

REGULATORY INTELLIGENCE

COUNTRY UPDATE-Serbia: Securities & Banking

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**INTRODUCTION**

Having undergone a significant transformation in the past few decades, Serbia is now widely recognised as an attractive destination for investment opportunities, both for domestic and foreign investors. This article provides a general overview of the current state of the Serbian securities and banking sector, through a regulatory framework.

I SECURITIES**Overview**

The capital market in the Republic of Serbia has transitioned from the limitations of socialism to the dynamics of a modern trading market. Namely, as of the late 20th century, the country went through an economic restructuring, implementing a series of reforms aimed to release from its centrally planned economy and develop its capital market.

Today, the regulation and oversight of securities in the Republic of Serbia are managed by several key entities, each with specific responsibilities aimed at ensuring the integrity and efficiency of the capital market. Serbia's capital market is primarily regulated by the Capital Market Act (which adoption was preceded by the adoption of a Strategy for Capital Markets Development for the period 2021-2026), and related by-laws, while the main regulatory authority in this domain is the Securities Commission of the Republic of Serbia.

Besides the Securities Commission, other entities that play a role in Serbia's capital market are the Belgrade Stock Exchange and the Central Securities, Depository and Clearing House. The following section outlines the key regulators and provisions from the most significant laws pertinent to the securities domain in the Republic of Serbia.

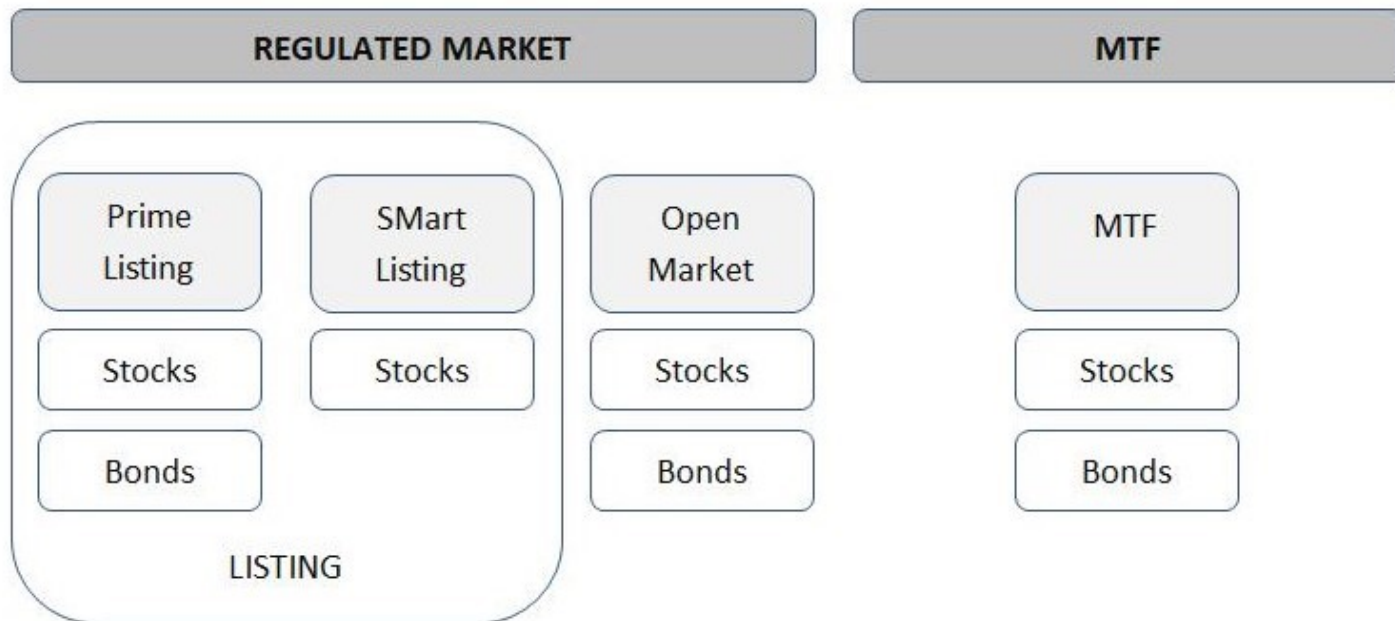
Regulatory framework: regulators**1. Securities Commission**

The Securities Commission of the Republic of Serbia ("Securities Commission" or "SC") is the main regulatory authority for the securities market. It is responsible for supervising and regulating the activities of market participants, including the Belgrade Stock Exchange, the Central Securities Depository and Clearing House, the commercial banks, brokerage companies and public enterprises whose shares are traded on the Stock Exchange — in their operations on the securities market. The Securities Commission works to enforce compliance with securities laws, i.e., to maintain the proper functioning of the securities market, promote fair trading practices, ensure the integrity efficiency and transparency of the market, and protect the interests of investors.

