

OPERATING RULES
OF
**CENTRAL SECURITIES DEPOSITORY AND
CLEARING HOUSE**

*("RS Official Gazette", No. 113/2006, 24/2008, 38/2008, 70/2008 and
17/2009)*

I BASIC PROVISIONS

1. Central Securities Depository and Clearing House (hereinafter referred to as: CSD) is a joint-stock company carrying out the activities relating to unique records of legal holders of securities and other financial instruments, and to the rights arising from such securities, and/or instruments, third parties' rights to securities and other financial instruments and of such third parties, as well as the activities of clearing and settlement of cash payables and receivables arising from transactions in securities.

CSD also performs other activities in accordance with the Law governing the securities and other financial instruments market, the Law governing the take-over of joint-stock companies, the Company Law, the Banking Law, the Law governing the operation of investment and pension funds, the Law governing the matter of privatization.

2. CSD Operating Rules set forth:

- the mode of CSD operation,
- the mode of opening and maintenance of securities accounts,
- the mode of opening and maintenance of cash accounts of CSD members,
- the mode of clearing and settling the payables and receivables in securities and in cash arising from contracted transactions with securities,
- the mode of transferring ownership and other rights arising from securities, as well as the content of the order for transferring the rights from securities (hereinafter: transfer order),
- the mode of registration of third parties' rights to securities, as well as the content of the order for registering third parties' rights to securities (hereinafter: registration order),
- the mode of keeping the securities,
- the mode of performing corporate activities,

- the mode of setting-up and utilization of the guarantee fund, and other mode of risk elimination in the case of non-fulfillment of the obligations by a CSD member,

- other issues concerning CSD operation.

3. Following activities are carried out in CSD:

- maintenance of the tariff codes of securities, and assignment of CFI code and ISIN number;

- maintenance of the securities register;

- maintenance of securities issuer's register;

- maintenance and record-keeping of securities in issuer's accounts;

- maintenance and record-keeping of securities accounts of CSD members and their clients;

- maintenance of cash accounts of CSD members;

- registration of third parties' rights to securities;

- clearing and settlement of payables and receivables in securities and money, arising from concluded transactions with securities;

- transfer of securities' ownership;

- registration of securities in the issue account and in securities accounts of the members and their clients on the basis of furnished books or registers of securities;

- clearing and settlement of foreign securities traded in the Republic of Serbia;

- posting of materialized securities in dematerialized form;

- keeping of materialized securities;

- corporate activities;

- work-put and upgrading of software applications connected with the above CSD activities; and

- other activities relating to securities, in accordance with law.

4. CSD performs the activities from point 3 of these Rules for broker-dealer companies, banks, banks licensed for performing broker-dealer activities (authorized banks), and banks licensed for the performance of custody operations (custody banks), the Republic of Serbia, the National Bank of Serbia, market organizers, fund administering

companies, and foreign legal entities engaging in the clearing and settlement of securities (hereinafter: CSD members).

Banks not licensed for performing broker-dealer activities nor licensed for performing custody operations can operate with the securities in accordance with law.

CSD performs the activities from paragraph 1 of this point electronically – by exchange of messages and data with its members, on the basis of the contract regulating mutual rights and obligations.

Electronic messages from paragraph 2 of this point (form and structure) are an integral part of CSD User's Instruction.

The forms for transfer and registration of securities are prescribed by CSD User's Instruction.

CSD User's Instruction is a public document which determines the technical procedures and provides instructions for work and electronic exchange of data with CSD members.

II CSD ACCOUNTS

5. The following securities accounts are opened and maintained with CSD:

- 1) issue accounts,
- 2) securities accounts of CSD members,
- 3) deposited securities accounts.

Within the securities accounts of CSD members the following accounts are maintained:

- 1) proprietary accounts of CSD members and their clients,
- 2) pledge accounts of CSD members and their clients,
- 3) management accounts which can be opened by CSD members licensed to operate as portfolio managers,
- 4) aggregate custody accounts which can only be opened by CSD members licensed to operate as custody banks,
- 5) securities co-ownership accounts,
- 6) deposited securities accounts,
- 7) deposit securities account, and other securities accounts.

6. The following cash accounts are opened and maintained with CSD:

- 1) cash accounts of CSD members,
- 2) accounts of CSD members' guarantee funds.

CSD cash accounts are opened and maintained by the National Bank of Serbia.

Within the cash account of the Republic of Serbia with CSD, a sub-account of the Share Fund of the Republic of Serbia has been opened serving for the transfer of cash proceeds from the sale of securities owned by the Share Fund of the Republic of Serbia.

The list of all securities and cash accounts is in CSD Chart of Accounts which is an integral part of the User's Instruction.

III ISSUE ACCOUNTS AND ISSUE REGISTRATION

Opening of Issue Account and Registration of Securities

7. A CSD member submits to CSD in the name and for account of an issuer a request for assignment of CFI code and ISIN number, as well as for the opening of the issue account and registration of securities in the issuer's account with CSD, pursuant to the Corporate Activities Performance Agreement. In the case of change of the person authorized to act as agent for the issuer, as well as in the case of termination of the Corporate Activities Performance Agreement, CSD member is obligated to notify CSD thereof. The issuer can have the Corporate Activities Performance Agreement concluded with one CSD member only.

The CSD member submits to CSD the request for assignment of CFI code and ISIN number in electronic form, in accordance with the Instruction for allocation of CFI code and ISIN number, and the manner for securities registration in the CSD (hereinafter: Instruction for allocation of CFI code and ISIN number).

On the basis of the application from paragraph 2 of this point, CSD assigns unique identification to the securities in accordance with the Code list of the types of securities and other financial instruments (hereinafter: Code list of securities types), as well as the ISIN number and renders a ruling assigning CFI code and ISIN number.

CSD member submits the application for issue registration and opening of the issue account in electronic form, in keeping with the Instruction for CFI code and ISIN number assignment.

For all securities of an issuer, which give to the holder the same rights and which have the same characteristics in accordance with the Code List of Securities Types, CSD assigns unique ISIN number – assimilation procedure.

CSD performs the assimilation procedure *ex officio* at the time of registering the securities in its information system, as well as after the registration if conditions from paragraph 5 of this point will be in place.

CSD opens the issue account and registers the securities being issued in accordance with the law governing the market of securities and other financial instruments in issue and securities accounts of legal holders, on the basis of the issuer's application, the Ruling of the Securities Commission approving the issue of securities, and/or the ruling of the Agency for Company Registers relating to the registration of the issuer's original capital, and/or certified extract from the Agency for Company Registers not more than six months old. Opening of the issue account and registration of securities in CSD of a closed joint-stock company is done on the basis of issuer's application and the ruling of the Agency for Company Registers on registration of the issuer's original capital, and/or certified Extract from the Agency for Company Registers not older than six months.

If the issuer of securities is the Republic of Serbia or the National Bank of Serbia, CSD registers the securities in the issuer's issue account on the basis of the issuer's request and the decision on the issue of securities.

Registration in CSD of the shares issued in privatization procedure is done by registering such shares in the issuer's issue account and by their transfer to the accounts of legal holders of securities on the basis of the ruling of the Privatization Agency and share registers submitted by the Privatization Agency, upon request of the issuer through the CSD member with whom the issuer has the Corporate Activities Performance Agreement signed.

Capital Increase of a Joint-Stock Company

8. When increasing capital of a joint-stock company, a share issuer submits through a CSD member an application for registration of shares.

CSD member submits together with the application from paragraph 1 of this point the decision of the issuer's competent body on the capital increase and the ruling of the Securities Commission approving the issue of such shares.

For capital increase of closed joint-stock companies, and of open joint-stock companies in the case of capital increase resulting from the meeting of the obligations stipulated in the contract for sale of socially-owned capital, CSD member submits together with the application from paragraph 1 of this point the ruling of the Agency for Company Registers on the capital increase registration, and/or a certified Extract of the Agency for Company Registers with the date not older than six months. The procedure is stipulated by point 12 of these Rules.

In the case of capital increase of a joint-stock company on the basis of the meeting of the conditions from the contract for sale of socially-owned capital, CSD registers, on the basis of the Ruling of the Privatization Agency, own shares in the securities account of such joint-stock company. Upon the fulfillment of the obligations from the contract for the sale of socially-owned capital, CSD transfers, pursuant to the Ruling of the Privatization Agency, own shares from the securities account of the issuer to the securities account of the purchaser of the capital.

Issuance of Securities for Replacement of the existing Securities

9. When shares are issued, pursuant to law, for the purpose of replacing the existing securities (change in nominal value, replacement of one type and/or class into another type and/or class, homogenization, status change), CSD harmonizes the securities data in accordance with the ruling of the Securities Commission approving the issue of shares for replacement purposes.

Issuer of securities is obligated, pursuant to the decision on the replacement of securities, to submit to CSD through a CSD member the following:

- 1) the application for assignment of CFI code and ISIN number for the securities,
- 2) the decision on the replacement of securities,
- 3) the application for issuance of the shareholders book for the purpose of replacing the securities.

