

Based on Article 23, paragraph 1, item 1) 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 and 106/2012), at the proposal of the Executive Board of the National Bank of Serbia, the Council of the Governor of the National Bank of Serbia hereby adopts

STATUTE OF THE NATIONAL BANK OF SERBIA

I. GENERAL PROVISIONS

Legal status

Article 1

The National Bank of Serbia shall be the central bank of the Republic of Serbia, performing the functions and tasks set forth by the Law on the National Bank of Serbia (hereinafter: the Law) and other law.

The National Bank of Serbia shall be a legal entity founded by the Republic of Serbia by law and shall not be entered in the register of legal entities.

The liabilities of the National Bank of Serbia shall be guaranteed by the Republic of Serbia.

Bodies

Article 2

Bodies of the National Bank of Serbia shall be:

- 1) the Executive Board of the National Bank of Serbia (hereinafter: the Executive Board);
- 2) the Governor of the National Bank of Serbia (hereinafter: the Governor);
- 3) the Council of the Governor of the National Bank of Serbia (hereinafter: the Council).

The scope of activity and mutual relations of the bodies of the National Bank of Serbia shall be determined by the Law.

Within its remit laid down by the Law, the Council may submit initiatives and proposals to the Executive Board, i.e. give recommendations and opinions.

Seat

Article 3

The seat of the National Bank of Serbia shall be in Belgrade, 12 Kralja Petra Street.

Name in international business correspondence

Article 4

In international business correspondence the National Bank of Serbia may use the English translation of its name that shall read as follows: "National Bank of Serbia".

Seal and stamp

Article 5

The National Bank of Serbia shall have its seal and stamp.

The seal of the National Bank of Serbia shall be round and shall bear the name of the Republic of Serbia, the name and seat of the National Bank of Serbia, as well as the Great Coat of Arms of the Republic of Serbia.

The stamp of the National Bank of Serbia shall be rectangular and shall bear the name of the National Bank of Serbia. It may also feature other elements.

The manner of use and safe custody of the National Bank of Serbia's seal and stamp, their number, type and features, as well as other matters appertaining thereto – shall be regulated by an internal general act of the National Bank of Serbia (hereinafter: internal general act).

Logo

Article 6

The National Bank of Serbia shall have its logo. The manner of use of the logo and features of its design shall be regulated by an internal general act.

II. ACTING ON BEHALF OF AND REPRESENTING THE NATIONAL BANK OF SERBIA

Acting on behalf of the National Bank of Serbia

Article 7

The Governor shall act on behalf of the National Bank of Serbia.

The Governor may authorise Vice-Governors of the National Bank of Serbia (hereinafter: Vice-Governors), managers in the National Bank of Serbia (hereinafter: managers) and other employees in the National Bank of Serbia (hereinafter: employees) to conclude certain legal transactions and/or take certain legal actions on behalf of the National Bank of Serbia.

The Governor may authorise Vice-Governors, managers and other employees to make decisions on certain rights and obligations of employees.

The Governor may authorise employees and persons who are not employed in the National Bank of Serbia to act on behalf of the National Bank of Serbia before courts and/or other bodies and organisations, as well as in matters relating to the protection of assets and other interests of the National Bank of Serbia in the country and abroad.

The authorisations under paragraphs 2 to 4 of this Article shall be rendered in writing, and shall set out the scope and content of the powers conferred.

Decision-making regarding administrative matters

Article 8

Administrative acts falling within the remit of the National Bank of Serbia shall be adopted by the Executive Board and the Governor, in accordance with their remits.

The Governor may authorise Vice-Governors, the Secretary General and employees managing the main organisational units of the National Bank of Serbia (hereinafter: main organisational units) and/or the Institute for Manufacturing Banknotes and Coins – Topčider (hereinafter: the Institute) to adopt certain administrative acts within the remit of the National Bank of Serbia, which are within the Governor's remit as laid down by law.

The authorisations under paragraph 2 of this Article shall be rendered in writing, and shall set out the scope and content of the powers conferred.

Representing the National Bank of Serbia

Article 9

The Governor shall represent the National Bank of Serbia in the country and abroad.

In accordance with their authorisations, Vice-Governors may also represent the National Bank of Serbia in the country and abroad.

The Governor may designate managers and other employees to represent the National Bank of Serbia in certain cases in the country and abroad.

If so authorised by the Governor in writing, and in accordance with the responsibilities they have been entrusted with, i.e. scope of activity of the organisational unit of the National Bank of Serbia (hereinafter: organisational unit) they manage, Vice-Governors, the Secretary General and employees managing the main organisational units and/or the Institute may designate managers and other employees to represent the National Bank of Serbia in certain cases in the country and abroad.

Facsimile signature

Article 10

If produced in standard format and in a large number of copies, acts of the National Bank of Serbia signed by the Governor, Vice-Governors and managers, may, instead of their signatures, bear their facsimile signatures.

The manner of creating, using and storing facsimile signatures, as well as other matters appertaining thereto, shall be regulated by an internal general act.