2. Belgrade Stock Exchange

The Belgrade Stock Exchange ("BELEX") is the only stock exchange in the Republic of Serbia. It acts as a market operator within a regulated market and multilateral trading facility ("MTF"). Its activities include promoting capital market development, offering market data sales and licensing, providing investor education, and other tasks associated with a regulated market or MTF. The securities currently traded on the BELEX are shares and bonds (of the Republic of Serbia).





On the regulated market, securities may be included at the request of the issuer in one of the segments determined by the given request. The conditions for the inclusion of securities in the listings of the regulated market and the obligations of the issuers included in the listing in connection with reporting, and other issues related to the listing, are regulated by the Rulebook on the Listing of BELEX 04/2 no. 4023/22.

Securities that do not meet the conditions for inclusion in the listing, or for which the issuer has opted for a segment of the regulated market other than the listing, shall be included in the Open Market, in accordance with the Rules and Regulations of the BELEX. If the securities do not meet the conditions for inclusion in any of the segments of the regulated market, the securities are included in the MTF BELEX.

3. Central Securities, Depository and Clearing House

The Central Securities, Depository and Clearing House (CSD) plays a crucial role in maintaining registries of financial instruments and facilitating clearing and settlement operations. The CSD maintains registers of financial instruments, records all transactions in financial instruments, records all transactions involving financial instruments and their holders, records the rights associated with these instruments, determines and assigns identification numbers to financial instruments, handles clearing and settlement operations based on concluded transactions with financial instruments, determines the balance of obligations and claims of CSD members and their clients after settling mutual obligations and claims, transfers financial instruments to CSD members' accounts, registers the third parties' rights on financial instruments, maintains electronic records of financial instruments, stores materialised securities, manages cash accounts of CSD members, and registers ownership of materialised securities in dematerialised form, among other duties.

Legislation

The Capital Market Act ("Official Gazette of the Republic of Serbia", no. 129/2021)

The financial market in Serbia is regulated predominantly by the new Capital Market Act ("Capital Market Act") the implementation of which commenced in January 2023. The provisions of the Capital Market Act aim to enhance the alignment of the local legal and institutional framework with the regulations governing financial instrument markets in the European Union (MiFID I, MiFID II, and other EU regulations). This is done in order to make the domestic market safer, more diversified, more transparent, and more attractive for investors. Additionally, the Capital Market Act seeks to expand the offer of quality financial instruments and clarify the conditions for access and trading on the domestic market.

The Capital Market Act structures the Serbian capital market as follows:

1. regulated market (stock exchange);
2. multilateral trading facility (MTF);
3. organised trading facility (OTF); and
4. over-the-counter market (OTC).

Only investment companies holding a license from the Securities Commission are permitted to engage in trading activities on a regulated market or MTF. Other individuals or entities can participate in these markets only through such licensed investment companies. Furthermore, only investment firms licensed by the Securities Commission are eligible to engage in intermediary transactions in an OTC market. The Securities Commission oversees the OTC market by supervising investment companies engaged in transactions of financial instruments on the OTC market.

The following section describes some of the legal institutions that were introduced by the Capital Market Act, i.e., that have undergone changes as a result of the adoption of the Capital Market Act.

Prospectus: overview

Securities offerings and trading in the Republic of Serbia require the prior publication of a prospectus, with exceptions prescribed by the Act. The prospectus is a disclosure document that provides information about an investment offering for sale to the public. This requirement applies to both public offerings and the admission of securities to trading on regulated markets or MTF, with certain exemptions prescribed by the Capital Market Act. The Capital Market Act establishes the basic principles and rules for compilation, approval and publishing of prospectuses during the public offering of securities or when engaging in trading on the regulated market. These rules ensure that investors are provided with the necessary information to enable them to make an investment decision and safeguard their interests. A public offering of securities with a total value of less than 1,000,000.00 euros in RSD equivalent at the National Bank of Serbia's exchange rate is exempt from the requirement to prepare a prospectus because the expense of doing so would be disproportionate to the expected revenue from the offer.