The Book of Shareholders issued for the purpose of replacing the existing securities shall include, apart from the data listed in point 116, paragraph 3 of these Rules of Operation, the data about the number of shares in the pledge securities account of the legal holder, as well as the data about the ban on disposing of or the ban on using the voting right on securities, as well as the data about the member where the securities account in which the said rights or bans are registered is maintained.

In the case where securities are issued for the purpose of changing the nominal value of existing securities, where the number of securities belonging to legal holders does not change, the issuer of securities is bound, pursuant to the decision on the change of the nominal value of securities, to submit to CSD through a CSD member, the following:

- 1) the application for application of CFI code and ISIN number for the securities,
- 2) the decision on replacement of securities.

Issuer of securities who replaces the securities is bound to submit to CSD, through a CSD member, upon obtaining the ruling of the Securities Commission approving the issue of securities, the following:

- 1) written application for the replacement of securities,
- 2) application for registration of the issue,
- 3) the ruling of the Securities Commission approving the issue of securities for the purpose of replacing the securities,
- 4) shareholders book in written and electronic form,

5) the statement of the data correctness made under penalty.

If securities are to be issued for the purpose of changing the nominal value of existing securities, upon receipt of the ruling from the Securities Commission approving the issue of securities, the issuer shall be bound to submit to CSD, through a CSD member, the following:

- 1) written application for the change of the nominal value of securities,
- 2) the application for registration of the issue,
- 3) the ruling of the Securities Commission approving the issue of securities.

Primary Sale of Securities Paid for by Other Securities

10. In case where an issuer decides to issue securities to be paid for by other securities, a CSD member having a contract concluded with the issuer of securities for carrying out the sale of such securities submits a written application with CSD for the opening of a deposit securities account to such issuer.

Apart from the application, the CSD member furnishes CSD with the following documents:

- 1) the decision of the Meeting of Shareholders on the issuance of securities;
- 2) the Ruling of the Securities Commission approving the issue of securities;
- 3) the notification both in written and in electronic form of the issue of securities to be paid for with other securities.

11. A buyer interested in the new issue of shares gives an order to CSD member maintaining its proprietary securities account to transfer the securities to be used for payment from its proprietary account to the deposit securities account of the issuer of the new issue. CSD member forwards electronic orders to CSD by using CSD user applications, in conformity with the Rules of CSD Term Schedule.

The number of securities being transferred to deposit securities account of the issuer of the new issue is done in accord with the issuer's decision; provided, however, that the ratio of the number of securities to be used for payment and which are transferred to deposit securities account and the number of securities to be issued on the basis of the issuer's decision must be expressed in whole numbers, in the parity corresponding to that in the decision.

On the last day of the depositing of securities, CSD forms and submits to CSD member having the contract concluded with the securities issuer for the conduct of the sales

procedure, a list of buyers (in written and in electronic form on a compact disc - CD) who have deposited the securities in this issuer's securities deposit account.

12. Upon receiving the Ruling of the Securities Commission approving the issue of securities, CSD member having the contract concluded for the conduct of the sales procedure submits to CSD an application for the registration of the new issue of securities, with the following documents:

- 1) the Ruling of the Securities Commission approving the issue of securities,
- 2) the list of buyers who have purchased the securities of new issue, certified by the issuer and the CSD member;
- 3) the statement of the issuer of the new issue certifying the correctness of the data;
- 4) the statement of the CSD member certifying the correctness of the data;
- 5) the powers granted to the person of the CSD member to apply for registration.

Upon registration of the new issue of securities, CSD transfers the securities from the deposit account of the issuer of the new issue to proprietary securities account of that issuer.

Concurrently with the undertaking of the activities from paragraph 2 of this point, CSD transfers the securities of the new issue from the issuer's issue account to proprietary securities accounts of the buyers who have made the payment by using other securities.

In case where primary sale of securities, when payment is made with other securities, fails and the Securities Commission has not issued a ruling approving the issue of securities, CSD member having the contract concluded with the securities issuer for the conduct of the sales procedure submits a written application to CSD that the securities placed on the issuer's deposit account be transferred to proprietary securities accounts of their legal holders.

Primary Sale of Short-Term Securities without Public Invitation

13. If an issuer decides to issue short-term securities intended for purchase by natural persons and legal entities the number of which cannot be larger than 100, such securities are issued and offered without public invitation and other form of public announcement.

14. CSD member – a corporate agent of the issuer submits to CSD an application for the assignment of CFI code and ISIN number to the securities. Together with the application it submits the decision on the issue of short-term securities.

15. Upon expiry of the term for the registration and payment for the securities, the issuer of short-term securities decides whether the issue of short-term securities is to be cancelled or deemed successful.

If the issue is successful, CSD member – the issuer's corporate agent submits to CSD an application for registration of the issued securities and the following documents:

- 1) the list of buyers certified by the issuer of securities;
- 2) data about the buyers on electronic device certified and signed by the issuer's corporate agent;
- 3) the statement of the issuer of the new issue certifying the data correctness;
- 4) the statement of CSD member certifying the data authenticity;
- 5) the powers issued to CSD member's person for submission of the application for registration.

16. On the basis of the application and the documents supplied, CSD forms electronic messages that are forwarded by it to the parties participating in the transaction, CSD members maintaining the securities accounts of buyers and sellers - issuers. CSD members confirm the messages, while CSD clears the securities and money and does the settlement according to the Delivery versus Payment (DVP) principle, in accordance with the Rules of CSD Term Schedule.

17. CSD discloses on its Internet page the following data about the issuers of short-term issuers:

- 1) the issuer's registration number and name,
- 2) CFI code and ISIN number of securities,
- 3) total number of sold securities,
- 4) total indebtedness of the issuer,
- 5) nominal value of the security,
- 6) sales price per unit of security,
- 7) data about the interest, and mode of interest calculation,
- 8) maturity term and maturity date of the securities.

Secondary Sale of Short-Term Securities

18. Secondary sale of short-term securities is carried out over-the-counter, unless an issuer is granted approval by the Securities Commission for the inclusion of such securities in the organized market.

Over-the-counter sale is performed pursuant to the purchase-sales contract and transfer order, which are submitted to the CSD member maintaining the seller's securities account. CSD members import the electronic order into the CSD system. The order must include data about the securities and cash accounts of the buyer and seller, ISIN number of securities, the quantity, the unit price and settlement date, as well as the desired date of settlement.

CSD forms electronic messages forwarded by it to the parties participating in the transaction, who confirm the received messages. On the date of settlement, the CSD member maintaining the cash account of the buyer pays cash assets to CSD account. Once the requirements are met, i.e. when the securities and cash assets are provided for and electronic messages confirmed, CSD clears the securities and money and makes the settlement according to DVP principle in accordance with the Rules of CSD Term Schedule.

IV REGISTRATION OF SECURITIES IN ISSUE ACCOUNT AND IN SECURITIES ACCOUNTS BASED ON SUBMITTED SECURITIES BOOKS OR REGISTERS

19. Legal entities maintaining books or registers of shares and other securities for account of other persons are bound to submit to CSD within six months of the date of becoming effective the law which governs the market of securities and other financial instruments the data from such books, and/or registers, which relate to legal holders of such securities.

Registration of the shares and other securities from paragraph 1 of this point is done by CSD which registers such securities in the issue account of the issuer and transfers them to the accounts of legal holders of securities.

Entry from paragraph 1 of this point is carried out pursuant to the application filed by the issuer of securities, which application is to be accompanied by the books or registers of shares and other securities.

Hand-over and acceptance of the books and registers of shares and other securities is performed by a commission composed of three CSD representatives (hereinafter: commission members) designated as the commission members by the ruling on setting up the commission, enacted by CSD director, and one representative of a CSD member – corporate agent of the securities issuer, who delivers the books or registers of shares and other securities in the name of the issuer.

Issuer of securities is accountable for the correctness of the data as contained in the book of shares or register of shares and other securities, which the issuer submits in accordance with this Article.

CSD member is obligated to issue the powers to its representative as the commission member and to furnish CSD with such powers together with the application from paragraph 3 of this Article, before the hand-over and acceptance of the books or registers of shares and other securities is done by the commission.

20. Together with the application for registration of shares and other securities in CSD, the issuer submits:

- 1) the powers for the representative of the commission member from paragraph 6, point 19, issued by CSD member,
- 2) the books or registers of shares and other securities maintained by the issuer of such securities, certified and signed by the issuer's authorized person,
- 3) data from the books or registers of shares and other securities on electronic device – a compact disc (CD), in the format as prescribed by CSD; provided, however, that the CD has to be signed and certified by the CSD member,
- 4) the statement of the CSD member, corporate agent of the issuer, certifying the correctness of data as contained in the books or registers of shares and other securities being submitted for registration purposes (made under penalty),
- 5) the statement of the issuer certifying the correctness of data as contained in the books or registers of shares and other securities being submitted for registration purposes (made under penalty).

