

SERBIA: Finance

National Bank of Serbia allows non-deliverable derivatives

The National Bank of Serbia amended its Decision on Transactions with Financial Derivatives¹ (*Odluka o obavljanju poslova sa finansijskim derivatima*, "Official Gazette of the Republic of Serbia", No. 85/2011) to allow Serbian resident legal entities to enter into cross-border transactions with non-deliverable commodity derivatives under the condition that the transactions are entered into for the purpose of managing the commodity price risk. The amendment thus paves the way for introduction of non-deliverable commodity derivatives to the Serbian financial market, whereby the parties would be settling the difference in the price of the underlying commodity.

Prior to the amendment, the Decision imposed an outright ban on cross-border transactions with non-deliverable derivatives.

In connection with non-deliverable derivatives, the amended Decision imposes two additional reporting requirements on Serbian banks. The banks will have to file with the National Bank of Serbia a 10-day report on the transactions with non-deliverable financial derivatives they concluded with non-residents and a 10-day report on foreign currency payments effected by resident entities under those transactions.

¹ Odluka o dopuni Odluke o obavljanju poslova sa finansijskim derivatima ("Official Gazette of the Republic of Serbia", No. 62/2013)