

Presentation



BOJOVIĆ · DAŠIĆ · KOJOVIĆ
Advokati / Attorneys at Law

**Corporate Bonds in Serbia-Legal
Framework**

Tijana Kojović, Managing Partner

Belgrade, 8 February 2011.

Bonds – general

- Corporate bonds may be issued by joint stock companies, as well as by limited liability companies
- Convertible bonds may be issued only by joint stock companies (minimum deadlines for conversion prescribed by the Companies' Act and the Securities Act are not harmonized)
- Only joint stock companies may offer bonds via public offer

Issuance

- Public offer v. private placement
- Advantages of private placement:
 - Simpler and less expensive procedure
- Advantages of public offering:
 - Greater range of potential investors bonds
 - Less restrictions on professional investors

Main Regulatory Impediments

- Bonds denominated in Euro are subject to the approval of the National Bank of Serbia
- In practice, no approval can be obtained as the relevant bylaws are not in place
- Alternative: RSD bonds with FX clause
- Lot of paperwork in order to grant to foreign investors status of professional investors

Main Regulatory Restrictions- continued

- Regulatory restrictions for insurance companies, pension and investment funds:
 - only 5% of technical reserve of insurance company may be invested in bonds which are not traded at the stock exchange (compare with the 15% threshold for investing into shares which are not on A listing)
 - Pension funds may invest only in bonds traded at the stock exchange which are grade A or secured by bank guarantee
 - Investment funds may not invest in bonds which are not admitted to the stock exchange

Main Regulatory Restrictions- continued

- *Put /call* clauses
- Obligation under the bond ceases to exist when the issuer buys back the bond – no possibility for “treasury” bonds

Overview of the market

- Three issuers (NLB, Telefonija, Tigar)
- Currently only NLB's bonds are admitted to the stock exchange

www.bdklegal.com

Contact

BOJOVIĆ · DAŠIĆ · KOJOVIĆ

Belgrade office:

Dobračina 38
11000 Belgrade, Serbia
Tel: +381 11 3284 212
Fax: +381 11 3284 213
E-mail: office@bdklegal.com

Podgorica office

Vuka Karadžića 13
81 000 Podgorica
Montenegro
Tel: +382 20 230 396
E-mail: office@bdklegal.com

BOJOVIĆ · DAŠIĆ · KOJOVIĆ
Advokati / Attorneys at Law