The application and the documents are submitted through the CSD member – the issuer's corporate agent.

21. The commission members check the data submitted in electronic form on the compact disc (CD) and print the contents from such CD. The CSD member checks the printed contents and verifies each page by the seal and signature confirming thereby that the content on the compact disc (CD) is identical to that of the book or register of shares and other securities.

Once the hand-over and acceptance of the books or registers of shares and other securities is over, the commission members draw up the Minutes of the hand-over and acceptance noting that the data in electronic and printed form are of identical content. The Minutes is printed in three identical copies.

The signing of the Minutes by all commission members is understood to mean that the hand-over and acceptance is performed.

22. CSD assigns unique identification number to securities, opens the issue and proprietary accounts in which the said securities are registered within seven days of the date of the filing of the application by the issuer through a CSD member.

23. Application for registration of securities may be filed with CSD through a CSD member, a legal holder of such securities, and/or a bidder in the procedure of the take-over of shares from that issuer.

Registration of the issuer's securities at the request of a person concerned can be performed if the data about the issuer and shareholders are recorded in the database submitted to CSD by the Privatization Agency.

Along with the application for the registration of securities from paragraph 1 of this point, CSD is furnished with the ruling concerning registration in the Agency for Company Registers, and/or a certified Extract from the Agency for Company Registers with a date not older than six months, and the issuer's formal document on the basis of which the said securities were issued, or other formal document on the grounds of which CSD can establish the rights and obligations arising from the securities on the basis of which it will assign unique identification number to such securities and make registration of the same.

24. Registration in CSD of the shares issued in the privatization procedure is done by registering such shares in issue account of the issuer and by transferring them to the accounts of legal owners of securities, on the basis of the share register submitted by the Privatization Agency.

When shares are registered in accordance with paragraph 1 of this point, the hand-over and acceptance of the share register is done by the commission in the presence of the commission members and a representative of the Privatization Agency.

The Privatization Agency is accountable for the correctness of data stated in the share register.

Share registers submitted by the Privatization Agency are submitted on electronic device – a compact disc (CD), in appropriate format; provided, however, that the CD has to be signed and certified by the authorized person of the Privatization Agency. Together with these share registers the following is also submitted:

- 1) the statement of the Privatization Agency's authorized person that the privatization procedure was conducted pursuant to the provisions of the law governing the matter of privatization,
- 2) certified and signed document with the data from the Share Register, in writing.

25. Registration of securities of an issuer whose data about the shareholders are recorded in the database as at 31 December 2003 and submitted by the Privatization Agency to CSD on 12 January 2004, is done on the basis of the issuer's book of shareholders submitted through the issuer's corporate agent; provided, however, that

the hand-over and acceptance from point 21 of these Operating Rules is not carried out by the commission.

V REMOVAL OF SECURITIES

26. CSD removes the securities issued from the accounts of legal owners to the account of finalization (annulment) of the issue in the cases where:

- 1) the maturity term of securities has expired;
- 2) the securities are withdrawn;
- 3) in the case of liquidation of the issuer;
- 4) in the case of change of the legal form of a joint-stock company.

Removal of securities on their due date is done upon the fulfillment of the obligations arising from such securities.

Removal of the securities that have been withdrawn is done on the basis of issuer's or competent authority's requirement, which requirement has to be accompanied by the decision on the withdrawal of the securities.

Removal of securities due to the change in legal form of a joint-stock company is done on the basis of the issuer's decision and the ruling of the Agency for Company Registers, and/or certified extract of the Agency for Company Registers with a date not older than six months.

VI CHANGE OF DATA IN THE SHAREHOLDERS BOOKS OF LEGAL OWNERS OF SECURITIES

27. The change of data maintained in the CSD unique records of legal owners of Securities, for the purpose of correcting any error in such records, is performed:

- 1) at the request of the legal owner of securities who submits the final and enforceable court decision on the basis of which such correction is made,
- 2) at the request of the Privatization Agency which submits the ruling rendered by the said Agency, on the basis of which is corrected any error in terms of the data submitted earlier by the Privatization Agency to CSD,
- 3) at the request of the issuer of securities on the basis of which is corrected any error in terms of the data submitted by the issuer to CSD when delivering the books or register of shares and other securities not recorded in the Privatization Agency.

Issuer's corporate agent submits to CSD together with the request from paragraph 1, sub-point 3, the request and the following documents:

- 1) the statement of data correctness, made under penalty,
- 2) the statement of persons made under penalty with regard to the number of securities they own and where an error was made when delivering the book and register of shares and other securities by the issuer,
- 3) a copy of ID card for natural persons, and/or an extract from the register of legal entities when legal entities are concerned,
- 4) transfer order, signed and certified by the shareholder and/or issuer and CSD member.

Correction of Unique Identification Number of a Holder of Securities

28. Change in the data for the purpose of correcting errors in terms of the unique identification number of a legal holder of securities is done at the request of such legal holder.

In the case of change of the unique identification number for a legal entity, a CSD member submits to CSD a written application and the following documents:

- 1) extract from the Agency for Company Registers, and extract from the unique classification of company activities,
- 2) issuer's statement made under penalty containing the data about the erroneous and the correct identification number of the legal entity.

In the case of change of the unique identification number for a natural person, a CSD member submits to CSD a written application and the following documents:

- 1) the ruling, and/or certificate of the Ministry of the Interior containing the data about the erroneous and the correct personal identification number (in the case where a CSD member does not have the mentioned ruling, and/or the certificate of the Ministry of the Interior, the issuers' statement made under penalty is submitted, which statement contains the data about the erroneous and the correct personal identification number),
- 2) a photocopy of the non-expired identity card,
- 3) extract from Birth Registry with the inserted personal identification number, and/or the certificate issued by the Ministry of the Interior confirming the correct personal identification number.

VII SECURITIES ACCOUNT OF CSD MEMBERS

29. By the Contract for opening and maintenance of a securities account, a client authorizes a CSD member to issue order to CSD to open the securities account.

CSD opens the securities accounts to a CSD member and its client on the basis of the order given for the opening of such account.

The order for opening the securities account is issued to CSD by the CSD member in accordance with the CSD User's Instruction.

CSD member is bound to keep the contract for opening and maintenance of securities account in its documentation and present it for insight by CSD upon request of the latter.

30. CSD member having the contract concluded with the client for the opening and maintenance of securities account issues, at the request of the client, a statement of the securities account.

31. A CSD member changes the data about the owners of securities accounts on the basis of the owner's – CSD member's client application therefor, which application is to be accompanied by the following documents:

- 1) if identification and other data of the member's client – natural person have been changed (name, surname, address, etc.) – a document shall be submitted which evidences the change of the said data;
- 2) if identification and other data of the member's client – legal entity have been changed (name, registered office, registration number, etc.) – the ruling of the Agency for Company Registers and Extract from Unique Activity Classification of Companies, or other document evidencing the change of such data shall be submitted;
- 3) if the account number through which a CSD member, and/or the client thereof carries out payment operations has been changed – a certificate of the payment operation protagonist of the opening of the new account shall be submitted;
- 4) if there was a change in the fiscal number of the taxpayer – owner of the securities account – a certificate of the competent tax authority of the new fiscal number of such taxpayer shall be submitted;
- 5) if agent of the owner of the securities account has been changed – the powers for acting as agent shall be submitted.

Proprietary Securities Accounts

32. CSD maintains proprietary securities accounts and the balance in such accounts for the CSD member and its clients with whom the CSD member has the contract concluded for the opening and maintenance of the securities account.

33. Transfer from the proprietary securities account maintained with one CSD member to proprietary securities account maintained with other CSD member is done on the basis of the transfer order submitted by the client to CSD member where proprietary securities account and copies of the contract for opening and maintenance of the proprietary securities account, concluded between the client and other CSD member, are kept.

Co-Ownership Account

34. CSD opens and maintains the co-ownership account where securities of several owners are maintained (co-owners of securities), who own less than one security. The rights arising from such security are exercised through joint proxy, and/or otherwise in accordance with the Memorandum of Association or Articles of Association of the issuer of such securities.

The powers given to the proxy from paragraph 1 of this point has to be certified with the court or municipality, and signed by all co-owners of the security, unless otherwise set forth by the issuer's Articles of Association or other formal document.

Application for opening of a co-ownership account is submitted to CSD by joint proxy, through a CSD member, as is also the electronic file on a compact disc (CD) with the data about the co-owners of the co-owners of shares.

All co-owners of such security are deemed to be owners of such security, and are entered in CSD records. Application for the exercise of the rights from that security is filed with CSD by joint proxy, when the exercise of such rights is linked with the receiving of data from the unique data records in the co-ownership account.

