I. BASIC PROVISIONS

Subject matter and scope

Article 1

This Law lays down the conditions and manner of providing specific security for the performance of financial obligations subject to financial collateral arrangements entered into by financial market participants.

The scope of this Law is to achieve and improve the legal certainty and efficiency relating to the performance of obligations in the financial market in order to preserve and strengthen the stability of the financial system.

Financial collateral arrangement

Article 2

The financial collateral arrangement means an arrangement whereby the collateral provider, for the purpose of securing the performance of his or another person’s financial obligation, undertakes to transfer title to collateral to the collateral taker or to establish a security right on the collateral in favour of the collateral taker, and the collateral taker undertakes to return to the collateral provider the collateral received or equivalent collateral in accordance with the terms of this arrangement upon and/or concurrently with the discharge of the financial obligation.

Subject to the financial collateral arrangement under which title to collateral is transferred, the collateral provider shall transfer to the collateral taker full ownership of:

1) cash or financial instruments constituting the collateral,
2) credit claims constituting the collateral.

The arrangement referred to in paragraph 2 of this Article shall also include repurchase/reverse repurchase agreements on the purchase/sale of financial instruments.

Where title to collateral is transferred to the collateral taker under the terms of the financial collateral arrangement, the collateral taker shall, unless otherwise provided, have the right of use and disposal of the cash and the financial instruments constituting the collateral, including the right of alienation of such cash and instruments.

Where the collateral taker acquires the security right on the collateral under the financial collateral arrangement, the collateral provider shall retain the title to such collateral.

The financial collateral arrangement may lay down the procedures for the valuation of the collateral and/or of the financial obligation.

Manner of conclusion and form of the financial collateral arrangement

Article 3

The financial collateral arrangement may be in the form of a separate agreement or may form part of a master or another agreement and/or general terms of business.

The financial collateral arrangement shall be made out in writing or in electronic form and/or on a durable data carrier which enables the storing and reproduction of source data in unchanged form (hereinafter: written form).

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1 This Law was published in the RS Official Gazette, No 44/2018.
Parties to the financial collateral arrangement

Article 4

The provisions of this Law shall apply to financial collateral arrangements where the parties – the collateral provider and the collateral taker, belong to the following categories of entities:

1) Republic of Serbia, autonomous province, local government unit and public authorities, including public law bodies and organisations charged with the management of public debt and/or authorised to hold accounts for beneficiaries of public funds, as well as the Development Fund of the Republic of Serbia and the Export Credit and Insurance Agency of the Republic of Serbia;

2) National Bank of Serbia;

3) financial institution having its head office in the Republic of Serbia subject to supervision by a competent authority, including a bank, insurance undertaking, broker-dealer company, investment fund management company, investment fund, voluntary pension fund management company, electronic money institution, payment institution, public postal operator in relation to the financial services it provides, factoring company and financial leasing company;

4) participant in the payment system and the securities settlement system having its head office in the Republic of Serbia, including the Central Securities Depository and Clearing House, central counterparty, settlement agent, clearing house and the system operator, regulated under the law governing payment services and/or the law governing the capital market;

5) European Union, European Union member states, third countries and public authorities in these countries, including public law bodies and organisations charged with the management of public debt or interventions related to that management; and/or authorised to hold accounts for customers, other than entities whose obligations are guaranteed by the government, but which do not belong to the categories of entities referred to in items 6), 8), 9) and 10) of this paragraph;

6) European Central Bank and other central banks;

7) International Monetary Fund, Bank for International Settlements, European Investment Bank and multilateral development banks assigned the lowest credit risk weight subject to the regulation of the National Bank of Serbia governing the capital adequacy of banks;

8) financial institution within the meaning of European Union regulations subject to supervision by a competent authority, including a credit institution, investment firm authorised to provide one or more investment services, financial institution as defined in European Union regulations governing credit institutions, institution based in a European Union member state which performs the activity of a credit institution but is not subject to European Union regulations governing credit institutions, as well as an institution with a similar status in a third country, insurance undertaking, undertaking for collective investment in transferable securities and companies for management of undertakings for collective investment in transferable securities;

9) central counterparty, settlement agent and clearing house within the meaning of European Union regulations governing settlement finality in payment and securities settlement systems, including similar institutions acting in the futures, options and other financial derivatives markets under the regulations of the member state;

10) legal person which, in the capacity of a representative or otherwise, acts on behalf and/or for the account of the entities listed in items 1) to 9) of this paragraph or of any holders of debt securities or holders of other transferable securitised debt instruments issued by such persons.