Specimen signatures

Article 11

The National Bank of Serbia shall obtain specimen signatures of the Governor, Vice-Governors, managers and other persons authorised to act on behalf of the National Bank of Serbia.

The manner, terms and procedure for obtaining specimen signatures from paragraph 1 of this Article and other matters relating to specimen signatures shall be regulated by an internal general act.

III. RESPONSIBILITIES OF VICE-GOVERNORS

Responsibilities that may be conferred upon Vice-Governors

Article 12

The Governor may confer upon Vice-Governors the responsibility of managing and coordinating certain activities from Articles 15, 17 and 18 of this Statute, except for activities which are prescribed to fall exclusively within the Governor's remit.

The Governor shall specify, by a written authorisation, the responsibilities from paragraph 1 of this Article which shall be conferred upon individual Vice-Governor.

Vice-Governors shall ensure lawful, professional and timely discharge of responsibilities conferred upon them, and shall be responsible for the adoption of acts and taking of activities under the remit of organisational units whose activities they manage and coordinate, and/or for omissions in operation of these organisational units.

For lawful, professional and timely discharge of responsibilities conferred upon them, Vice-Governors shall be accountable to the Governor, the Council and the National Assembly.

Vice-Governor acting in the place of the Governor

Article 13

At the beginning of his term of office, the Governor shall designate, by a special act, a Vice-Governor who shall act in his place with the same rights and duties when he is prevented from discharging his responsibilities.

During his term of office, the Governor may designate another Vice-Governor to act in his place when he is prevented from discharging his responsibilities.

IV. ORGANISATION OF OPERATIONS OF THE NATIONAL BANK OF SERBIA

Organisation of activities in the National Bank of Serbia

Article 14

Activities of the National Bank of Serbia prescribed by law and other regulation shall be performed in the main organisational units, the Institute and branches of the National Bank of Serbia (hereinafter: branches).

When needed, for the purpose of performing certain activities, the Governor may set up standing and temporary expert and advisory working

bodies (commissions, working groups, collegiums, committees, boards and other working bodies).

Organisation of activities in the main organisational units

Article 15

The following activities shall be performed in the main organisational units:

- 1) determining and implementing monetary policy;
- 2) implementation of exchange rate system and policy related activities, and management of foreign exchange reserves;
- 3) measures and actions aimed at maintaining and strengthening the stability of the financial system;
- 4) supervision of banking operations;
- 5) insurance supervision;
- 6) supervision of voluntary pension fund management companies;
- 7) supervision of financial leasing activities;
- 7a) supervision of the provision of payment services and issuance of electronic money;
- 7b) supervision of exchange and foreign exchange operations;
- 8) financial services consumer protection;
- 8a) resolution of banks and/or members of banking groups;
- 9) issue of banknotes and coins, and cash circulation management;
- 10) regulating and promoting smooth payment operations, i.e. smooth functioning of payment systems and supervision of payment system operators;
- 11) supervision of domestic and cross-border payment operations and supervision of the implementation of regulations on the prevention of money laundering and terrorism financing in financial institutions and other entities supervised by the National Bank of Serbia;
- 12) economic research and statistics;
- 13) research in the area of the National Bank of Serbia's supervisory function;
- 14) fiscal agency and other activities performed for the Republic of Serbia;
- 15) international cooperation;
- 16) cooperation of the National Bank of Serbia with foreign institutions and domestic bodies and institutions in charge of the supervision of financial operations;
- 17) activities relating to payment cards;
- 18) enforced collection;
- 19) internal audit;
- 20) activities of the Governor's Office;
- 21) legislative and legal activities;

- 22) compliance activities;
- 23) accounting and finance;
- 24) activities relating to information technology;
- 25) activities relating to human resources;
- 26) public procurements;
- 27) activities relating to security and safety, asset management, office administration and other general affairs;
- 28) other activities set out by law, unless they are within the remit of the Institute under this Statute.

The main organisational units may be departments and directorates or main organisational units of other name if this is more appropriate to the nature of activities they perform.

One or more activities from paragraph 1 hereof may be performed in the main organisational units, whereas certain activities may be performed in several main organisational units.

Divisions, units and services, or organisational units of other name, more appropriate to the nature of activities performed, may be set up within the main organisational units.

Title

(deleted)

Article 16

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Organisation of activities in the Institute

Article 17

The Institute shall be a specialised organisation within the National Bank of Serbia and shall not have legal personality.

The Institute shall operate under the name: National Bank of Serbia – Institute for Manufacturing Banknotes and Coins – Topčider.

The following activities shall be performed in the Institute:

1) manufacturing banknotes and coins issued by the National Bank of Serbia, in accordance with the Governor's decision;

1a) manufacturing commemorative coins and numismatic money, in accordance with the Governor's decision;

2) manufacturing statutory public documents, subject to the Governor's prior consent;

3) manufacturing banknotes, coins and public documents for foreign states and foreign legal entities, subject to the Governor's prior consent;

4) manufacturing securities, security paper and special material (printing material, tokens, medals, plaques and other material), subject to the prior consent of the Governor or a person authorised by the Governor;

5) manufacturing and personalising bank and other cards, subject to the prior consent of the Governor or a person authorised by the Governor;

6) other activities for the National Bank of Serbia and the Republic of Serbia, subject to the Governor's prior consent.