In case where a co-owner of securities gets possession of one whole security, a CSD member submits to CSD a transfer order from co-ownership account to proprietary securities account of the legal holder of securities. In such case, the CSD member maintaining the co-ownership account is bound to submit to CSD the electronic file on a compact disc (CD) with the data about the legal holder, and the number of shares being transferred from the co-ownership account to its proprietary securities account, as well as the electronic file on the compact disc (CD) with the data about the new co-owners of shares.

Lien Securities Account

35. The lien on securities originates by registration of such right in the proprietary account of a securities holder with a CSD member, in the manner that the securities on which the lien is registered are maintained in a separate sub-account of the securities proprietary account – a lien account.

Management Account

36. CSD member licensed to operate as a portfolio manager opens a management account to its client.

By transmitting securities from the management account, a client gives general authorization to that CSD member to manage its securities in accordance and in the manner as defined by Operating rules of such CSD member, and by the agreement on securities management.

Aggregate Custody Account

37. A custody bank, member of the CSD, concludes a contract with a client for the opening and keeping of a collective securities account.

The custody bank shall be obligated to keep within its documents the contract for the opening and keeping of the collective securities account, and to submit it for inspection by the CSD upon request of the latter.

In the collective custody account kept by the custody bank in its name and for account of legal holders, or in the name of its clients who are not legal holders of such securities, but for account of legal holders, shall be recorded the balance of securities.

In the collective custody account may be the securities of one or several clients of the custody bank, member of the CSD.

The custody bank, member of the CSD, shall be responsible for harmonizing the balance of securities in the collective custody account in the CSD and in analytical records of such securities, and to keep the corresponding documentation relating to the changes in such accounts.

38. Transfer of securities from the collective custody account to other securities accounts (proprietary account, collective custody account) shall be carried out by the custody bank on the basis of client's securities transfer order and client's statement that such transfer shall not cause any change in the legal holder of securities.

The custody bank's client shall submit the statement signed by authorized person, confirming that by such transfer the owner of securities shall not change and that the transfer is made on the basis of the agreement on maintenance of the securities account, entered into with a new member of the CSD, or with the same member of the CSD. The client also inserts the number and date of the concluded agreement in the statement.

The custody bank receives the order and client's statement in the manner as regulated by its Rules of Operation.

The transfer from paragraph 1 of this Article shall be carried out by importing the transfer order in the CSD's system.

The custody bank shall be obligated to keep the documentation on the basis of which the securities have been transferred without the change in ownership, and to submit the same to the CSD for inspection by the latter.

39. Transfer from proprietary's securities account to collective custody account shall be carried out by the CSD's member where the account is maintained by importing the order in the CSD's system, on the basis of the client's order and statement.

Paragraphs 2-5 of point 38 shall analogously also apply to the transfer of securities from proprietary to collective account.

Deposited Securities Account

40. A person acquiring shares of a target company in the share take-over bidding procedure is obligated to conclude a contract with a CSD member for the opening and maintenance of deposited securities account.

CSD member files a written application with CSD for the opening of deposited securities account for the buyer-bidder. Together with the application the CSD member submits the contract for the opening and maintenance of deposited securities account.

In the case of acquiring own shares, a CSD member files with CSD an application for the opening of deposited securities account in the manner as set forth in paragraph 2 of this point.

CSD opens the deposited securities account in accordance with the submitted application and documentation.

Securities Deposit Account

41. CSD opens and maintains a securities deposit account at the request of a CSD member in which account are maintained the securities placed on deposit in cases where payment is made in securities.

If in the share take-over bidding procedure payment is made in securities, a CSD member having a contract concluded with the bidder submits to CSD a written request for the opening of a securities deposit account for the bidder. The securities to be used for payment are transferred from bidder's proprietary securities account to the bidder's securities deposit account as collateral for the payment, on the basis of the transfer order signed and certified by the bidder and the CSD member.

In the case where payment of shares to disagreeing shareholders is done in securities (forced sale), a CSD member having a contract concluded with a majority shareholder submits to CSD a written application for the opening of a securities deposit account for the majority shareholder. The securities to be used for payment are transferred from majority shareholder's securities account to the majority shareholder's securities deposit

account as collateral for the payment, on the basis of the transfer order signed and certified by the majority shareholder and the CSD member.

In the case where payment for making a securities issue is effected by other securities, a CSD member having a contract concluded with the issuer of securities files with CSD a written request for the opening of a securities deposit account for that issuer of securities.

In the case where payment is made with other securities in the process of acquiring own shares on a pro rata basis, a member of CSD having a contract concluded for acquisition of own shares with the issuer on securities, shall furnish the CSD with a written application for opening a deposit securities account for that issuer of securities. The securities used for payment shall be transferred from the issuer's proprietary securities account to the issuer's deposit securities account as a means of security for such payment, and on the basis of the transfer order signed and certified by the issuer and member of the CSD.

VIII OPENING AND MAINTENANCE OF CASH ACCOUNTS

42. CSD opens and maintains for a CSD member cash accounts, in the Dinar and foreign currencies, which may be the guarantee fund accounts and cash accounts where assets for trading purposes are deposited.

CSD member is obligated, upon receiving the electronic messages from CSD about the cash obligations relating to the trading in foreign exchange securities, to pay an additional sum to its cash account, and if having a surplus of cash – can issue an order for the restitution of such surplus. For Dinar securities, a CSD member pays cash assets on the date of settlement.

Payment to cash accounts of CSD member is made pursuant to the order the CSD member issued to its commercial bank to transfer the cash from its account, necessary for the settlement of securities and money, to CSD account maintained with the National Bank of Serbia according to payment instructions issued by CSD to its members. Payment instructions are included in CSD User's Instruction.

43. Within the Republic of Serbia's account with CSD a sub-account of the Republic of Serbia Share Fund is opened, serving for the transfer of cash proceeds from the sale of securities in ownership of the Republic of Serbia Share Fund.

IX CLEARING AND SETTLEMENT – ACCOUNTING AND TRANSFER OF SECURITIES AND MONEY

44. Accounting and transfer of securities and cash assets is done in conformity with the Rules of CSD Term Schedule.

45. CSD will not transfer the securities and cash assets if:

- 1) in the seller's account there is not a sufficient quantity of securities, and/or in the buyer's account there is not enough cash assets,
- 2) there are third parties' titles to securities,
- 3) there is a court blockade, or other blockade of securities,
- 4) in other cases, in conformity with the law governing the market of securities and other financial instruments, and these Operating Rules.

CSD member is obligated to present for CSD insight, upon the request of the latter, the documents submitted by the member's client on the basis of which the member issues the transfer and payment orders.

Transfer of Securities Free of Payment (FOP)

46. CSD transfers securities from one to other account free of payment on the basis of the transfer order received through a CSD member, within the term specified in such order, and in accordance with the Rules of CSD Term Schedule.

Together with the order the client submits to CSD member the evidence of the legal base for the transfer of securities.

47. CSD transfers the securities from the account of the preceding holder to the account of the new holder by order of a CSD member, on the basis of final and enforceable court decision submitted by the client to the CSD member (inheritance and other court decisions).

48. CSD transfers securities on the basis of completed liquidation and bankruptcy proceedings.

In the case of a completed bankruptcy proceedings, CSD is furnished with final and enforceable court decision on the closure of the bankruptcy proceedings and ordering CSD the corresponding transfer of securities, or with the ruling of the Agency for Company Registers on the closure of the bankruptcy proceedings.

If by liquidation of a company the securities in possession of that company get in possession of other persons who are becoming legal holders of such securities, CSD member submits the following documents to CSD:

- 1) the decision of the Meeting or of other body to institute the liquidation procedure;
- 2) the certificate of the Agency for Company Registers of the performed liquidation procedure, specifying who the securities shall be transferred to, and/or final and enforceable court ruling;
- 3) orders for the transfer of securities signed by the principal, and bearing the affixed signature and seal of the CSD member.

49. Transfer of securities from the account of the preceding to the securities account of the new owner is done on the basis of a court certified deed of donation. CSD member submits to CSD with this deed of donation written transfer order signed by the person transferring the securities – the donor, and signed and certified by the CSD member.

50. Transfer of securities from the account of the preceding to the securities account of the new owner is done on the basis of final and enforceable court settlement. CSD member submits to CSD with this contract a written transfer order signed by the person transferring the securities – the principal, and signed and certified by the CSD member.

51. CSD transfers securities from proprietary securities account of a founder to proprietary securities account of a company if the company is founded by a stake in rights - the securities.

CSD member submits with the application the charter of foundation and/or the decision on foundation of the company, the ruling of the Agency for Company Registers on the company's registration in the Register, and/or certified extract of the Agency for company registers with a date not older than six months, and the transfer order signed by the principal. If there are several founders, transfer orders are submitted on electronic device (CD), and take-over and acceptance procedure is carried out in the manner prescribed by these Operating Rules.