A prospectus must contain all essential information about the company and the securities offered. This includes financial information, the rights attached to the securities, the reasons for issuing securities and their impact on the company. The information must be clear and easy for investors to understand.

The competent authority for the examination and approval of prospectuses is the Securities Commission.

In the case of secondary issuances, the content of the prospectus is simplified and takes into account the information already published.

Reporting

The Capital Market Act improves the efficiency and transparency of the existing reporting system, particularly with regards to the publication of information on the ownership structure of the companies. The reporting cycle is annual, semi-annual and quarterly. If a public company's stocks are admitted to trading, it must compile and publish its annual report and submit it to the SC and the regulated market or MTF. A public company must prepare and publish semi-annual reports and submit them to the SC and the regulated market. A public company whose securities are listed on the regulated market's listing section must prepare quarterly reports, publish them and submit them to the SC and the regulated market. By way of exception, small and medium-sized enterprises are obliged to prepare annual and semi-annual financial statements.

Market participants and providers of delivery services

The Capital Market Act prescribes the criteria for the registration of new market participants such as, among others, **systematic internaliser** — an investment company that, without managing a multilateral system, in an organised manner, trades frequently and systematically on a significant scale on its own account, executing clients' orders outside the regulated market, MTF or OTF. In addition, the Capital Market Act regulates several categories of data delivery service providers:

1. the approved publication arrangement (APA) — a person authorised to provide trade report publication services on behalf of investment companies;
2. the consolidated trade data provider i.e., CTP — a person authorised to provide services to collect reports on trading in financial instruments from the regulated market, MTF, OTF and APA and to consolidate them into continuous electronic data streams on price and quantity in real time for each financial instrument individually;
3. the authorised reporting mechanism — a person authorised to provide services to submit reports on details of transactions to the Securities Commission on behalf and for the account of investment companies.

Market abuse

Market abuse, which includes activities involving financial instruments traded on regulated markets, MTFs, or OTC platforms, is strictly sanctioned by the Capital Market Act. The Capital Market Act empowers the Securities Commission with extended supervisory and investigative tools, including access to premises (of legal and natural persons) for the seizure of documents in cases of justified suspicion that there are documents and other data that could be relevant in proving insider trading information or market abuse. Preventive measures include the publication of the Securities Commission decisions in order to make market participants aware of the consequences of unlawful actions. In addition, criminal offences are prescribed in the event of market manipulation, the use, disclosure and recommendation of insider information and the unauthorised provision of investment services.

Small and medium-sized enterprises (SME)

The Capital Market Act also regulates the SME growth market as a special segment of MTF designed to facilitate access to capital for small and medium-sized enterprises. The market organiser may be registered as an SME growth market after fulfilling the requirements



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set out in the regulations, provided that at least 50% of the issuers whose financial instruments are included in trading on the MTP are small and medium-sized enterprises at the time of registration of the MTP as an SME growth market and in all subsequent calendar years.

Anti-money laundering

The Securities Commission has adopted multiple Guidelines for Money Laundering and Terrorism Financing Risk Assessment and implementation of the Law on Prevention of Money Laundering and Terrorism Financing for Entities Supervised by the Securities Commission. The guidelines aim to uniformly apply the provisions of the Law on Prevention of Money Laundering and Terrorism Financing to the following categories of supervised entities: (1) investment fund management companies; (2) broker-dealer companies; (3) authorised banks; (4) custodian banks — depositories; (5) audit firms and sole practitioners; (6) digital asset service providers offering digital token-related services; as well as (7) Central Securities, Depository and Clearing House. The main task of the CSD is to gather the specified data on the knowledge and monitoring of the business activities of its stakeholders, to assess whether and to what extent certain patterns of behaviour can be associated with criminal activities and to take all necessary measures to report suspicious activities.