The control of the manufacturing of banknotes, coins, securities and other valuables issued by the National Bank of Serbia shall be carried out under terms and conditions prescribed by an act passed by the Governor.

The activities from paragraph 3, items 2) to 5) of this Article shall be performed by the Institute at agreed prices, approved by the Governor or a person authorised by the Governor.

The prices at which money referred to in paragraph 3, item 1a) of this Article and other products of the Institute are sold at business premises of the National Bank of Serbia shall be determined by the Governor or a person authorised by the Governor.

The terms and conditions of selling money and products referred to in paragraph 6 of this Article shall be regulated in more detail by an internal general act.

For the purpose of performing activities under paragraph 1 of this Article, departments, centres and divisions, or organisational units of other name, more appropriate to the nature of activities performed, may be set up within the Institute.

Production facilities and units, or organisational units of other name, more appropriate to the nature of activities performed, may be set up within organisational units from paragraph 8 of this Article.

Organisation of activities in branches

Article 18

The National Bank of Serbia shall have branches in Belgrade, Novi Sad, Niš, Kragujevac and Užice.

Activities related to currency and vault operations within cash circulation management, as well as the education of financial services consumers and

other activities determined by an internal general act shall be performed in branches.

For the purpose of performing activities under paragraph 2 of this Article, divisions and units, or organisational units of other name, more appropriate to the nature of activities performed, may be set up within branches.

Other organisational units may be set up within organisational units from paragraph 3 hereof.

Relations between organisational units of the National Bank of Serbia

Article 19

In carrying out the tasks within their scope of activity – the main organisational units, the Institute and branches, as well as all organisational units set up within the main organisational units, the Institute and branches, shall cooperate and exchange information, data and documents needed for carrying out their work.

The main organisational units, the Institute and branches, as well as all organisational units set up within the main organisational units, the Institute and branches, shall act upon the orders and instructions of the Governor, the relevant Vice-Governor or the Secretary General, and their higher-ranking managers from Article 22 of this Statute, in accordance with the established internal organisation of the National Bank of Serbia.

Managers

Article 20

Managers shall be the Secretary General and employees managing the main organisational units, the Institute and branches, as well as employees managing organisational units within the main organisational unit, the Institute or a branch.

Managers shall:

- 1) be responsible for lawful, professional and timely performance of tasks within the scope of activity of the organisational unit they manage;
- 2) identify, monitor and assess risk exposure in the performance of tasks within the scope of activity of the organisational unit they manage;
- 3) take measures to manage and/or mitigate the risks identified in the performance of tasks within the scope of activity of the organisational unit they manage;

4) be responsible for the establishment of procedures and instructions for the performance of tasks within the scope of activity of the organisational unit they manage;

5) establish appropriate systems of internal controls and maintain their adequacy and efficiency;

6) ensure cost-effective and efficient operation of organisational units.

Hiring, appointment and removal from office of managers shall be carried out by the Governor.

Secretary General

Article 21

The National Bank of Serbia shall have a Secretary General, who shall be appointed and removed from office by the Governor.

The Governor may confer upon the Secretary General the responsibility of managing and coordinating certain activities from Articles 15, 17 and 18 of this Statute, except for activities which are prescribed to fall exclusively within the Governor's remit and responsibilities conferred upon Vice-Governors pursuant to Article 12 of this Statute.

The Governor shall, by a written authorisation, specify the activities from paragraph 2 of this Article to be conferred upon the Secretary General.

In carrying out his responsibilities, the Secretary General shall act in accordance with the Governor's orders and instructions. For lawful, professional and timely discharge of his responsibilities, the Secretary General shall be accountable to the Governor.

Employees managing organisational units

Article 22

Employees managing the main organisational units, the Institute and a branch shall be accountable to the Governor and/or the Governor and competent Vice-Governor or the Secretary General, while employees managing organisational units set up within a main organisational unit, the Institute and a branch shall be also accountable to their higher-ranking managers.

A manager of the main organisational unit in charge of internal audit shall be appointed by the Council, based on a public vacancy notice.

Internal organisation act

Article 23

In accordance with the Law and provisions of this Statute, an internal general act shall regulate in more detail the internal organisation of the National Bank of Serbia, and in particular the names, mutual relations and the scope of activity of the main organisational units, the Institute, branches and organisational units set up within the main organisational units, the Institute and branches, managers, as well as the rights, obligations and responsibilities of managers.

Job classification

Article 24

Jobs performed by employees shall be classified by their nature, significance, complexity and responsibility.

In accordance with the provisions of this Statute, an internal general act shall regulate the job classification and the system of pay grades in the National Bank of Serbia, and in particular job positions, requirements regarding the level, degree and profile of education, specific knowledge and work experience, job requirements and the number of employees for each job position, as well as job evaluation criteria and other issues relating to job classification.