52. CSD transfers the securities in the case of a change in the status in accordance with the Company Law, and on the basis of the application and the following documents:

- 1) the contract and/or decision of the company's competent body;
- 2) the ruling of the Agency for Company Registers;
- 3) approval of the National Bank of Serbia, if status change of a bank, an insurance company and a voluntary pension fund managing company is concerned;
- 4) approval of the Securities Commission if status change of a broker-dealer company, qualified market organizer's participation and an investment fund managing company is concerned;
- 5) order for the transfer of securities.

53. CSD transfers the securities – shares to the securities account of the Share Fund pursuant to the Decision of the Privatization Agency on capital transfer to the Share Fund in the case of non-fulfillment of the contract for the sale of socially-owned capital, in the manner described in CSD User's Instruction.

CSD transfers the securities – shares to the accounts of legal holders or pursuant to the ruling on capital verification issued by the Ministry of Economy in the manner as described in CSD User's Instruction.

CSD transfers the securities – shares in the case of assigning the contract for the sale of socially-owned capital, in the manner as described in CSD User's Instruction.

CSD shall transfer the securities – shares on the basis of the decision of the Privatization Agency by which decision the shares shall be transferred from the declarant's proprietary securities account to the proprietary securities account of the Share Fund, within the meaning of the Law regulating the right to free-of-charge shares and cash compensation exercised by citizens in the privatization procedure.

Transfer of the Republic of Serbia bonds issued on the basis of households' foreign exchange savings is done on the basis of the contract for the transfer of such bonds and the securities transfer order signed by the former owner.

Transfer of Securities with Payment

54. CSD transfers the securities from one account to another with simultaneous payment (DVP principle) on the basis of the securities transfer order and cash payments orders received through CSD members (securities and money depositories of the contracting parties in a transaction), within the term indicated in the orders, and in accordance with the Rules of CSD Term Schedule.

55. A market organizer submits to CSD an electronic file with the data relating to the concluded securities transactions (contract notes). On the basis of the received contract notes CSD forwards electronic messages to CSD members maintaining securities and cash accounts of the sellers and buyers. CSD members confirm the messages by sending electronic messages to CSD.

56. CSD may change in the contract note forwarded by the market organizer, upon argued written request and signed statement of the CSD member who is a party to the transaction, the data about:

- 1) the commission level of the broker-dealer company - CSD member,
- 2) number of the securities account (erroneously entered code of CSD member maintaining the client's securities account),
- 3) cash account (erroneously entered code of CSD member maintaining the client's cash account).

If the seller of securities that were subject of sale does not have the same in its securities account (sold erroneous security or erroneously entered the seller's registration number), or if the buyer does not have cash for the purchased securities, CSD can upon argued request and signed statement of the CSD member authorized to operate as a dealer, and who had imported the order, change the data about the client's registration number in the contract note, exclusively by replacing the client's registration number (broker operation) by its own registration number (dealer operation), in accordance with the CSD User's Instruction.

57. In contract notes forwarded by the market organizer to CSD, the following changes are not allowed:

- 1) of registration number of the buyer's and seller's client, except in the case from point 56, paragraph 2;
- 2) of ISIN securities number;
- 3) of the quantity and price of securities.

If the seller of securities that were subject of sale does not have the same in its securities account (sold erroneous security or erroneously entered the seller's registration number), or if the buyer does not have cash assets for the purchased securities and the CSD member does not assume the obligation pursuant to point 56, paragraph 2, CSD activates extraordinary procedures in accordance with CSD User's Instruction and the Rules of CSD Term Schedule.

For transactions concluded over the counter, CSD clears and settles the securities and money on the date initiated by the participants in the transaction, in accordance with the Rules of CSD Term Schedule. Transfer of securities from the seller to the buyer is done simultaneously with the transfer of cash assets from the buyer to the seller according to DVP principle.

If a person by purchasing a bank shares acquires a 5% or higher stake in the bank's equity, such person is obligated to submit to CSD member maintaining its securities account the certificate of the National Bank of Serbia approving such acquisition of the stake in the bank's equity.

If a person by purchasing the shares of a broker-dealer company, and/or a market organizer, acquires a qualified stake in the capital of such legal entities, such person is obligated to submit to the CSD member maintaining its securities account the permission of the Securities Commission approving such acquisition of the stake in capital.

58. If in a transaction concluded with a market organizer a Consortium is on the side of the buyer, CSD member maintaining the securities account of the Consortium is obligated to issue an order to CSD, on the same day after the clearing and settlement of the securities and money are over, for the transfer of securities from the Consortium's proprietary account to proprietary accounts of the Consortium members, in accordance with the agreement on the Consortium.

Netting of Securities at Client Level

59. Netting of securities is performed at client level with a certain depository – a CSD member, which allows that a (future) holder of securities sells the same ahead of the settlement in CSD, and/or prior to their transfer to its proprietary securities account. CSD member can monitor the situation (debit and credit) for its clients in the period between T+0 and T+3. The period from T+0 to T+3 is calculated in relation to the date of settlement.

CSD checks the balance of securities in contract notes received from the market organizer. If the potential balance exceeds or is equal to the securities sold, the contract note is correct and if the potential balance is lower than the securities sold, error is recorded and the broker-dealer company is notified in order to carry out an extraordinary procedure.

Order for over-the-counter trading cannot be imported in CSD information system if a seller does not have a sufficient quantity of securities in its proprietary account, or if it does not have an already imported order for the purchase of securities the settlement of which is not over.

Net position of securities changes dynamically with the downloading of new contract notes submitted by market makers, as well as with import of over-the-counter orders, change of a depository and clearing and settlement, so that CSD member monitors and cares of the potential situation of its clients through CSD user application.

Over-the-Counter Trading in Securities

60. Over-the-counter trading can be performed in debenture securities if the offer for purchase, and/or sale of such securities is made by the Republic of Serbia, the National Bank of Serbia and if the contracting parties are professional investors within the meaning of the Law governing the market of securities and other financial instruments.

61. Over-the-counter trading can be performed in securities issued by the Republic of Serbia and the National Bank of Serbia, as well as in other debenture securities not issued by public offering.

62. Over-the-counter trading can be performed in shares in accordance with the Law governing take-over of joint-stock companies and the company law in the following cases:

- 1) in the procedure of a takeover offer;
- 2) in the procedure of forced sale;
- 3) in the procedure of forced purchase;
- 4) for the purpose of exercising special rights of disagreeing shareholders;
- 5) in the process of acquiring own shares *pro rata*;

63. Over-the-counter trading can be performed in shares issued by banks in the following cases:

- 1) when legal holder of such shares is the Republic of Serbia;
- 2) when legal holder of such shares is the Deposit Insurance Agency;
- 3) when legal holders of such shares authorize the Deposit Insurance Agency by a written contract to sell in their name and for their account the shares to a third party;
- 4) in the case of encashment of the property of banks in bankruptcy and/or liquidation, when the bankruptcy and/or liquidation procedure is carried out by the Deposit Insurance Agency.

64. Over-the-counter trading can be performed in shares issued by insurance companies when legal holders of such shares authorize the Deposit Insurance Agency by a written contract to sell such shares in their name and for their account.

65. Over-the-counter trading can be performed in shares issued by CSD, the Stock-Exchange and other entities in the financial sector, when legal holder of such shares is the Republic of Serbia or when legal holders of such shares authorize the Deposit Insurance Agency by a written contract to sell such shares in their name and for their account.

66. Over-the-counter trading can be performed in shares of a joint-stock company by way of a public tender, in the following cases:

- 1) in the shares transferred to the Share Fund, as well as in shares of individual shareholders that have pooled their shares with those of the Share Fund and offer them for sale simultaneously with the Share Fund;
- 2) in the shares whose legal holder is the Republic Social and Pension Insurance Fund;
- 3) in the shares whose legal holder is the Republic Development Fund;
- 4) in the shares whose legal holder is the Republic of Serbia.

67. Over-the-counter trading can be performed in shares of a closed joint-stock company.

A member of the CSD shall file with the CSD a request for the transfer of shares of a close-end joint-stock company and the following documents:

- the sales contract certified by court;
- the transfer order signed by the ordering party, with the seal and signature of CSD's authorized person;

- a copy of the contract for the opening and maintenance of a securities account for the seller of securities;
- certificate of the bank, member of CSD, of cash assets provided by the buyer of securities;
- certificate of joint-stock company's competent body that the procedure set forth by the corporate charter of that company (right of prior purchase) has been complied with or that the corporate charter sets forth a free transfer of shares;
- decision of the Securities Commission giving prior consent to acquisition of qualified interest in the capital of a broker-dealer company, qualified interest of a market maker and of an investment fund management company;
- approval by the National Bank of Serbia of the acquisition of qualified interest, if the sale of shares of a bank, insurance company and a voluntary pension fund management company is concerned;
- approval of acquisition of qualified interest of the competent body, or certified statement of the buyer that no consent is necessary according to special law, if in question is the sale of shares of a close-end joint-stock company, and provided the company is not referred to in sub-paragraphs 6 and 7 of this paragraph.