The Law on Takeover of Joint Stock Companies ("Official Gazette of the Republic of Serbia", nos. 46/2006, 107/2009, 99/2011 and 108/2016)

The Law on Takeover of Joint Stock Companies ("Takeover Law") thoroughly regulates the takeover bid procedure, protects minority shareholders of a target company and creates equal conditions for the participants in a takeover bid. Overall, the Takeover Law aims to provide a comprehensive framework for the takeover process of joint stock companies in the Republic of Serbia, ensuring transparency, fairness and legal compliance. The Takeover Law applies to any takeover of joint stock companies that have a registered seat in the territory of the Republic of Serbia, provided that shares issued by such a company are traded on the regulated market or MTF in the Republic of Serbia or that have more than 100 shareholders on each last day of three consecutive months and share capital of more than 3,000,000.00 euros in RSD counter value.

According to the Takeover Law, a takeover bid may be (a) compulsory or (b) voluntary. A person (legal or natural) is obliged to publish a takeover bid when a person directly or indirectly, acting independently or jointly, acquires voting shares of the target company, so that:

- acquired shares, together with the shares in the target company, that the acquirer already holds exceed 25% of the total number of voting shares in the target company (the controlling threshold);
- after exceeding the controlling threshold and publishing the takeover bid, the acquirer, acting independently or jointly, directly or indirectly by acquiring voting shares, increases the percentage of voting rights by more than 10% (the additional threshold); and
- after exceeding the controlling threshold and publishing the takeover bid, the acquirer, acting independently or jointly, directly or indirectly by acquiring voting shares, increases the percentage of voting rights by less than 10%, if this acquisition exceeds the threshold of 75% of the voting rights (the final threshold).

This obligation does not apply to the acquirer in the event of a further acquisition of voting shares in the target company, which after the takeover bid published as above, owns at least 75% of the voting shares.

If the bidder is not obliged to publish a takeover bid under the Takeover Law, but nevertheless intends to publish it, it may only publish it under the conditions stipulated for the compulsory takeover bid. In this case, the bidder is obliged to publish the notice of intention for acquisition, it can no longer be withdrawn after publication. With the publication of this notice, the bidder is obliged to publish the takeover bid under the conditions determined by the Takeover Law. The provisions governing a compulsory takeover bid also apply to a voluntary takeover bid. From the date the notice of intention for acquisition is published until the date of publication of the report on the takeover, the bidder's shares and the shares of persons acting jointly with the bidder do not carry voting rights.

The Securities Commission supervises and administers the takeover procedure.

The Law on Digital Assets ("Official Gazette of the Republic of Serbia", no. 153/2020)

The Law on Digital Assets ("LDA") has established a legal framework for the market for digital assets in the Republic of Serbia. Among other things, the LDA regulates the issuance and secondary trade in digital assets, the provision of services related to digital assets, the right to pledge and the fiduciary right to digital assets, and also introduces special actions and measures for the prevention of money laundering and terrorist financing, in relation to digital property. The LDA does not apply to (1) transactions involving digital assets where such transactions occur solely within a limited network of persons who accept such digital assets (e.g., the use of digital assets for specific products or services as a form of loyalty or reward, without the ability to transfer or sell them); (2) the acquisition of digital assets through participation in the provision of a computer transaction confirmation service (mining). Mining is permitted, but the provisions of the LDA do not apply to property acquired in this way. However, persons who acquire property in this way (miners) may sell it through digital property service providers, in which case the LDA applies.

The government authorities in charge of overseeing the cryptocurrency industry in the Republic of Serbia are the Securities Commission and the National Bank of Serbia. The National Bank of Serbia is responsible for matters concerning virtual currencies as a type of digital asset. The Securities Commission has jurisdiction over both digital tokens as a type of digital asset, and digital assets with financial instrument features.



Other relevant laws applicable in securities domain are as follows:

- Company Law ("Official Gazette of the Republic of Serbia", nos. 36/2011, 99/2011, 83/2014 — other law, 5/2015, 44/2018, 95/2018, 91/2019 and 109/2021)
- Accounting Law ("Official Gazette of the Republic of Serbia", nos. 73/2019 and 44/2021 — other law)
- Law on Audit ("Official Gazette of the Republic of Serbia", no. 73/2019)
- Insurance Law ("Official Gazette of the Republic of Serbia", nos. 139/2014 and 44/2021)
- Bankruptcy Law ("Official Gazette of the Republic of Serbia", nos. 104/2009, 99/2011 — other law, 71/2012 — CC decision, 83/2014, 113/2017, 44/2018 and 95/2018)

II BANKING AND FINANCE SECTOR

Overview

The banking and financial sector in the Republic of Serbia plays a central role in the economic development and stability of the country, as financing through banking products (deposits and loans) is still the predominant way of financing and saving in the Republic of Serbia.