V. ORGANISATION AND MANNER OF PERFORMING SUPERVISION OF FINANCIAL INSTITUTIONS

Organisational units in charge of performing supervision of financial institutions

Article 25

Activities of supervision of financial institutions shall be performed by organisational units whose remit includes these activities.

The organisational units referred to in paragraph 1 of this Article shall perform the activities under that paragraph in accordance with separate laws governing the supervisory function of the National Bank of Serbia, regulations adopted based on those laws, other regulations, this Statute and internal general acts.

Manner of performing supervision of financial institutions

Article 26

The activities referred to in Article 25, paragraph 1 of this Statute shall be performed at the National Bank of Serbia in the manner ensuring operational independence of organisational units where these activities are performed, and their separation from other tasks and activities of the National Bank of Serbia, and preventing any conflict of interest.

In principle, the activities referred to in paragraph 1 of this Article shall be performed based on the on-site supervision plan, adopted by the Executive Board by no later than 31 December of the current year for the next year.

The organisational units referred to in paragraph 1 of this Article shall inform the Executive Board and the Governor about their activities at least once a month.

The Executive Board and the Governor may give to the organisational units referred to in paragraph 1 of this Article the guidelines and recommendations relating to the activities of supervision of financial institutions.

Titles

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Articles 27 and 28

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Va. ORGANISATION AND MANNER OF PERFORMING ACTIVITIES RELATING TO BANK RESOLUTION

Organisational unit for bank resolution

Article 28a

Activities relating to the resolution of banks and/or members of banking groups shall be performed by the main organisational unit in charge of such activities.

The organisational unit referred to in paragraph 1 of this Article shall perform the activities from that paragraph in accordance with the law

governing banks, regulations adopted based on that law, other regulations, this Statute and internal general acts.

Activities relating to the resolution of banks and/or members of banking groups shall be performed in the National Bank of Serbia in the manner ensuring their operational independence from other tasks and activities of the National Bank of Serbia, and preventing any conflict of interest.

To perform the activities referred to in paragraph 1 of this Article, the organisational unit from that paragraph shall cooperate and exchange data with the main organisational units whose remit includes supervision of financial institutions, in accordance with an internal general act.

In regard to activities falling under the National Bank of Serbia's remit determined by the law governing banks, an internal general act shall regulate in more detail which of these activities shall be performed by the organisational unit referred to in paragraph 1 of this Article, and which activities shall be performed by the main organisational unit in charge of bank supervision, in order to ensure clear division of responsibilities and prevent any conflict of interest in the discharge of supervision and bank resolution functions.

Reports of the organisational unit for bank resolution

Article 28b

The organisational unit referred to in Article 28a, paragraph 1 of this Statute shall report on its activities to the Executive Board and the Governor at least once a month.

The Executive Board and the Governor may issue to the organisational unit referred to in paragraph 1 of this Article guidelines and recommendations relating to the reports from that paragraph and its activities determined by this Statute and internal general acts.

VI. EMPLOYEE RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

Labour relations regime

Article 29

Employee rights, obligations and responsibilities arising from employment contracts shall be subject to the Labour Law, unless stipulated otherwise by the Law.

Entry into employment

Article 30

Employment with the National Bank of Serbia shall be based on an employment contract.

Entry into employment with the National Bank of Serbia shall take place in accordance with the National Bank of Serbia's needs.

An internal general act shall, in accordance with law, regulate in more detail the terms and procedure of entering into employment with the National Bank of Serbia.

Legality of work and responsibility of employees

Article 31

Employees shall carry out the responsibilities envisaged by the job positions to which they have been assigned in the National Bank of Serbia and shall act in accordance with law and other regulation, internal general acts and orders issued by their superiors in the National Bank of Serbia.

Education, training and professional development

Article 32

In the course of their work, employees shall engage in education, training and professional development with a view to performing their jobs better and more efficiently.

The National Bank of Serbia shall enable its employees to engage in education, training and professional development when required by the work process and the new method and organisation of work.

Matters relating to education, training and professional development of employees may be regulated in more detail by an internal general act.

Professional conduct

Article 33

In the discharge of their responsibilities, the Governor, Vice-Governors, members of the Council, managers and other employees may not be guided by political considerations.

In the discharge of their responsibilities, persons from paragraph 1 of this Article shall observe the highest standards of business conduct, demonstrate dedication and loyalty, avoid any conflict of interest or damage to the National Bank of Serbia's reputation, and comply with the obligation of data protection, secrecy and non-disclosure of confidential information.

An employee may, subject to prior written consent of the Governor, take on additional paid work and activities outside his working hours provided such work and activities do not constitute a conflict of interest and do not affect impartial performance of his tasks.

The rules of professional conduct for employees shall be regulated in more detail by an internal general act.

Title

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Article 34

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VII. Title

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Salaries and remunerations of the National Bank of Serbia's officials

Article 35

The salary of the Governor shall be 5.5 average salaries earned by employees in the prior month.