A European Union member state within the meaning of this Article shall be a state signatory to the Agreement on the European Economic Area.

A third country, within the meaning of this Article, shall be a foreign country which is not a European Union member state or a state signatory to the Agreement on the European Economic Area.
Financial obligation

Article 5

A financial obligation is an obligation which is secured by a financial collateral arrangement and which gives a right to the creditor to cash settlement and/or delivery and/or transfer of financial instruments.

A financial obligation may be present or future, conditional or unconditional, standing or temporary, of a specified kind and/or class, as well as another financial obligation arising from an arrangement, pursuant to law.

A financial obligation may be denominated in dinars or in a foreign currency.

II. COLLATERAL

Types of collateral

Article 6

Within the meaning of this Law, the collateral may be:
1) cash;
2) financial instruments;
3) credit claims.

Revenues and other inflows arising from the collateral shall belong to the collateral taker, unless otherwise provided in the financial collateral arrangement.

The acquisition and/or transfer of cash, financial instruments and credit claims constituting the collateral within the meaning of this Law between a resident and/or a non-resident – entities referred to in Article 4 of this Law, and the establishing of a security right on these types of collateral, shall be subject to the restrictions laid down in regulations governing foreign exchange operations.

Reporting on financial derivative transactions that, according to regulations governing foreign exchange operations, are concluded between residents and/or non-residents – entities referred to in Article 4 of this Law, for which the collateral has been provided within the meaning of this Law, shall be subject to the provisions of the regulations of the National Bank of Serbia governing financial derivative transactions.

Cash

Article 7

Cash constituting the collateral shall include dinar or foreign currency amounts in a deposit, payment or another designated money account.

The cash referred to in paragraph 1 of this Article shall not include banknotes and coins.

Financial instruments

Article 8

Financial instruments constituting the collateral shall mean securities, money market instruments and other financial instruments within the meaning of the law governing the capital market.

Financial instruments referred to in paragraph 1 of this Article issued in the Republic of Serbia shall be exclusively in dematerialised form in accordance with the law governing the capital market, and foreign financial instruments referred to in that paragraph shall be recorded in the appropriate register or the account of those instruments and freely transferable and/or negotiable.

Financial instruments referred to in paragraph 1 of this Article shall not include own shares of the collateral provider.

Financial instruments constituting the collateral shall be valued at their market value, unless
otherwise provided in the financial collateral arrangement.

Where financial instruments constitute the collateral within the meaning of this Law, the law of the country of the head office of the authorised institution maintaining the register of these instruments and/or the account where these instruments are registered shall apply to financial collateral arrangements, with regard to matters relating to the following:

1) type and legal nature of financial instruments and the rights arising from such instruments;
2) requirements for entering into financial collateral arrangements and the provision of financial instruments as collateral;
3) determination of rights in respect of third persons under financial instruments;
4) claims settlement and close-out netting procedures.

Credit claims

Article 9

Credit claims constituting the collateral shall mean pecuniary claims arising out of an agreement on a loan granted by a bank or another person which, in accordance with law, is authorised to grant loans.

For the purposes of paragraph 1 of this Article, credit claims also include pecuniary claims under an agreement on a loan granted by a credit institution or another institution performing the activity of a credit institution as stipulated in Article 4, paragraph 1, item 8) of this Law.

Only the entities referred to in paragraph 1 of this Article may agree on, transfer and acquire as collateral the credit claims where the debtor is a natural person, subject to the restrictions defined by the law governing the protection of financial service consumers.

A bank may agree on and transfer pecuniary claims as collateral in respect of a legal person under a loan agreement, subject to the restrictions defined by the law and regulations of the National Bank of Serbia governing risk management in banks.