The following section highlights the most important regulatory bodies and legal provisions relevant to the Serbian banking and financial sector.

Regulatory bodies

The National Bank of Serbia ("NBS") serves as the central banking authority in the Republic of Serbia, operating with a mandate established and regulated by the Constitution of the Republic of Serbia ("Official Gazette of the Republic of Serbia" no. 98/2006). The status, organisation, mandate and functions of the NBS, as well as its interaction with other bodies of the Republic of Serbia and international financial organisations, are defined and regulated by the Law on the National Bank of Serbia ("Official Gazette of the Republic of Serbia" no. 72/2003, 55/2004, 44/2010 and 76/2012, 106/2012, 14/2015, 40/2015 and 44/2018) and the Law on Banks ("Official Gazette of the Republic of Serbia", no. 107/2005, 91/2010 and 14/2015). The NBS operates independently, but is subject to the supervision of the National Assembly, to which it is accountable for its work.

The tasks of the NBS include defining and implementing of the country's monetary and foreign exchange policy, managing foreign exchange reserves, maintaining financial stability, regulating the financial market, the payment system, supervising the banking system and overseeing institutions such as banks, leasing and insurance companies and voluntary pension funds (i.e., granting and withdrawing operating licences, permits and/or authorisations, supervising the legality of transactions, liquidity and capital issues of banks, leasing and insurance companies and funds, etc.). In addition, the NBS is responsible for consumer protection, enforcement of debt collection (by blocking debtors' bank accounts), issuing banknotes and coins, cash flow management, restructuring of banks and/or banking groups, statistics, and publication activities.

Alongside NBS, other regulatory authorities in this sector are Securities Commission, Central Securities, Depository and Clearing House and Serbian Business Registers Agency.

Relevant legal sources

The most important pieces of legislation regulating banking and financial sector are: the Law on Banks, Law on Foreign Currency, Law on Prevention of Money Laundering and the Financing of Terrorism, Insurance Law, Law on the Protection of Financial Service Consumers, Law on Payment Services, Law on Investments, Deposit Insurance Law, Law on Financial Leasing, Law on Voluntary Pension Funds and Pension Schemes and others. A number of resolutions and ordinances issued by the NBS further regulate the provisions and activities prescribed in the aforementioned laws. Below is a brief overview of some of the most important laws.

The Law on Banks ("Official Gazette of Republic of Serbia", nos. 107/2005, 91/2010 and 14/2015)

The Law on Banks ("Law on Banks") regulating banking institutions includes a wide range of provisions on their establishment, operation, organisational structure, management, control, restructuring and termination. Also, consideration is given to the subsequent application of the provisions of the Company Law to the matters of the banks' establishment, the liability of founders and other persons, the business name and registered office of the banks, the legal representatives and representation of the banks, individual and derivative lawsuits, etc.

According to the Law on Banks, banks can be established by domestic and foreign legal and natural persons exclusively in the form of a joint stock company and upon obtaining the approval of the NBS. As stipulated in the Law on the establishment of the bank, the monetary part of the bank's founding capital may not be less than 10,000,000.00 euros.

This law defines the business activities that can be carried out by banks:

- receiving and placing deposits;
- lending (granting and taking out loans);
- foreign exchange transactions and bills of exchange;
- payment transactions;
- issuing payment cards;



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- activities in connection with securities (issue of securities, custodian bank business, etc.);
- broker and dealer activities;
- issuance of securities, bill guarantees and other types of guarantees (guarantee business);
- purchase, sale and collection of receivables (factoring, forfaiting, etc.);
- insurance brokerage activities.

In addition, the acceptance of deposits is exclusive responsibility of the banks, while the granting of loans and the issuing of payment cards can be carried out by the banks unless other bodies are legally authorised to do so.

The bank's Assembly, Management Board and Executive Board constitute the basis of the bank's organisational structure in accordance with the Law on Banks. The bank is also obliged to establish a committee for monitoring the bank's operations (audit committee), a credit committee, and a committee for the management of assets and liabilities. The bank may also establish other committees.