The salary of a Vice-Governor shall be 4.5 average salaries earned by employees in the prior month.

The remuneration of the president of the Council shall be 2.5 average salaries earned by employees in the prior month.

The remuneration of members of the Council shall be 2 average salaries earned by employees in the prior month.

Title*(deleted)***Article 36***(deleted)*

VIII. NORMATIVE ACTIVITY OF THE NATIONAL BANK OF SERBIA

Law proposals and drafts and opinions**Article 37**

The relevant main organisational units and the main organisational unit in charge of legislative and legal tasks, shall prepare, in mutual cooperation, proposals and drafts of laws in the remit of the National Bank of Serbia, in accordance with an internal general act.

The relevant main organisational units, in mutual cooperation and in cooperation with the main organisational unit in charge of legislative and legal tasks, shall prepare for the Governor opinions on proposals and drafts of laws and other regulations submitted to the National Bank of Serbia by other legislation proposing authorities, in accordance with an internal general act.

Regulations under the remit of the National Bank of Serbia**Article 38**

Regulations issued by the National Bank of Serbia for the purpose of the implementation of laws shall be decisions, unless otherwise determined by law or unless the nature of the subject matter governed by the regulation requires a different title (guidelines, rules, operational rules etc.).

For the purposes of implementing the regulation referred to in paragraph 1 of this Article and based on the special authority established in that regulation, the Governor shall issue guidelines, unless the nature of the subject matter governed by the regulation requires a different title (operational rules, instructions, methodologies etc.).

The proposals and drafts of regulations referred to in paragraph 1 of this Article shall be prepared by the relevant main organisational units, in mutual cooperation and in cooperation with the main organisational unit in charge of legislative and legal tasks, in accordance with an internal general act.

Internal general acts

Article 39

Internal general acts shall be rules and for the purposes of their implementation guidelines or decisions and/or other internal general acts shall be adopted, unless the nature of the subject matter governed by them requires a different title (policies, instructions, code books, methodologies etc.).

The rules referred to in paragraph 1 of this Article may authorise a manager to adopt internal general acts of lower legal power to govern specific issues for the purposes of implementing the rules.

An internal general act shall govern the manner of issuing and publishing of internal general acts.

IX. INTERNAL AUDIT

Organisational unit in charge of internal audit and the objective of internal audit

Article 40

Internal audit activities in the National Bank of Serbia (hereinafter: internal audit) shall be performed by the main organisational unit in charge of such activities (hereinafter: the Internal Audit).

The aim of internal audit shall be to assess the adequacy of risk management, as well as of control and governance of business processes, and/or to assess whether the system of internal controls is upgraded on an on-going basis and whether it functions in a way that provides reasonable assurance:

- 1) that the risks are appropriately identified, assessed and controlled;
- 2) that important financial and other information and reports are timely, accurate and reliable;
- 3) that the activities of the National Bank of Serbia are performed in compliance with law and other regulation, internal general acts, as well as with procedures and other acts;
- 4) that the National Bank of Serbia's assets are used effectively and efficiently and that they are adequately protected;
- 5) that the objectives and plans of organisational units are implemented.

An internal general act shall regulate in more detail internal audit activities and the manner of their performance, the audit subject matter, as well as the powers, obligations and responsibilities of the Internal Audit and other organisational units, including the Institute and branches, with respect to the performance of internal audit.

Performance of internal audit

Article 41

The Internal Audit shall have the authority to perform internal audit of all business processes and activities, and of the method of organisation of activities in each organisational unit, including the Institute and branches.

The Internal Audit shall have access to all data and documents of organisational units needed for carrying out internal audit and other activities within its scope of activity, as well as the right to carry out direct insight into them.

The Internal Audit shall issue recommendations for the elimination of deficiencies identified during the audit.

The manager of the Internal Audit may directly address the Governor, Vice-Governors and Secretary General in order to obtain data, documents and information necessary for the conduct of internal audit.

The manager of the Internal Audit may directly address the Council in order to consider matters important for the conduct of internal audit.

Annual internal audit plan

Article 42

The Internal Audit shall carry out its activities in accordance with the annual internal audit plan.

The Internal Audit shall prepare a proposal of the plan from paragraph 1 of this Article for the next year and submit it to the Governor by no later than 31 October of the current year.

The Governor shall submit to the Council the proposal of the plan from paragraph 1 of this Article for the next year by no later than 30 November of the current year.

The Council shall adopt the plan from paragraph 1 of this Article for the next year by no later than 31 December of the current year.

The plan from paragraph 1 of this Article shall in particular specify the organisational units in which internal audit shall be carried out, the operations subject to audit, audit dynamics, and advisory activities.

Internal audit reports

Article 43

The Internal Audit shall submit internal audit reports to the Governor.

The Internal Audit shall submit quarterly internal audit reports to the Council for consideration.

Following consideration of the reports referred to in paragraph 2 of this Article, the Council may issue instructions and/or guidelines to the Internal Audit relating to its activities in the next reporting period.

