

Decree on the manner and detailed criteria for regulation of professional investor status for certain legal persons



Tuesday, 27 February 2007

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In the event there may be discrepancies which arise between the Serbian and English versions of the document, the Serbian version is the legally binding document.

Article 1

The present Decree governs and regulates in detail, criteria for determining professional investor status of banks, insurance companies, broker-dealer companies, investment fund management companies, pension companies and investment and pension funds with registered office in OECD (Organization for Economic Cooperation and Development) member countries, European Union (EU) member countries and other legal persons headquartered in the Republic of Serbia or OECD or EU member countries, who invest their pecuniary assets in securities to make profit on the basis of price differences or to protect financial assets from market risks, i.e. to exercise rights stemming from the securities.

Article 2

The legal person referred to in Article 1 of the present Decree shall submit the request for professional investor status to the Securities Commission in accordance with the Decree and governing rules of the Commission.

Article 3

The request referred to in Article 2 of the present Decree shall be filed on a form adopted by the Securities Commission.

Article 4

The Securities Commission shall approve the status of a professional investor to legal persons referred to in Article 1 of the present Decree if the person meets the following conditions:

- 1) Balance sheet assets amount to EUR 2 million in RSD counter value, according to the last adopted financial statements for the previous business year;
- 2) The core capital amounts to at least EUR 200 000 in RSD counter value;
- 3) The person has been operating on the financial market for a period which cannot be shorter than 12 months prior to the date of application.
- 4) The person has had at least 10 transactions per quarter of the year on the financial market in the last 12 months, where the total value of effected transactions is not lower than EUR 50 000 in RSD counter value.

Notwithstanding paragraph 1 of this Article, the Securities Commission shall approve professional investor status to a legal person that does not comply with the requirement referred to in paragraph 1, item 4 of this Article but meets the following conditions:

- 1) Balance sheet assets amount to EUR 5 million in RSD counter value, according to the last adopted financial statements for the previous business year;
- 2) The core capital amounts to at least EUR 500 000 in RSD counter value;
- 3) The person has been operating in the same line of business as the company whose shares are being invested in, for a period of at least three years.

The approval granted by the Securities Commission applies to only one investment of other legal entities referred to in Article 1 of this Decree in a company, and each subsequent investment shall be subject to another, new approval.

The approval granted by the Securities Commission referred to in paragraph 2 of this Article may

be issued only with written consent of the company other legal person referred to in Article 1 of the Decree intends to invest in.

Article 5

The present decree shall become effective on the eight day from its publication in the “Official Gazette of the Republic of Serbia”.

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