In addition to granting approval for the establishment of banks, diagnostic examination, the NBS conducts supervision of the solvency and legality of the bank's operations in accordance with the Law on Banks and other laws under which the NBS is responsible for the supervision of banking operations. This supervision mainly includes the examination of reports and other documents submitted by the bank to the NBS. Furthermore, any deviation from the statutory rules of conduct of banks identified during the NBS inspection will result in the application of some of the following measures: sending a warning letter, issuance of orders and measures to eliminate the detected irregularities or in the worst case revoke the bank's operating licence.

Among other activities, the NBS prepares a restructuring plan for each bank to ensure continuity in the performance of critical functions of the bank, avoid significant adverse effects on the stability of the financial system, protect the budget and other public funds, protect depositors and investors, protect customer funds and other property, etc. The NBS updates restructuring plans at least once a year. The basic restructuring tools stipulated by the Law on Banks include the sale of shares, i.e., assets and liabilities, the transfer of shares, and/or assets and liabilities to a bridge bank, the separation of assets and the bail-in tool. The restructuring is carried out in accordance with the basic principles stipulated by the Law on Banks.

In the last part of the Law on Banks, the focus is primarily on the matter of termination of the bank's operations and penalty provisions. Namely, a bank's operating licence shall cease to be valid if:

- the bank's operating licence is revoked;
- the bank's operations are voluntarily terminated;
- the bank's status is changed;
- the bank's founding assembly meeting is not held within the timeframe set by the Law on Banks;
- the bank fails to submit the application for entry in the Business Registers Agency within the timeframe prescribed by this Law.

Law on Foreign Currency Transactions ("Official Gazette of the Republic of Serbia" nos. 62/2006, 31/2011, 119/2012, 139/2014 and 30/2018)

The main focus of this law is as follows: payments, collections, and transfers between residents and non-residents in foreign currency and dinars and between residents in foreign currency, purchase and sale of means of payment between residents and non-residents, as well as purchase and sale of foreign currency between residents, current and deposit accounts of residents abroad and residents and non-residents in the Republic of Serbia, unilateral transfers of means of payment from and to the Republic of Serbia and credit facility transactions in the Republic executed in foreign currency and international credit facility transactions.

All the payments, collections, and transfers under current transactions between residents and non-residents shall be executed freely, unless this law specifically regulated otherwise. The aforementioned principle also applies to capital transactions, transfer of funds from accounts abroad, and transactions with securities.

In accordance with this law, the following payments and transfers may be carried out without restrictions in the course of current business transactions:

- payments in the context of foreign trade transactions and other current foreign trade transactions in accordance with the Foreign Trade Act;
- payments in connection with the repayment of part of the principal and interests on loan facilities;
- return of investment funds, as well as transfer abroad and repatriation of profit from direct investments;
- transfers in favour of natural persons with regards to pensions, disability pensions, and other social contributions, transfers with regard to taxes and fees, interstate cooperation, liquidated damages with regards to the insurance contract, transfer with regard to valid and enforceable decisions, transfers with regard to gains from lotteries, concession compensations, etc.

In addition, residents' external deposit operations and non-residents' deposit operations in the Republic of Serbia can be performed without any restrictions. Namely, the bank shall keep foreign currency on the accounts of banks abroad without any restrictions and the non-resident may keep foreign currency and dinars on the account with a bank without restrictions.



In the event of excessive inflow or outflow of capital from the Republic of Serbia which threaten to cause serious difficulties in the implementation of monetary and exchange rate policy, the government may, at the proposal of the NBS, adopt some necessary protective measures in matters regulated by this law.

All the activities regulated by this law are subject to foreign currency supervision by the NBS, the Customs Authority, and/or other competent bodies that have the right to request, for the purpose of verification, all documents on foreign currency operations and other necessary documents.

Law on the Protection of Consumers of Financial Services ("Official Gazette of Republic of Serbia ", No. 36/2011 and 139/2014)

This Law primarily regulates legal protection and rights for all consumers of financial services provided by banks, financial lessors and vendors. Additionally, it regulates the conditions and manner of exercising and protecting the rights of these persons.

The basic elements and content of the loan agreement, the leasing agreement, the agreement on the issue and use of a payment card, the deposit agreement and the agreement on an authorised overdraft are stipulated in this Law.