The Council may request *ad hoc* internal audits if it learns on the basis of the reports referred to in paragraph 2 hereof or otherwise about deficiencies or irregularities in financial reporting, risk management or internal controls systems in the National Bank of Serbia and/or deficiencies or irregularities in the performance of other activities relating to its remit.

A special report shall be submitted to the Council on internal audit performed on an *ad hoc* basis.

X. COMPLIANCE

Responsibility, objectives of the compliance function and organisational unit in charge of compliance

Article 44

All employees, and in particular the Governor, Vice-Governors and managers, shall be responsible for the compliance of the National Bank of Serbia's operations with law, other regulations and internal general acts.

Objectives of the compliance function in the National Bank of Serbia (hereinafter: compliance) are the following:

- 1) compliance of the National Bank of Serbia's internal general acts, individual acts and procedures with law, other regulation and internal general acts;
- 2) efficient compliance risk management;
- 3) improvement of ethical and professional standards of employee conduct;
- 4) acquainting employees with law, other regulations and internal general acts and their application, i.e. with the rights and obligations of employees arising from those regulations and/or acts;
- 5) protecting reputation of the National Bank of Serbia and strengthening confidence in the National Bank of Serbia.

Compliance activities shall be performed by the main organisational unit in charge of compliance matters.

The organisational unit from paragraph 3 of this Article shall have access to all data and documents of other organisational units needed for carrying out the tasks within its scope of activity, as well as the right to carry out direct insight into them.

Compliance, as well as other issues relating to the performance of compliance activities, shall be regulated in more detail by an internal general act.

Compliance reports

Article 45

The organisational unit from Article 44, paragraph 3 of this Statute shall submit compliance reports to the Governor, in accordance with the internal general act from paragraph 5 of that Article.

The organisational unit from paragraph 1 of this Article shall submit semi-annual compliance reports to the Council for consideration.

Xa. OVERSIGHT OF FINANCIAL REPORTING AND INTERNAL CONTROLS SYSTEMS AND AUDIT PROCESSES IN THE NATIONAL BANK OF SERBIA BY THE COUNCIL

Audit Committee

Article 45a

The Council shall oversee financial reporting and internal controls systems in the National Bank of Serbia as well as the performance of external and internal audit in the National Bank of Serbia, in accordance with the Law.

In order to ensure more efficient performance of the Council's functions referred to in Article 23, paragraph 1, items 5) to 13) of the Law, the Audit Committee shall be set up as a standing working body of the Council.

The Audit Committee shall consist of three members of the Council.

The members of the Audit Committee shall be elected by the Council, at the proposal of the president of the Council.

The Council may, at the proposal of the Audit Committee, issue general acts to regulate in more detail the manner of performing the oversight referred to in paragraph 1 hereof.

Scope of activity of the Audit Committee

Article 45b

The Audit Committee shall make prior consideration of all matters coming under the Council's remit that relate to financial reporting, risk management and internal controls systems in the National Bank of Serbia, including in particular the financial plan, financial statements and accounting policies and procedures of the National Bank of Serbia, appointment of external auditor and performance of external audit, appointment of manager of the Internal Audit and performance of internal audit, and compliance in the National Bank of Serbia.

The Audit Committee may discuss, take positions and issue proposals to the Council regarding the matters referred to in paragraph 1 hereof, but it may not take decisions upon such matters.

Organisation and manner of work of the Audit Committee

Article 45c

The meetings of the Audit Committee shall be held as often as deemed necessary, but no less than four times a year.

In order to obtain data, documents and information necessary for the performance of activities referred to in Article 45b of this Statute, the Audit Committee may directly address the Governor, Secretary General and manager of the Internal Audit.

The Audit Committee may cooperate directly with the external auditor and representatives of the State Audit Institution.

The Audit Committee shall periodically report on its activities to the Council.

The organisation and manner of work of the Audit Committee, manner of convening and holding meetings, matters to be discussed at meetings and other issues relating to the work of this committee shall be regulated in more detail by the rules of procedure of the Audit Committee, issued by the Council.

XI. REPORTS OF THE NATIONAL BANK OF SERBIA

Monetary policy reports

Article 46

By no later than 30 June of the next year, the National Bank of Serbia shall submit to the National Assembly its annual monetary policy report, explaining all the factors that affected the implementation of monetary policy.

By no later than 30 September of the current year, the National Bank of Serbia shall submit to the National Assembly its semi-annual monetary policy report, explaining all the factors that affected the implementation of monetary policy.

The reports from paragraphs 1 and 2 of this Article shall contain data and analyses of the monetary policy strategy, macroeconomic developments (the international environment, balance of payments movements, the country's international investment position, external debt, movements in monetary aggregates, prices, wages and employment, and other macroeconomic movements), monetary policy defined and monetary policy implemented (defined vs. achieved monetary policy objectives, monetary policy instruments and measures applied, and other monetary policy-related issues), as well as outline the monetary policy planned.

Financial stability report

Article 47

By no later than 30 June of the next year, the National Bank of Serbia shall submit to the National Assembly its annual financial stability report.