CSD clears and settles the securities and money according to DVP principle, on the date inserted in the order, in accordance with CSD's Term Schedule.

68. If purchase, and/or sale of debt securities is done by the Republic of Serbia, and/or the National Bank of Serbia, they submit to CSD an electronic file with concluded transactions.

69. On the basis of electronic files and electronic order relating to the transactions concluded over-the-counter, CSD forms electronic messages and forwards them to CSD members who are obligated to confirm their receipt.

CSD clears the securities and money and settles them according to DVP principle, on the date entered in the order.

Transfer of Securities for Payments with Other Securities

70. CSD transfers securities from the account of one contracting party to the account of the other contracting party for payment at purchasing other securities, simultaneously with the transfer of such other securities (*Delivery versus Delivery - DVD*) on the basis of the contract and transfer order signed and certified by the contracting parties and the CSD member (depository of securities of the contracting parties in the transaction), within the term indicated in the orders, and in accordance with the Rule of CSD Term Schedule.

Transfer of securities according to DVP principle shall be allowed in the case of: primary sale of securities, offer for acquisition of own shares *pro rata*, acquisition of own shares from non-agreeing shareholders, in the procedure of a takeover bid, forced sale and forced purchase.

Repo Transactions

71. A repo transaction understands a purchase and sale of securities on the basis of a repo agreement where one contracting party (repo-seller) agrees to sell securities to the other contracting party (repo-buyer) which agrees to pay to the repo-seller the purchase price with simultaneous obligation for the repo-buyer to sell to the repo-seller on the date of repurchase the securities that are the subject of the repo agreement. Repo-seller shall make monetary payment on the date of repurchase at repurchase price agreed upon in advance.

Repo transactions are carried out by the Republic of Serbia and the National Bank of Serbia in accordance with their respective decisions. Repo transactions are performed with the securities issued by the Republic of Serbia and the National Bank of Serbia.

72. Upon completion of repo trading, the Republic of Serbia and the National Bank of Serbia submit to CSD an electronic file with the concluded repo transactions. CSD forwards electronic messages to the participants in the transactions, who are obligated to confirm the receipt of the received messages.

For repo transactions CSD clears and settles the securities and money on the date initiated by the participants in the transaction, in accordance with the Rules of CSD Term Schedule. Transfer of securities from the repo-seller to the repo-buyer is done simultaneously with the transfer of cash assets from the repo-buyer to the repo-seller according to DVP principle.

73. On the date of repurchase, the repo-buyer needs to have in its account the securities that were the object of the repo trading, and the repo-seller needs to provide cash for their payment.

On the date of repurchase, upon the payment of cash assets by the repo-seller CSD forwards electronic messages to the participants in the transaction, who confirm them. Following the confirmation of the messages and the payment of cash assets, CSD clears the securities and money, and settles according to DVP principle.

X BID FOR TAKEOVER OF SHARES

74. A share takeover bid is a public offer sent by bidders to all shareholders of an open joint-stock company, the shares of which are traded in organized securities market, for the purchase of voting shares of that joint-stock company.

CSD member - agent of the bidder submits the following documents to CSD:

- 1) the application for announcing the bid for takeover of shares,
- 2) the ruling of the Securities Commission approving the bid for takeover of shares,
- 3) the text of the share takeover bid in electronic and written form (certified by authorized persons of the bidder and agent – CSD member),
- 4) abbreviated text of the share takeover bid in electronic and written form (certified by authorized persons of the bidder and agent – CSD member).

CSD displays on its Internet page the announcement and the text of the bid for takeover of shares, upon request of the CSD member – bidder's agent.

In the case of a competition bid or of modification of the bid for the takeover of shares, the provisions of paragraph 2 of this point shall apply accordingly.

75. CSD members are obligated to submit the share takeover bid to the shareholders such bid refers to, and also to enable the shareholders to transfer their shares to the account of deposited securities.

CSD issues upon request of the CSD member – bidder's agent, shareholders books with the data about the names and addresses of the shareholders, for the needs of notifying the shareholders of the bid for the takeover of shares.

76. Legal holders of securities issue to CSD member maintaining their proprietary securities account a deposit order, in case they decide to accept the public invitation for the takeover of shares.

Shareholders who have transferred their shares to deposited securities account can give order for withdrawal of the same from the deposited securities account on each business day while the bid for the takeover of shares is valid.

CSD members forward electronic messages to CSD with orders for depositing the shares or for withdrawal of deposited shares, on a continuous basis during the validity of the bid for the takeover of shares.

On the basis of received electronic orders CSD makes the transfer from shareholders' proprietary securities account to bidder's deposited securities account, or vice versa, when desistance from the depositing of shares is concerned.

77. In accordance with the provisions of the Law governing the takeover of joint-stock companies, a share takeover bid completes successfully if on the date of the bid closing in the deposited securities account there is at least the quantity of shares indicated in the bid for the takeover of shares as a minimum number of shares that the bidder intended to acquire. In case that a larger than minimum number of shares from the bid for takeover has been deposited, the bidder is obligated to buy all deposited shares.

In accordance with the Law governing the takeover of joint-stock companies, a share takeover bid is not successful if on the date of the bid closing a smaller than minimum number of shares from the share takeover bid has been deposited. In such case, CSD transfers the deposited shares from deposited securities account to proprietary securities accounts of the shareholders who have deposited such shares.

Paragraphs 1 and 2 of this point relate to a conditional offer for the takeover of shares by which the bidder indicated the minimum number of shares with the voting right it wished to acquire by the bid for the takeover of shares.

In the case of an unconditional bid for the takeover of shares, the bidder acquires all shares offered in the bid for the takeover of shares.

78. On the closing date of the share takeover bid, CSD member maintaining the bidder's deposited securities account forwards to CSD an electronic file for closing the share takeover bid, which contains the data about the buyer-bidder, number of shares for the takeover, and the price per share.

If the share takeover bid has successfully closed, CSD submits electronic messages with the data about the realized depositing of shares to CSD members maintaining proprietary securities accounts and cash accounts of the sellers and buyers-bidders.

If the closing day of the share takeover bid is a non-business day (Saturday, Sunday, state or religious holidays prescribed by law as a non-working day), the closing day of the share takeover bid is shifted to the first next business day.

Payment on the basis of the successfully completed share takeover bid can be made in cash and in securities.

If the Share fund has deposited shares in the share takeover bid, payment for the Share Fund's deposited shares on the basis of successfully completed share takeover bid is made in money.

79. If payment is made in securities (in whole or part), CSD opens and maintains for the bidder a securities deposit account in which the securities to be used for payment on the basis of the share takeover bid were deposited. Placing of securities in the deposit account is done pursuant to transfer order certified and signed by the bidder and CSD member – bidder's agent. The bidder cannot dispose of such securities during the validity term of the share takeover bid.

80. On the closing date of the share takeover bid, CSD forwards electronic messages to the participants in the share takeover bidding procedure. CSD members are obligated to respond to such messages. CSD clears the securities and money, and settles according to DVP principle in accordance with the Rules of CSD Term Schedule.

81. If payment is made in securities, CSD member – bidder's agent submits electronically to CSD orders for the transfer of securities from the bidder's deposit account to proprietary securities accounts of the shareholders – sellers in the manner as prescribed by CSD User's Instruction.

XI ACQUISITION OF OWN SHARES

82. A joint-stock company which pursuant to the provisions of the Company Law intends to acquire own shares by tendering to all shareholders is bound to furnish CSD, through a CSD member, the following:

- 1) the text of the offer for acquisition of own shares, in written and electronic form;
- 2) the decision of the joint-stock company in acquisition of own shares;
- 3) the approval of the National Bank of Serbia, if a bank acquires own shares;
- 4) the proof of opened deposited securities account where the shares the offer relates to will be deposited;
- 5) the proof of provided assets, or of a bank guarantee.

CSD makes through its Internet page the announcement and the text of the offer for acquisition of own shares, upon request of a CSD member. CSD members notify thereof the shareholders with whom they have the contract concluded for maintenance of the account of securities to which such announcement refers.

CSD members are obligated to submit the offer for acquisition of own shares to legal holders of the shares to which the offer relates, and to enable such persons to transfer such securities to the account of deposited securities from paragraph 1, point 2 hereof.

Legal holders of the shares to which the offer for acquisition of own shares relates can deposit such shares in the account of deposited securities within the term set in the offer, by giving the transfer order as well as the order for withdrawal of the same from the account of deposited securities during the validity of the offer for acquisition of own shares.

83. If after the expiry of the term for acquisition of own shares the number of deposited shares exceeds that indicated in the offer, the joint-stock company is obligated to submit to CSD, through a CSD member, a notification of acceptance, and/or non-acceptance of the surplus of deposited shares.

If the joint-stock company accepts the surplus of deposited shares, such company is obligated to furnish CSD through CSD member, in addition to the notification, the proof that additional assets or bank guarantee are provided, which are necessary to pay for such surplus of deposited shares.