A credit claim may constitute the collateral if the debtor under the credit claim, when concluding a loan agreement or afterwards:

1) has given its consent to the transfer and processing of only such data which are necessary to the collateral taker for the purposes of realising such collateral, and which are considered a banking or other secret in accordance with law;
2) has given a statement that he shall not set off his credit claim in respect of the creditor against the credit claim of the creditor which has been provided as financial collateral, for the period of validity of such collateral.

The right of the collateral provider to inflows arising from credit claims provided as collateral shall not prejudice the rights of the collateral taker in respect of collateral under the financial collateral arrangement.

Equivalent collateral

Article 10

Equivalent collateral means:

1) in relation to cash – a payment of the same amount and in the same currency;
2) in relation to financial instruments – financial instruments of the same issuer, forming part of the same issue or class and of the same nominal amount, currency and other essential elements as the originally provided collateral, or other collateral where this is specified under a financial collateral arrangement.

The equivalent collateral and/or the exercise of rights and discharge of obligations arising from such collateral shall be subject to the provisions of the same financial collateral arrangement to which the original financial collateral was subject.
III. PROVISION, USE AND CHANGE OF COLLATERAL

Provision of collateral

Article 11

The provisions of this Law shall apply only to financial collateral arrangements where the collateral taker has been provided collateral and/or where the collateral taker, his representative or another person acting on behalf and/or for the account of the collateral taker has, on the basis of the collateral transferred or the security right established, acquired possession or control of the collateral (hereinafter: provision of collateral), of which suitable evidence in writing may be provided (hereinafter: evidence in writing).

The collateral taker shall acquire the collateral and/or the security right on the collateral at the time when such collateral is provided to the collateral taker.

Evidence in writing of the provision of the collateral shall be considered appropriate if it is sufficient to establish clearly that the collateral has been provided in accordance with the financial collateral arrangement.

In order to establish that the collateral has been provided, it is sufficient to provide evidence in writing:

1) that cash has been credited to and/or forms a credit in a designated money account – where cash is provided as collateral;

2) that financial instruments have been transferred to a designated financial instruments account and/or that the security right on the financial instrument has been registered in favour of the collateral taker – where financial instruments are provided as collateral;

3) that the collateral taker has received, in addition to the financial collateral arrangement, a list of credit claims which shall contain details on the debtor under such claim, the amount of the claim (principal, interest and fees) and the date of issuance of the consent and statement referred to in Article 9, paragraph 5 of this Law – where credit claims are provided as collateral.

A credit claim shall be considered provided as collateral even if the debtor and/or third party has not been notified of the transfer of such claim, and the debtor who has settled the obligation to the collateral provider under this claim shall be released from the obligation if he had not been aware of the transfer.

The Central Securities Depository and Clearing House shall prescribe detailed conditions and manner of recording the transfer of financial instruments and/or registering the security right on the financial instrument as collateral under a financial collateral arrangement.

The National Bank of Serbia may prescribe detailed conditions and manner of recording the transfer of cash and credit claims as collateral under financial collateral arrangements.

Right of use and disposal of security financial collateral

Article 12

The financial collateral arrangement may set out that the collateral taker shall have the right of use and/or the right of disposal of the collateral to which his security right is registered (hereinafter: security collateral).

The scope and content of the right of use and disposal referred to in paragraph 1 of this Article shall be regulated by the financial collateral arrangement, and these rights may be equal to the rights which the collateral taker would have if he were the owner of the collateral.

Where a collateral taker exercises the right of use and/or disposal of the security collateral, he shall:

1) at the latest on the due date for the performance of the financial obligation, return and/or transfer either the same or equivalent collateral to the collateral provider in accordance with the financial collateral arrangement; and/or

2) on the due date for the performance of the financial obligation, to the extent that the terms of
the financial collateral arrangement so provide, set off the value of the collateral against and/or apply that value in discharge of the financial obligation.

Where the collateral taker, under paragraphs 1 and 2 of this Article, alienates the security collateral, the security right of the collateral taker on such collateral shall cease and a third person shall acquire this collateral free from any encumbrance.