The report from paragraph 1 of this Article shall contain data on the situation in the financial system and assessment of the impact of the macroeconomic environment on such situation, setting out the measures and actions taken and planned for the purposes of maintaining and strengthening the stability of the financial system.

The report from paragraph 1 of this Article shall also analyse and assess systemic risks in the financial system, and present data on major changes in the structure of sectors within the financial system (banks, insurance companies, voluntary pension fund management companies and leasing providers), and other data.

Data from paragraph 3 of this Article shall be presented on an aggregate basis or by a specific group of entities within the financial system.

Report on activities and results

Article 48

By no later than 30 June of the next year, the National Bank of Serbia shall submit to the National Assembly the annual report on its activities and results.

The report from paragraph 1 of this Article shall present data on the achievement of the National Bank of Serbia's objectives and the performance of its tasks, notably tasks concerning monetary and foreign exchange policies, foreign exchange reserve management, measures and activities aimed at maintaining and strengthening financial system stability, bank supervision, resolution of banks and/or members of banking groups, insurance supervision, voluntary pension fund management company supervision, financial leasing supervision, supervision of the provision of payment services and issuance of electronic money, supervision of exchange and foreign exchange operations, issue of banknotes and coins and cash circulation management, and the payment system.

The report from paragraph 1 of this Article shall also contain financial statements of the National Bank of Serbia, showing the most important income and expense items, including assets, liabilities and capital, followed by data on the National Bank of Serbia's institutional framework, the National Bank of Serbia's legislative and legal activity, international cooperation, financial services consumer protection, payment cards, internal audit and information technology, internal organisation and staff policy, human resources, operations of the Institute and branches of the National Bank of Serbia, as well as data on other activities of the National Bank of Serbia.

The report referred to in paragraph 1 of this Article shall also contain data on investments aimed at environmental protection, activities planned for the next year, and important events after the end of the business year that the report refers to.

Financial statements of the National Bank of Serbia

Article 49

Annual financial statements of the National Bank of Serbia (hereinafter: annual financial statements) shall be compiled in accordance with the law on accounting and auditing and the International Accounting Standards, i.e. International Financial Reporting Standards.

For information purposes, the Council shall submit to the National Assembly the annual financial statements, along with the external auditor's report, by no later than 30 June of the next year.

The National Bank of Serbia shall publish its annual financial statements in the RS Official Gazette within a month from their submission to the National Assembly.

Report on the Council's work

Article 50

The Council shall submit a report on its work to the National Assembly as often as deemed necessary, but no less than twice a year.

The Council shall submit to the National Assembly the first report on its work by no later than 30 April of the current year – for the period from 1 July to 31 December of the previous year, and the second report by no later than 30 October of the current year – for the period from 1 January to 30 June of the current year.

XII. TRANSPARENCY AND DISSEMINATION OF INFORMATION

The manner of informing the public

Article 51

The National Bank of Serbia shall inform the public by issuing oral and written information, issuing press releases to the media, holding regular and extraordinary press conferences, issuing publications, and making public the reports from Articles 46 to 50 of this Statute.

The manner in which the National Bank of Serbia informs the public may be regulated in more detail by an internal general act.

Public statements

Article 52

Public statements about activities of the National Bank of Serbia shall be given by the Governor and Vice-Governors.

Employees may give public statements subject to prior consent of the Governor.

Information papers, bulletins and other publications

Article 53

For the purposes of informing the public and its employees, the National Bank of Serbia may issue information papers, bulletins and other publications in electronic and/or written form.

The concept of information papers, bulletins and other publications, as well as the terms of their issue, shall be determined by the Governor, in accordance with regulations.

Website and intranet

Article 54

The National Bank of Serbia shall have its website at: www.nbs.rs.

For the needs of its operations, the National Bank of Serbia may have other websites as well.

For the purposes of informing employees, the National Bank of Serbia shall have an intranet site.

The basic content and other issues relating to the website and intranet site from paragraphs 1 to 3 of this Article shall be regulated by internal general acts.

XIII. DATA PROTECTION AND SECURITY OF INFORMATION IN THE NATIONAL BANK OF SERBIA

Data secrecy

Article 55

Secret data in the National Bank of Serbia are data determined as such by the Law, as well as other data arising from the National Bank of Serbia's operation, determined as secret by law or an internal general act as their

disclosure to unauthorised persons may jeopardise the achievement of objectives and performance of functions of the National Bank of Serbia.

Officials and employees of the National Bank of Serbia shall keep data secret irrespective of the way they learned about them, and the obligation shall continue even after the termination of their employment or engagement in the National Bank of Serbia.

An internal general act shall specify data and documents classified as secret, as well as the manner of their keeping, protection and handling, and the procedure for establishing the level of secrecy and/or confidentiality of such data and documents, in accordance with law.

Information security

Article 56

The Governor, Vice-Governors and managers shall be responsible for the establishment, maintenance and implementation of an effective and reliable information security management system in the National Bank of Serbia.

All employees shall be responsible for the implementation of an effective and reliable system from paragraph 1 of this Article.

