

Pursuant to Article 13a, paragraph 3, Article 13b and Article 13d, paragraph 2 of the Financial Leasing Law ("RS Official Gazette", No. 55/2003 and 61/2005), Governor of the National Bank of Serbia hereby issues the following

**DECISION
ON THE IMPLEMENTATION OF THE PROVISIONS OF THE
FINANCIAL
LEASING LAW RELATING TO THE ISSUANCE OF LICENSES AND
APPROVALS BY THE NATIONAL BANK OF SERBIA**

1. This Decision shall govern detailed conditions and manner of implementation of the provisions of the Financial Leasing Law (hereinafter: the Law) on the basis of which the National Bank of Serbia shall issue licenses and approvals.

2. Founders of a company (hereinafter: founders) shall submit to the National Bank of Serbia application for obtaining license to perform financial leasing operations.

The following shall be attached to the application referred to in paragraph 1 hereof:

- 1) memorandum of incorporation of the company;
- 2) evidence of having paid the pecuniary portion of paid-in capital, referred to in Article 10, paragraph 2 of the Law, to a suspense account with a bank;
- 3) evidence of personnel and technical capacity for performing financial leasing operations;
- 4) the company's program of operations for a three-year period.

When submitting application referred to in paragraph 1 hereof, the founders shall also submit to the National Bank of Serbia application for obtaining approval of the decision on nominated members of administration bodies and/or persons with special authorizations and responsibilities. The following shall be enclosed with such application:

- 1) list of persons nominated to be members of management bodies, and/or nominated persons with special authorities and responsibilities, recommendations concerning their vocational and professional merits, evidence of not having been convicted of criminal acts which would make them unfit for performing the functions involved, as well as evidence of not having been banned from conducting business;

2) decision on the nomination of the members of administration bodies and/or persons with special authorizations and responsibilities.

For the purposes hereof, members of administration bodies and/or persons with special authorizations and responsibilities, shall be members of the company's administration bodies, and/or members of the company's management as stipulated by the company's Memorandum of Incorporation.

Bank being a founder within the meaning hereof shall apply with the National Bank of Serbia for approval regarding the setting up of a subordinated company in the financial sector – in conformity with regulations on the terms and conditions of granting approval for setting up or acquisition of subordinated companies by banks.

3. The company's Memorandum of Incorporation shall be drawn up in conformity with the law governing companies.

4. As evidence that the pecuniary portion of paid-in capital referred to in Article 10, paragraph 2 of the Law has been paid to a suspense account, the founders shall deliver a written statement that they have the financial assets referred to thereof, as well that they are going to transfer those assets to the suspense account with a bank, or to a special account with the National Bank of Serbia should the founder be a foreign person. The founder shall attach to the statement evidence of the origin of assets.

Prior to issuing the license to perform financial leasing operations, the National Bank of Serbia shall inform the applicant under Section 2, paragraph 1 hereof on when to transfer the assets to a suspense account with a bank and/or to a special account with the National Bank of Serbia and deliver evidence accordingly.

5. Evidence of personnel capacity for performing financial leasing operations shall refer to the envisaged structure of employees in terms of their professional qualifications and work experience needed for each position as determined by the company's enactments.

Evidence of technical capacity for performing financial leasing operations shall refer to:

1) documentation testifying to the nature of using the office space, corroborated by ownership contract, contract of assignment or lease or other documents, provided that the period of lease is not under one year;

2) specification of computer and other equipment, as well as program support, corresponding to the number of employees and planned scope of activities.

6. The company's program of operations shall include planned sources of funds and dynamics of borrowing, business activities expansion plan, as well as projections of the balance sheet and profit-and-loss account for the year of the company's incorporation, made in compliance with regulations.

7. List of persons nominated to be members of the administration bodies and/or persons with special authorizations and responsibilities shall comprise name and surname, address and personal identification number, or passport number should the person be a foreign natural person.

Recommendations concerning vocational and professional merits of persons referred to in paragraph 1 hereof shall be given by a director or other body of the legal entity with which such persons have been employed or have cooperated. The recommendation shall comprise the opinion on the business reputation of the person involved and its potential contribution to the legal and stable business operations of the company.

Person referred to in paragraph 1 hereof is expected to have adequate professional qualifications and work experience in the field of financial leasing, finance or any other economic activity, to have displayed utmost professionalism in previous work, to be experienced in management activities and to have good business reputation . which is to be corroborated by professional background, employment contracts, namely decisions on the appointment to certain jobs, appropriate information on efficient discharge of management duties, as well as by recommendation referred to in paragraph 2 hereof.

Evidence that person referred to in paragraph 1 hereof has not been convicted of criminal acts which would make him/her unfit for performing the function involved, as well as that he/she has not been banned from conducting business, shall be issued by competent authorities and cannot be older than six months.

Evidence of a two-year college degree at least shall be required for nominated persons with special authorizations and responsibilities.

8. When deciding on the issuance of approval of decision on the nomination of the members of administration bodies and/or persons with

special authorizations and responsibilities, the National Bank of Serbia shall assess their business reputation and experience in managing the operations of a company.

9. When deciding on the issuance of license to perform financial leasing operations, the National Bank of Serbia shall assess the fulfillment of conditions required for the issuance of a license, as well as the business reputation of the founder and nominated members of administration bodies and/or persons with special authorizations and responsibilities.

10. Business reputation of the founder . legal entity shall be the business rating of such entity, assessed on the basis of its so far business and management in other legal entities, as well as on the basis of other information.

Business reputation of the founder - natural entity shall be its business rating, assessed on the basis of biography, personal, professional and moral integrity, professional qualifications and work experience, on the basis of performing management or supervision functions in legal entities, as well as on the basis of other information.

Provisions on the business reputation from paragraphs 1 and 2 hereof shall also refer to nominated members of the administration bodies and/or persons with special authorizations and responsibilities.

11. Lessors licensed by the National Bank of Serbia to perform financial leasing operations shall submit application for the approval of each decision on the nomination of a member of the administration bodies and/or person with special authorizations and responsibilities and enclose with it documentation as stipulated in Section 2, paragraph 3 hereof.

12. In addition to the documentation attached to applications as defined herein, the applicants shall be required to deliver evidence of having paid fees prescribed by the decision governing uniform fees charged for services provided by the National Bank of Serbia.

Evidence referred to in paragraph 1 hereof shall be copies of bank certificates on the receipt of orders for transferring funds to the National Bank of Serbia and on the execution of such orders.

13. When deciding on the applications referred to herein, the National Bank of Serbia may, in addition to the evidence and documentation prescribed by the Law and other regulations, require the submittal of other

evidence and information in the manner stipulated by the National Bank itself, whereas it may also address other bodies and persons for certain documentation and information.

When deciding on the applications referred to herein, the National Bank of Serbia may use the documentation and information that it has at its disposal.

For the purposes hereof, documentation to be submitted to the National Bank of Serbia shall be original documents or certified copies.

14. Companies - lessors founded before the effectiveness of this Decision shall be required to submit to the National Bank of Serbia applications and documentation referred to in Section 2 hereof within the period determined by the Law - however, instead of evidence referred to in Section 2, paragraph 2, indent 2 thereof, they shall be required to submit a statement from the competent authorities' registry not older than 15 days, as well as a statement by authorized person that the paid-in capital written in the statement has not been reduced.

15. This Decision shall become effective on the day immediately following its publication in the "RS Official Gazette", and shall be applied as of 3 October 2005.

D. No. 64
22 September 2005
Belgrade

G o v e r n o r
National Bank of Serbia
Radovan Jelasic, sign.