It is also interesting to note that this law grants consumers the right to withdraw from a credit agreement, an agreement for an authorised overdraft facility, an agreement for the issue and use of a credit card, a leasing agreement and a financing agreement within 14 days of the date of conclusion of the agreement without giving reasons. On the other hand, when it comes to credit agreement secured by a mortgage and agreements the subject-matter of which is the purchase and/or financing of purchase of real estate, the withdrawal is possible only if the consumer has not started to use the credit and/or financing.

Any consumer who considers that the provider of financial services has not complied with this law or has breached the terms of the contract concluded with the consumer has the right to submit a written complaint to the provider. If the consumer is not satisfied with the provider's response or if the reply is not submitted within the deadline prescribed by law, the consumer has the right to submit a written complaint to the NBS. The consumer also has the right to judicial protection.

Law on Investments ("Official Gazette of the Republic of Serbia" nos. 89/2015 and 95/18)

This Law on Investments contains very important provisions for domestic and foreign natural and legal persons on the possible ways of investing in the Republic of Serbia, as well as setting out who are the bodies that support investments in the Republic of Serbia, and what is the role of Council for Economic Development and the Development Agency in Serbia's economic development.

As stipulated by the Law on Investments and the Constitution of the Republic of Serbia, investors enjoy the freedom of investing and the investors who are foreign legal or natural persons, in terms of their investments, enjoy in all equal status and have the same rights and obligations as domestic investors. Also, none of the investments shall be subject to expropriation.

The main subjects that support investments in the Republic of Serbia are:

- Economic Development Council;
- Ministry of Economy;
- Development Agency of Serbia;
- Authority of the autonomous province or organisation entrusted with public authority at the level of the autonomous province, for investments which, in accordance with this Law on Investments, are decided by the competent authority of the autonomous province;
- Unit of local government through the unit for local economic development and investment support.

The Ministry of Economy of the Republic of Serbia supervises the implementation of this Law.

Law on the Prevention of Money Laundering and the Financing of Terrorism ("Official Gazette of Republic of Serbia", nos. 113/2017, 91/2019, 153/2020 and 92/2023)

Some of the most important matters regulated by this law are actions and measures for the prevention and detection of money laundering and terrorism financing, as well as the competence of the Administration for the Prevention of Money Laundering and the competence of the other authorities for implementing this law.

Money laundering, as stipulated by the Law refers to:

- the conversion or transfer of assets acquired through the commission of a criminal offence;
- concealment or misrepresentation of the true nature, origin, location, movement, ownership or rights in connection to the property acquired through the commission of a criminal offence;
- acquisition, possession, or use of property acquired through the commission of a criminal offence.

By this law, terrorism financing is defined as providing or collecting of property, or the attempt to do so, with the intention of using it, or in the knowledge that it may be used, in full or in part:

- to carry out a terrorist act;
- by terrorists;
- by terrorist organisations.



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The Law on the Prevention of Money Laundering and the Financing of Terrorism also defines the obligations of financial institutions in monitoring transactions, reporting suspicious transactions, implementing measures to prevent abuse of the financial system, sanctions for violation of regulations, measures for strengthening cooperation between national and international institutions in these areas, etc.

In November 2023, minor amendments to the Law on the Prevention of Money Laundering and the Financing of Terrorism were made, but these do not affect the core of this law.

CLOSING REMARKS

With the adoption of the new Capital Market Act, the Republic of Serbia has created a basis for the modernisation of the capital market, opening the way for greater efficiency, transparency and investor confidence in the country's financial environment. However, the improvement of the regulatory framework for the further development of the capital market of the Republic of Serbia is not yet completed, as new changes are expected in the area of the capital market, all in line with the adopted Strategy for Capital Markets Development for the period 2021-2026.

As far as the banking sector is concerned, it should be noted that the commercial operations are still the main business of banks in the Republic of Serbia. Not many changes have been made to the legal framework of the banking sector in the last year. Regardless, there are many indicators that the Serbian banking system is a good place for investment and cooperation, such as a free market, service for a fee that is lower than in most banks in the European Union, and many other legal advantages.

This country profile is kindly provided by [Jelena Pejovic](#) and [Suzana Pavlovic](#), attorneys at law, in cooperation with [Rokas Law Firm](#).

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