The right of use and disposal referred to in this Article shall cease with the discharge of the financial obligation or settlement against the collateral in accordance with Articles 15 and 16 of this Law or the netting of claims and obligations in accordance with Article 17 of this Law.

When using and disposing of the security collateral, the collateral taker shall act with increased care, according to professional rules and customs (the standard of care of a good expert), taking into account market circumstances.

Where credit claims serve as collateral, a collateral taker shall not have the rights under this Article.

Change of collateral

Article 13

The financial collateral arrangement may lay down a change of collateral as follows:

1) an obligation for the collateral provider to top-up, i.e. to provide additional collateral if the value of the collateral decreases relative to the financial obligation;

2) the right of the collateral provider to withdraw a part of the collateral, if the value of collateral increases relative to the financial obligation;

3) the right of the collateral provider to substitute the provided collateral with other collateral of at least the same value.

When substituting the collateral in accordance with paragraph 1, item 3) of this Article, the collateral provider shall provide, i.e. give to the collateral taker new collateral no later than by the time of withdrawal and/or substitution of the previously provided collateral.

The terms of the financial collateral arrangement relating to the originally provided collateral shall apply to any such new and/or additional collateral.

The right of the collateral provider to withdraw and/or substitute the provided collateral shall not prejudice the rights of the collateral taker in respect of collateral under the financial collateral arrangement.

IV. REALISATION OF COLLATERAL

Enforcement event

Article 14

Enforcement events shall include default on a due financial obligation or another similar event or circumstance relating to either party, specified in the financial collateral arrangement, upon the occurrence of which:

1) the collateral taker is entitled to realise his claim from the collateral through out-of-court proceedings in accordance with Articles 15 and 16 of this Law; and/or

2) claims and obligations are netted off between the collateral provider and the collateral taker in accordance with Article 17 of this Law.

The collateral shall be realised in the manner laid down in the financial collateral arrangement, in accordance with Articles 15 to 17 of this Law.

Unless otherwise specified in the financial collateral arrangement, the realisation of collateral shall be performed:

1) without submitting a prior notification or notice of the intention to realise collateral, either to
the collateral provider or the debtor under the financial obligation (where this is not the same person as the collateral provider);

2) without approval or decision of a court, public authority or other person;

3) without public auction or in any other prescribed manner of realisation;

4) without specifying any additional time period that must have elapsed from the occurrence of the enforcement event until the realisation.

The collateral shall be realised notwithstanding the commencement/opening of bankruptcy or liquidation proceedings or reorganisation measures in respect of the collateral provider or the collateral taker, nor may any other measure or consent of the competent authority in such proceedings constitute a prior or subsequent condition for the realisation of collateral.

Cash and financial instruments on which a security right has been established under this Law shall be excluded from the enforcement within the meaning of the law governing enforcement and security.

**Settlement of claims against security collateral**

**Article 15**

Upon the occurrence of an enforcement event under Article 14 of this Law, the collateral taker shall no longer have the obligation to return to the collateral provider the collateral received or equivalent collateral, but may settle his claims against the security collateral by:

1) direct settlement against cash constituting the collateral, by setting off the amount of cash against and/or applying it in discharge of the financial obligation;

2) sale or appropriation, i.e. retention of ownership of the financial instrument constituting the collateral (the collateral taker acquires the title to the financial instrument);

3) sale or appropriation, i.e. retention of the credit claim constituting the collateral (the collateral taker becomes the holder of the claim).

The collateral taker shall settle his claims through sale of the security collateral by offsetting the amount of cash proceeds from the sale of such collateral against, and/or using this amount in discharge of, the financial obligation.

The collateral taker shall settle his claims through appropriation of the security collateral – acquisition of title to the financial instrument and/or acquisition of the credit claim, by offsetting the value of the appropriated collateral against, and/or by applying this value in discharge of, the financial obligation.

The appropriation of the security collateral shall only be possible if the collateral taker and the collateral provider have explicitly agreed on such appropriation and the manner of collateral valuation in that case.

