-circulating cash in the NBS, after the processing of such cash is performed.

21. In addition to transactions referred to in Section 2 hereof, the NBS shall also perform the following transactions, with banks which concluded several agreements on the performance of exchange transactions with authorised exchange dealers operating in the territory of the bank's head office, and several agreements with authorised exchange dealers operating outside the territory of the bank's head office, for the purpose of:

1) converting foreign cash (circulating, non-circulating and damaged) for foreign exchange in the same currency – for the following currencies:

- Australian dollar (AUD),
- Canadian dollar (CAD),
- Danish krone (DKK),
- Japanese yen (JPY),
- Norwegian krone (NOK),
- Swedish krona (SEK),

- pound sterling (GBP).

2) converting foreign cash (circulating, non-circulating and damaged) in one currency for foreign exchange in euros – for the following currencies:

- Kuwaiti dinar (KWD),
- Croatian kuna (HRK),
- Czech koruna (CZK),
- Hungarian forint (HUF),
- convertible mark (BAM),
- Polish zloty (PLN).

22. Notwithstanding Section 8 hereof, the NBS shall receive from banks foreign cash referred to in Section 21 hereof at the following dynamics:

- on a weekly basis, on Wednesdays and Thursdays, circulating foreign cash packed into bundles (1,000 pieces);
- on a quarterly basis, on the last Wednesday and Thursday of the last month in a calendar quarter – circulating, non-circulating and damaged foreign banknotes packed into bundles (1,000 pieces) or packages (100 pieces).

23. A bank shall pack the foreign cash referred to in Section 21 hereof in accordance with Sections 13 and 14 hereof and shall deliver to the NBS a lot as a security bag.

24. If it receives the notification from a foreign bank that a discrepancy (a shortfall amount, including a counterfeit, or a surplus amount) was detected in the shipment of foreign cash referred to in Section 21 hereof, the NBS shall prepare a notification (about the discrepancy detected by a foreign bank), which shall contain in particular: number and date of the notification, name of the foreign bank which detected the discrepancy, amount of the detected shortfall/surplus amount by types and categories of foreign cash (with a specially designated shortfall amount in respect of counterfeits and serial numbers of counterfeit banknotes), other data on the detected shortfall/surplus amount and other data.

Within eight business days following the receipt of the notification on the discrepancy established by a foreign bank, a bank shall credit to the NBS account with a correspondent bank abroad the difference established based on the shortfall amount, plus the statutory default interest starting from the day of crediting the bank's foreign exchange account with a correspondent bank abroad, in the same currency or the appropriate equivalent amount in euros at

the middle exchange rate from the NBS currency list valid on the payment date, and shall submit the proof thereof to the Department.

If a foreign bank refuses the purchase of damaged foreign cash referred to in Section 21 hereof or keeps such foreign cash, a bank shall compensate the NBS for the damage in the manner specified in Section 2 hereof.

If a foreign bank establishes a surplus amount in the shipment of foreign cash referred to in Section 21 hereof, the NBS shall credit the surplus amount to the bank's foreign exchange account within eight business days following the receipt of the bank's notification with instructions to credit the foreign exchange account with a correspondent bank abroad, at the price (by currency) that the NBS commands in the foreign market when selling foreign cash.

The NBS shall submit to banks the notification on the discrepancy detected by a foreign bank in the manner prescribed by the guidelines referred to in Section 4, paragraph 2 hereof, and may also submit it in writing in case of electronic system failure.

25. Fees for transactions referred to in Section 2, paragraph 1, subparagraphs 1), 2) and 6) hereof shall be calculated and charged in accordance with the decision on uniform fees charged for services provided by the NBS.

The fee in respect of the transactions referred to in Section 2, paragraph 1, subparagraphs 3), 4) and 5) hereof shall be determined by applying buying and selling rates for foreign cash, and/or foreign exchange from the NBS currency list valid on the date of handing over foreign cash, and/or the date of crediting the NBS foreign exchange account abroad.

The prices (by currency) that the NBS commands in the foreign market when selling foreign cash shall apply to transactions referred to in Section 21 hereof. Such prices shall be published on the NBS website.

26. Within the meaning of this Decision, business days are not weekend days, holiday days within the meaning of regulations governing state and other holidays in the Republic of Serbia, including non-business days in home countries of the currency.

27. The annexes to this Decision are printed herewith and make its integral part.

28. On the day when this Decision enters into force, the Decision on Procedures Related to Foreign Currency Cash Transactions between the National Bank of Serbia and Banks (RS Official Gazette, Nos 27/2009, 107/2009 and 3/2010 – corr.) shall cease to apply.

29. This Decision shall be published in the RS Official Gazette and shall enter into force on 1 September 2015.

NBS Executive Board No 44

11 June 2015

Belgrade

Chairperson
Executive Board of the National Bank of
Serbia
Governor
National Bank of Serbia

Dr Jorgovanka Tabaković