If the joint-stock company does not accept the surplus of deposited shares, CSD transfers the deposited shares to the joint-stock's proprietary account of securities proportionately to each shareholder who has deposited the shares.

84. If a closed joint-stock company acquires own shares, such company submits to CSD through a CSD member the application and the following documents:

- 1) the decision of the joint-stock company about acquisition of own shares;
- 2) the contract for acquisition of own shares concluded between the issuer and the shareholders of such issuer;
- 3) the transfer order signed and certified by the principal and the CSD member;
- 4) the certificate of cash assets for the purchase of own shares.

85. On the closing day of the offer for acquisition of own shares, CSD forwards electronic messages to CSD members maintaining securities accounts and cash accounts of clients. CSD members confirm the messages by sending electronic messages to CSD.

CSD clears the securities and money, and settles them according to DVP principle, in accordance with the Rules of CSD Term Schedule.

XII ACQUISITION OF OWN SHARES FROM DISAGREEING SHAREHOLDERS

86. Acquisition of own shares from disagreeing shareholders in the case where a shareholder who is seeking from the joint-stock company to make the payment of the amount equal to the market value of its shares, if it votes against or abstains from voting on the decision made by such joint-stock company for the purchase of such shares as own shares pursuant to the provisions of the Company Law – such shareholder is bound to submit to CSD through CSD member:

- 1) the transfer order from such shareholder's proprietary securities account to proprietary securities account of the joint-stock company signed and certified by the disagreeing shareholder and the CSD member. The transfer order needs to contain the data about the depositary of the disagreeing shareholder's and joint-stock-company's cash account, and about the price per share;
- 2) a copy of written notification of the disagreeing shareholder of the intent to exercise such right, sent to the joint-stock company ahead of the session of the Shareholders Meeting;
- 3) a copy of the written request sent by such shareholder to the joint-stock company for the purchase of its shares after the Shareholders Meeting session was held;
- 4) notification of the joint-stock company accepting the request of non-agreeing shareholders, and the proof of assets ensured for the purchase of shares from non-agreeing shareholders (certificate of the CSD's member).

On the basis of furnished documents CSD forms electronic messages and forwards them to CSD members – participants in the transaction. CSD settles the securities and money (according to DVP principle) on the day inserted in the order.

XIII DECREASE OF JOINT-STOCK COMPANY'S ORIGINAL CAPITAL

87. Joint-stock company notifies CSD of performed decrease of the original capital by submitting to CSD, through a CSD member, such notification and the requirement for withdrawal and annulment of shares, in the cases of:

- 1) annulment of acquired own shares, and by withdrawal and annulment of the shares in possession of shareholders,
- 2) decrease of the nominal value of shares or accounting value in the case of shares without the nominal value,
- 3) removal of subscribed shares which are partly paid in, and to whose shareholders was paid out the amount paid earlier.

88. In the case of decrease of the number of shares on the basis of the annulment of own shares, the joint-stock company submits to CSD through CSD member the decision of that company to decrease the original capital by annulment of own shares and the ruling of the Agency for Company Registers relating to decision of registered capital decrease, and/or certified extract of the Agency for Company Registers bearing the date not older than six months.

On the basis of filed application and submitted documents CSD annuls own shares of the joint-stock company by their transfer from such company's proprietary securities account to the issuer's account of annulled shares.

89. In the case of decrease of the number of shares on the basis of withdrawal and annulment of the shares in possession of shareholders, the joint-stock company submits through CSD member the decision to decrease the original capital by withdrawal and annulment of the shares, made by that company's Meeting of Shareholders and/or by other body of the company competent for making such decision in accordance with the company's Articles of Association or Charter of Incorporation, and the ruling of the Agency for Company Registers relating to decision of registered decrease of capital, and/or certified extract from the Agency for Company Registers with the date not older than six months.

On the basis of filed application and submitted documents CSD annuls the shares in possession of shareholders by the transfer to the issuer's account of annulled shares.

90. In the case of decrease of the nominal or accounting value, when shares without nominal value are concerned, the joint-stock company submits to CSD through CSD member the decision of that company's Meeting of Shareholders, and/or other body competent for making such decision in accordance with the Articles of Association or Charter of Incorporation, and the ruling of the Securities Commission approving the

issue of securities when that company issues the shares to replace the existing shares due to the change in their nominal value.

91. In the case of removal of subscribed shares partly paid in and whose shareholders have been paid the amount paid earlier, the joint-stock company submits to CSD through CSD member the decision to decrease the original capital by the value of the payments made for the shares that had not been paid up in full within the term specified in the decision on the issue of such shares, and the proof of the payment made out to the shareholders of the amount paid earlier for the shares which have not been paid up in full.

On the basis of the filed application and submitted documents CSD removes the shares being withdrawn and annulled by their transfer from the shareholders' proprietary securities accounts to the account of annulled shares, and removes the shares that have not been paid up in full.

XIV FORCED SALE OF SHARES

92. When a person that in the procedure of takeover by public offer has acquired at least 95% of shares (majority shareholder) the issuer of which is the joint-stock company being taken over (target company) intends to also purchase the shares to which the public offer referred from shareholders who have not accepted the sale of shares under such offer (disagreeing shareholders) – the target company is obligated to submit to CSD, through a CSD member:

- 1) the certificate of the bank, a CSD member, of provided cash assets for the purchase of shares from disagreeing shareholders;
- 2) the copy of the written request of the majority shareholder forwarded to disagreeing shareholders for a forced sale of shares;
- 3) the proof that the copy of the request from point 2 of this paragraph was forwarded to the target company;
- 4) the certificate of the target company to have received the notification from the majority shareholder of intended forced sale of the target company's shares from disagreeing shareholders;
- 5) the copy of the announcement published in one daily distributed throughout the territory of the Republic of Serbia with a circulation of at least 100.000 copies;
- 6) the notification about the forced sale of shares of the target company in electronic form, displayed by CSD on the CSD Internet page.

93. On the basis of the submitted documents CSD forms electronic messages which are forwarded to CSD members maintaining proprietary securities accounts of disagreeing shareholders. CSD members are obligated to confirm such messages.

CSD clears the securities and money, and settles according to DVP principle in conformity with the Rules of CSD Term Schedule. For shareholders not having an open proprietary securities account with a CSD member, cash assets are transferred to the CSD member – corporate agent of the target company.

If payment is made in securities, CSD member - agent of the majority shareholder submits to CSD the orders for the transfer from the majority shareholder's deposit account to proprietary securities accounts of disagreeing shareholders, in electronic form on a compact disc. For shareholders not having an open proprietary securities account with a CSD member CSD transfers securities to the account with CSD.

94. If the shares of disagreeing shareholders are in the pledge account or are otherwise blocked, they cannot be subject of forced sale.

CSD member carrying out the procedure of forced sale is obligated to submit to CSD the data about the shareholders not having the unique registration number, Tax ID number and the municipality code.

XV FORCED PURCHASE OF SHARES

95. When minority shareholders of a joint-stock company intend to sell the remaining shares to a person that has acquired at least 95% of shares (majority shareholder) in accordance with the provisions of law – minority shareholders are obligated to submit to CSD through a CSD member the following:

- 1) the transfer order from proprietary securities account of minor shareholders to proprietary securities account of the majority shareholder signed and certified by the minority shareholder and CSD member;
- 2) the copy of the written request of minority shareholders sent to the majority shareholder for forced purchase of shares.

96. On the basis of the submitted documents CSD forms and forwards electronic messages to the participants in the transaction. CSD clears the securities and money, and settles according to DVP principle on the date inserted in the order.

XVI ALIENATION OF OWN SHARES

97. When own shares are sold (alienated) by an offering to all shareholders who exercise their right of priority subscription pursuant to the provisions of the Company Law, the issuer of such shares is bound to submit to CSD, through a CSD member:

- 1) the written application;
- 2) the decision of the joint-stock company about the sale (alienation) of own shares;
- 3) the text of the offer for sale (alienation) of own shares (in written and electronic form);

- 4) the proof of the existence of the specific-purpose Dinar account with the bank where payment is made, for the purpose of registering and paying for the shares the joint-stock company is selling (alienating) as own shares.

Text of the offer for the sale (alienation) of own shares is announced by CSD on its Internet page. CSD members notify of the offer the shareholders to which such offer relates, and with which they have a contract concluded for the opening and maintenance of the securities account.

98. Legal holders of the shares the offer for sale (alienation) of own shares relates to can subscribe and pay up for the shares within the term set in the offer, by giving the order for the purchase of shares to the paying bank – a CSD member. CSD member where subscription and payment were made, forwards to CSD the electronic file with orders for the purchase of shares.

99. Clearing of securities and money, as well as settlement according to DVP principle are performed in accordance with the Rules of CSD Term Schedule.