The collateral taker shall without delay return any excess security collateral remaining after the settlement of claims to the collateral provider. If otherwise, the collateral taker shall pay the prescribed default interest to the collateral provider for the period elapsed between the settlement date and the date the excess amount is returned.

The collateral taker shall, no later than the day following the day the claims are settled against the collateral, give a notification of the settlement of claims to the collateral provider and debtor under the financial obligation, if they are not the same person, which must contain information on the amount of the settlement and any excess amount referred to in paragraph 5 of this Article.

When settling the claims and/or valuing the collateral and calculating the financial obligation, the collateral taker shall act with the standard of care of a good expert, taking into account market circumstances.
Settlement of claims against acquired collateral

Article 16

Where the collateral taker has acquired the collateral under a financial collateral arrangement referred to in Article 2, paragraph 2 of this Law, and upon the occurrence of an enforcement event under Article 14 of this Law, the collateral taker shall no longer have the obligation to return to the collateral provider the collateral received or equivalent collateral but may settle his claim against the acquired collateral.

The settlement of claims of the collateral taker in the case of acquired collateral shall be subject to mutatis mutandis application of the provisions on the settlement of claims against security collateral referred to in Article 15, paragraphs 3 to 7 of this Law.

Close-out netting

Article 17

The financial collateral arrangement may lay down that, following the occurrence of an enforcement event in accordance with Article 14 of this Law, automatically or at request of a party:

1) mutual obligations in respect of one or more financial collateral arrangements shall be considered due and expressed as a pecuniary obligation, or shall be terminated and replaced by a new pecuniary obligation, in accordance with their estimated current value and/or the value determined as set out in the financial collateral arrangement; and/or

2) mutual claims and obligations of parties are netted (set off) under one or more financial collateral arrangements, so that the difference in the amount of claims (net amount) is payable by the party from whom the larger amount is due to the other party.

The valuation of collateral and the calculation of financial obligations in the case referred to in paragraph 1 of this Article shall be performed with the standard of care of a good expert, taking into account market circumstances.

The settlement of claims by netting, referred to in this Article, shall be subject to mutatis mutandis application of the provisions on the settlement of claims against security collateral referred to in Article 15, paragraphs 5 and 6 of this Law.

V. APPLICATION OF OTHER REGULATIONS TO THE FINANCIAL COLLATERAL ARRANGEMENT

Protection of the financial collateral arrangement in the event of bankruptcy, liquidation and reorganisation measures

Article 18

The rights and obligations arising from a financial collateral arrangement, including the provision, acquisition, change and realisation of collateral, shall be exercised freely regardless of the commencement/opening and implementation of bankruptcy and liquidation proceedings or reorganisation measures in respect of the collateral provider or the collateral taker.

The provisions of the financial collateral arrangement and the provision, acquisition or change of collateral under such arrangement may not be declared invalid or void on the sole basis that:

1) the financial collateral arrangement has come into existence or the collateral has been provided, acquired or changed prior to the issuance of an appropriate decision on the commencement/opening of bankruptcy or liquidation proceedings or reorganisation measures, and/or the taking of legal action regarding those proceedings, or in a prescribed period prior to the commencement/opening of bankruptcy or liquidation proceedings or the application of reorganisation measures in respect of such collateral provider or collateral taker;

2) the financial obligation arose before the day on which the collateral was provided, acquired or changed.
Where a financial collateral arrangement has come into existence or the collateral was provided, acquired or changed, or a financial obligation arose on the day of the commencement/opening of bankruptcy or liquidation proceedings or application of reorganisation measures, but after the moment of issuance of an appropriate decision on the commencement/opening of such proceedings or application of measures, the financial collateral arrangement and the provision, acquisition and change of collateral shall be legally enforceable and binding if the collateral taker can prove that he was neither aware nor ought to have been aware, of the commencement/opening of such proceedings or application of such measures.

The invalidation of legal transactions and actions of a bankruptcy debtor who is a collateral taker or collateral provider shall be subject to the provisions of the law governing bankruptcy, except where they conflict with the provisions of this Law.

