

Advokati / Attorneys at Law Belgrade - Podgorica - Banja Luka

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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.

Dobračina 38 11 000 Belgrade, Serbia Tel: (+381 11) 3284 212 Fax: (+381 11) 3284 213

E-mail: office@bdklegal.com

Podgorica

Bulevar Džordža Vašingtona 51 81 000 Podgorica, Montenegro Tel: (+382 20) 230 396 Fax: (+382 20) 230 396 E-mail: office.cq@bdklegal.com Bania Luka

Gundulićeva 6, 78 000 Banja Luka Republika Srpska, Bosnia & Herzegovina

Tel: (+387 51) 250 641 Fax: (+387 51) 250 642

E-mail: office.banjaluka@bdklegal.com www.bdklegal.com

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