Employees shall refrain from disclosing unofficial information relating to the tasks and activities of the National Bank of Serbia.

The terms and conditions of establishing, maintaining and implementing the system from paragraph 1 of this Article shall be regulated in more detail by an internal general act.

XIV. DOCUMENT MANAGEMENT IN THE NATIONAL BANK OF SERBIA

Document management system

Article 57

The Governor, Vice-Governors and managers shall be responsible for the establishment of an efficient and secure document management system in the National Bank of Serbia.

An internal general act shall regulate the receipt, opening, examination and classification of mail delivered to the National Bank of Serbia, registering and recording of documents and files, referring of documents to relevant

employees and their administrative-technical processing, dispatching of mail from the National Bank of Serbia, archiving and keeping of documents and files, managing archived documents and files by administrative offices, as well as other matters relevant for the document management system in the National Bank of Serbia.

Archive records

Article 58

In accordance with regulations, the National Bank of Serbia shall ensure proper care of archival records, and/or documentary material originated in the operations of bodies and organisations legally succeeded by the National Bank of Serbia, as well as of other archival records, and/or documentary material in its possession.

Archival records, and/or documentary material from paragraph 1 of this Article shall be made available to third parties under terms and conditions prescribed by law, other regulation and internal general acts.

The handling of archival records and/or documentary material from paragraph 1 of this Article shall be prescribed by an internal general act.

XV. TRANSITIONAL AND FINAL PROVISIONS

Timeframe for harmonisation of internal general acts

Article 59

Internal general acts shall be harmonised with provisions of the Law and this Statute within three months from the date of entry into force of the Statute.

Commencement of operation of the Supervision Administration

Article 60

The Supervision Administration shall start to perform the activities within its remit determined by the Law from the date of entry into force of this Statute.

From the date of entry into force of this Statute, the organisational units which, in accordance with internal general acts, perform activities falling within the National Bank of Serbia's tasks from Article 4, items 4) to 7) of the

Law, shall become organisational units of the Supervision Administration by the date of entry into force of the internal general act from Article 23 of the Statute.

Repeal of the Statute of the National Bank of Serbia

Article 61

The Statute of the National Bank of Serbia (RS Official Gazette, No 71/2010) shall be repealed from the date of entry into force of this Statute.

Entry into force

Article 62

This Statute enters into force on the eighth day following its publication in the RS Official Gazette.

Separate articles of the Decision on Amendments and Supplements to the Statute of the National Bank of Serbia (RS Official Gazette, No 18/2015)

Article 18

The internal general act referred to in Article 14 of this Decision shall be adopted by 20 March 2015.

Internal general acts shall be harmonised with the provisions of the Law on Amendments and Supplements to the Law on the National Bank of Serbia (RS Official Gazette, No 14/2015) (hereinafter: the Law) and this Decision within three months from the day of entry into force of this Decision.

Article 19

Employees with special authorities determined by the Decision on Determining Employees with Special Authorities in the National Bank of Serbia (G. No 5611 of 21 August 2013) shall keep their rights and obligations determined by internal general acts adopted before the day of entry into force of the Law until the harmonisation of these acts with the Law and this Decision.

Employment contracts and individual acts determining the rights and obligations of employees referred to in paragraph 1 of this Article shall be

harmonised with the provisions of the Law and this Decision within three months from the day of entry into force of this Decision.

Article 20

The organisational unit for resolution referred to in Article 14 of this Decision shall start to perform activities relating to the resolution of banks and/or members of banking groups determined by this Decision and internal general acts on 1 April 2015.

Article 21

This Decision enters into force on 21 February 2015.

Separate articles of the Decision on Amendments and Supplements to the Statute of the National Bank of Serbia (RS Official Gazette, No 72/2015)

Article 6

The rules of procedure of the Audit Committee shall be adopted within two months from the day of entry into force of this Decision.

The internal general acts and rules of procedure of the Council of the Governor of the National Bank of Serbia shall be harmonised with the provisions of this Decision within one month from the day of entry into force of this Decision.

Article 7

The members of the Audit Committee shall be appointed within two months from the day of entry into force of this Decision.

Article 8

This Decision enters into force on 27 August 2015.

***Separate articles of the Decision on Amendments and Supplements to
the Statute of the National Bank of Serbia
(RS Official Gazette, No 50/2018)***

Article 33

Internal general acts shall be harmonised with the provisions of the Law on Amendments and Supplements to the Law on the National Bank of Serbia (RS Official Gazette, No 44/2018) and this Decision within 30 days of the day of entry into force of that Law.

Article 34

This Decision repeals the Decision on Administrative Acts under the Remit of the Administration for Supervision of Financial Institutions (G. No 5266 of 2 August 2013 and G. No 9752 of 14 November 2017) and Decision G. No 1427 of 13 March 2013, which temporarily governs the rights and obligations of the Director of the Administration for Supervision of Financial Institutions.

Article 35

This Decision enters into force on 30 June 2018. Article 7, paragraph 1 and Article 29, paragraph 1 of this Decision shall apply as of 1 January 2019.