The invalidation or nullification of certain provisions of a financial collateral arrangement relating exclusively to specific financial obligations shall not imply the nullification of the entire arrangement, while the netting of other obligations under the arrangement shall be carried out smoothly, in accordance with Article 17 of this Law.

Bankruptcy or liquidation proceedings, within the meaning of this Law, mean bankruptcy or liquidation proceedings or other proceedings for collective settlement of creditors’ claims and claims of shareholders or other members of the company from the debtor’s assets, regardless of whether such proceedings are voluntary or compulsory, conducted with the participation of a court or another competent authority.

Reorganisation measures, within the meaning of this Law, mean measures applied by a court or another competent authority intended to preserve or improve the financial situation of the debtor, where such measures affect the acquired rights of third parties, including in particular measures relating to prohibition or restriction of payments, discharge of obligations or a reduction of claims.

Relation to other regulations

Article 19

The collateral referred to in this Law may be agreed in accordance with this Law or another law regulating collateral.

Unless otherwise explicitly specified in an arrangement, the collateral referred to in this Law between entities referred to in Article 4 of this Law shall be considered agreed in accordance with this Law.

Issues not regulated by this Law which pertain to the financial collateral arrangement and the collateral referred to in this Law shall be subject to the provisions of the law regulating contracts and torts and to the provisions of other regulations, except where they conflict with the provisions of this Law.

The provisions of Articles 12 to 17 of this Law shall not prejudice the provisions of the law governing banks relating to the restructuring of banks and banking group, nor the National Bank of Serbia’s powers relating to the restructuring of a bank or banking group as laid down in that law, subject to which certain limitations may be set in relation to legal consequences of a financial collateral arrangement, realisation of collateral, close-out netting or in any other way, and the requirements for the realisation of collateral.

VI. IMPLEMENTATION OF PROVISIONS OF THIS LAW THAT GOVERN CLOSE-OUT NETTING TO OTHER FINANCIAL ARRANGEMENTS

Netting in other financial arrangements

Article 20

A financial arrangement may define events and circumstances (default on a due financial obligation or another similar event or circumstance relating to either party) upon the occurrence of which, automatically or at request of a party:

1) mutual obligations in respect of one or more financial arrangements shall be considered due
and expressed as a pecuniary obligation, or shall be terminated and replaced by a new pecuniary obligation, in accordance with their estimated current value and/or the value determined as set out in the arrangement; and/or

2) mutual claims and obligations shall be netted (set off) under one or more financial arrangements, so that the difference in the amount of claims (net amount) is payable by the party from whom the larger amount is due to the other party.

The financial arrangement referred to in paragraph 1 of this Article is a master or another agreement concluded in the manner and form customary in business practice, where the parties are entities referred to in Article 4 of this Law and from which a financial obligation arises for the debtor and the right to cash settlement and/or delivery for the creditor, or, as applicable, transfer of cash and/or financial instruments in accordance with law (financial transaction), namely:

1) financial derivative agreement within the meaning of the law governing the capital market (options, futures, swaps, interest forwards, etc.);

2) agreement on the purchase and sale or lending of securities, money market instruments and other financial instruments within the meaning of the law governing the capital market, as well as an agreement on other financial transactions the subject of which are these financial instruments;

3) agreement on a financial transaction concluded in the foreign exchange market in accordance with the regulations governing foreign exchange operations (FX forwards and FX swaps, etc.);

4) other financial agreements as defined in the list published by the National Bank of Serbia.

The provisions of Articles 6, 7 and 8 of this Law shall apply mutatis mutandis to cash and financial instruments subject to the financial transaction within the meaning of this Article.

Provisions of Article 17 of this Law shall apply mutatis mutandis to netting under financial arrangements referred to in paragraph 1 of this Article.

Commencement/opening and conducting bankruptcy and liquidation proceedings or implementation of reorganisation measures shall not affect the exercise of the right to netting referred to in paragraph 1 of this Article.

The protection of the right to netting in case of bankruptcy, liquidation or implementation of reorganisation measures against a party to a financial arrangement referred to in paragraph 1 of this Article shall be subject to mutatis mutandis application of the provisions of Article 18 of this Law.

If following the netting of mutual claims and obligations, in accordance with the financial arrangement under paragraph 1 of this Article, a bankruptcy debtor has not fully settled a financial obligation, the creditor may settle his claim against the debtor in the bankruptcy proceedings as a bankruptcy creditor.

VII. SUPERVISION

Supervision of implementation of the provisions of this Law

Article 21

The National Bank of Serbia shall supervise the implementation of the provisions of this Law by entities subject to its supervision under separate laws, in accordance with the provisions of such laws governing the supervisory powers of the National Bank of Serbia.

The Securities Commission shall supervise the implementation of the provisions of this Law by entities subject to its supervision under separate laws, in accordance with the provisions of such laws governing its supervisory powers.

The implementation of the provisions of this Law by entities not subject to the supervision referred to in paragraphs 1 and 2 of this Article shall be supervised by competent authorities in accordance with their powers governed by separate laws.

The supervisory authority referred to in this Article may set out in detail the conditions and manner
of supervision of implementation of the provisions of this Law within its remit.

VIII. PENALTY PROVISIONS

Offences

Article 22

A legal person shall be fined from RSD 100,000 to RSD 2,000,000 for an offence:

1) if it enters into a financial collateral arrangement and/or financial arrangement within the meaning of this Law, where it is not an entity referred to in Article 4 of this Law, with the intention to apply the provisions of this Law to that arrangement;

2) if it enters into a financial collateral arrangement and/or financial arrangement within the meaning of this Law as an entity referred to in Article 4 of this Law, with another party that is not an entity referred to in that Article, with the intention to apply the provisions of this Law to that arrangement;

3) if it enters into a financial collateral arrangement where the credit claim is the collateral, and the requirements referred to in Article 9, paragraph 5 of this Law are not met;

4) if, as the collateral taker, when performing settlement against the security collateral, it acts in breach of Article 15, paragraphs 4 and 6 of this Law;

5) if, by mutatis mutandis application of Article 15, paragraphs 4 and 6 of this Law, it fails, as the collateral taker, to act in accordance with those provisions when settling the claims against the acquired collateral (Article 16, paragraph 2);

6) if, by mutatis mutandis application of Article 15, paragraph 6 of this Law, a party in the financial collateral arrangement does not act in accordance with those provisions when settling the claims by netting (Article 17, paragraph 3);

7) if, by mutatis mutandis application of Article 17, paragraph 3 of this Law, a party in the financial arrangement does not act in accordance with the provisions of Article 15, paragraph 6 of this Law when settling the claims by netting (Article 20, paragraph 4).

For the actions referred to in paragraph 1 of this Article, a responsible person within a legal person shall also be fined ranging from RSD 20,000 to RSD 150,000.

For the actions referred to in paragraph 1 of this Article, an entrepreneur shall be fined ranging from RSD 30,000 to RSD 500,000.

Article 23

For the actions referred to in Article 22 of this Law, the National Bank of Serbia shall pronounce measures and fines to entities subject to its supervision under separate laws, in accordance with the provisions of such laws governing its supervisory powers.

For the actions referred to in Article 22 of this Law, the Securities Commission shall pronounce measures and fines to entities subject to its supervision under separate laws, in accordance with the provisions of such laws governing its supervisory powers.

IX. TRANSITIONAL PROVISION AND FINAL PROVISIONS

Arrangements concluded before the application date of this Law

Article 24

Arrangements concluded between entities referred to in Article 4 of this Law establishing the collateral within the meaning of this Law and/or financial arrangements within the meaning of Article 20 of this Law – not executed by the application date of this Law – shall be executed according to the regulations that were in force prior to the application date of this Law.
Repeal of provisions of the Law on Bankruptcy and Liquidation of Banks and Insurance Undertakings

Article 25

On the day of effectiveness of this Law, the provisions of Article 12 of the Law on Bankruptcy and Liquidation of Banks and Insurance Undertakings (RS Official Gazette, No 14/2015) shall cease to be valid.

Entry into force

Article 26

This Law shall enter into force on the eighth day following the day of its publication in the Official Gazette of the Republic of Serbia and shall apply as of 1 January 2019.