XVII POOLING OF SHAREHOLDERS' SHARES WITH THE PACKAGE OF SHARES OF THE REPUBLIC OF SERBIA SHARE FUND

100. CSD member submits in the name and for account of its client (Share Fund) an application to CSD, and the documents for pooling (depositing) shareholders' shares with the Share Fund:

- 1) the contract for rendering services in the drafting and implementation of the offer which the Share Fund concludes with the CSD member;
- 2) CSD member's application for the opening of a pool account (depositing account);
- 3) public invitation for the pooling of shares, in written form and with the seal and signatures of authorized persons;
- 4) the text of the offer for the pooling of shares in written and electronic form.

The text of the offer for pooling (depositing) shares is announced by CSD through its Internet page. CSD members notify of the offer for the pooling of shares the shareholders to which such pooling relates, with which they have a contract concluded for the opening and maintenance of the securities account.

101. Legal holders of the shares to which the share pooling (depositing) offer relates may deposit shares within the term set in the offer, by giving order for the transfer of shares with the CSD member, and/or by giving order for withdrawal in the case of desisting from the pooling of shares. After the expiry of the depositing term, legal holder of shares cannot issue order for withdrawal of the same.

102. After the conclusion of the sales agreement between the Share Fund and the buyer, CSD member submits such contract to CSD. Apart from the contract, CSD member submits the application indicating the date of the transaction settlement.

103. CSD forms electronic messages which are forwarded by it to CSD members, participants in the sale of shares by way of pooling. CSD members are obligated to confirm the messages. On the clearing and settlement date CSD transfers securities and money according to DVD principle pursuant to the Rules of CSD Term Schedule.

XVIII ENTRY OF THIRD PARTY RIGHTS TO SECURITIES

104. A third party right to securities produces effect towards other persons as of the date of registration in CSD.

The lien on securities originates by registering such lien in proprietary account of the holders of such securities, in the way that the securities on which the lien is constituted are maintained in separate proprietary sub-account of securities – pledge account.

Legal base for acquisition of third party rights to securities may be a pledge agreement, as well as other legal base in accordance with law (final enforceable documents in the procedure of compulsory enforcement, court decisions, cession agreement, collateral loan, etc.).

If the legal base for registration of a pledge is the loan agreement, where the credit beneficiary is a resident and the lender is a non-resident, registration of the pledge in CSD requires approval of the National Bank of Serbia for resident's borrowing abroad, apart from the loan agreement and the pledge agreement.

CSD member maintaining the proprietary account of the pledgor imports the electronic order in CSD system, pursuant to the legal base and the order for transfer of securities from proprietary to pledge account signed and certified by the pledgor.

CSD member is obligated to keep in its records the proof of acquisition of third parties' rights to the securities, in accordance with law, and to submit the same to CSD for insight upon the latter's request.

By registering third parties' rights to securities the balance of such securities is blocked in the pledge account and they may be transferred only in accordance with legal regulations until the expiry of the obligation according to the basic contract.

CSD registers the pledges of second and higher class pursuant to CSD member's requirement, which is accompanied by the pledge agreement, as well as other legal base in accordance with law.

105. Registration of a lien on the basis of a legal transaction is removed pursuant to the order for transfer of securities submitted by the pledgor together with the proof of the cease of the pledgor's basic obligation issued by the pledgee, and/or when the pledgee submits to CSD a notification that the receivable has ceased, as well as on the basis of final and enforceable court decision.

The lien on securities shall be removed in the case of securities annulment because of:

1. the issuance of securities for the purpose of replacing the existing securities;
2. a status change;
3. a change in the legal form;
4. finalized bankruptcy or liquidation proceedings.

The member of CSD shall be obligated to notify the pledgor and the pledgee of annulment of the securities on which the lien was registered.

106. If a legal holder of securities whose securities have been transferred to the pledge account fails to meet the obligations within the term set forth by the master agreement on the basis of which the lien or other right to securities originated, the creditor is entitled to institute the procedure of sale of pledged securities if set forth by the master agreement, and upon the expiry of eight days from the date of the warning made to the debtor or the pledgor, when they are not one and the same person. The pledgee can also institute the procedure of sale of securities on the basis of final and enforceable court decision.

Creditor is obligated to timely notify both persons (debtor and pledgor, if they are not one and the same person) of the date of sale of pledged securities, and of the mode of such sale, in accordance with law.

Sold pledged securities are settled according to DVP principle, while cash assets are transferred to the cash account of the CSD member where the pledgor has opened the pledge account.

107. CSD member is obligated to promptly transfer the cash assets from sold securities to the creditor's cash account.

If the cash amount obtained from the sale of pledged securities exceeds the debt amount, CSD member is obligated to promptly transfer such surplus to debtor's cash account.

When a beneficiary of a loan provided on the basis of pledged securities does not repay, when due, the loan to the bank that granted such loan, such bank can recover its receivables by selling the pledged securities which the loan beneficiary or a third person pledged as collateral, if such provision is contracted by the pledge agreement.

XIX LIMITATION OF RIGHTS ARISING FROM SECURITIES

108. Disposal of the rights arising from securities can be limited in the cases where:

- 1) a legal holder of securities renounces the right to dispose of certain or all rights arising from securities, and
- 2) competent court renders a decision banning disposal of certain or all rights arising from.

In the case from point 1), the legal holder of securities submits through CSD member a request for enforcement of the limitation of disposal of certain or all rights arising from securities. On the basis of the submitted request CSD registers the limitations in the account of the legal holder of securities.

CSD removes the registration of the limitations of disposing of certain or all rights arising from securities in the case from point 1) at the request of the legal holder which is submitted through a CSD member.

CSD enforces the limitations in disposing of certain or all rights arising from securities on the basis of the competent court's decision submitted by CSD member or by the competent court.

Registration of the limitations in disposing the rights arising from securities on the basis of a court decision is removed by CSD on the basis of the court decision abolishing such limitation, which is submitted by CSD member or by the competent court.

Registration of limitation in disposing of the specific or of all rights arising from the securities being annulled shall be removed in the case securities annulment because of:

1. issuance of securities for the purpose of replacing the existing securities;
2. status change;
3. change in the legal form; and
4. finalized bankruptcy or liquidation proceedings.

Member of CSD shall be obligated to notify the applicant asking limitation in disposing of the rights arising from securities of the annulment of such securities, as well as to enable them to register the limitation in disposing of the rights arising from the newly issued securities.

109. CSD shall register and/or remove the loss of the voting right to a security holder on the basis of the decision of the Securities Commission.

Removal of the ban on the voting right on securities, registered on the basis of the decision of the Securities Commission, shall be done in the case of securities annulment because of:

- 1) issuance of securities for the purpose of replacing the existing securities;
- 2) status change;
- 3) change in the legal form; and
- 4) finalized bankruptcy or liquidation proceedings.

In the case of replacement of the existing securities, the Securities Commission shall submit to the CSD the decision banning to the legal holder the voting right on newly issued securities.

110. CSD discloses on its Internet page the data about the registered limitation of the rights arising from securities in the case of shareholders where such limitation is registered.

XX MODE OF PERFORMING CORPORATE ACTIVITIES

111. CSD performs corporate activities upon request of an issuer or other authorized person, through a CSD member.

The request from paragraph 1 of this point is submitted through a CSD member in written or electronic form.

When the request from paragraph 1 of this point is received by CSD, CSD will act in accordance with, in the manner of, and within the term indicated in the request, in accordance with these Operating Rules and other CSD formal documents.

Corporate activities include:

- 1) payment of dividend in securities and in cash,
- 2) payment of coupons, and/or bonds' principal,
- 3) announcement of the payment of dividend,
- 4) notification of legal holders of the session of the Meeting of shareholders,
- 5) notification of legal shareholders of the call for making the proxy statement,
- 6) notification of legal shareholders of the offer for the takeover of shares,
- 7) notification of legal shareholders of the acquisition of own shares,
- 8) notification of legal shareholders of the alienation of own shares,
- 9) notification of forced sale of shares,
- 10) notification of the pooling of shares with the government package for the sale by tender,
- 11) notification of primary sale of securities when payment is made with other securities,
- 12) submission of shareholders books for the needs of holding the Shareholders Meeting, and in other cases envisaged by law.

An issuer can carry out corporate activities not included in paragraph 4 of this point on its own, or can conclude a special agreement with a CSD member in order for the

member to carry them out in the name of the issuer and in conformity with CSD formal documents.

Payment of Dividend

112. CSD member (corporate agent) submits for its client – issuer a request to CSD for payment of dividend. Along with the request the CSD member also submits the following documents:

- 1) the decision of the issuer's competent body on the payment of dividend;
- 2) the notification in written and electronic form,
- 3) the electronic order for the payment of dividend, imported through CSD user application.

CSD announces the payment of dividend on its Internet page. CSD members inform about the payment of dividend the shareholders with whom they have the contract concluded for the opening and maintenance of the account of securities the announcement refers to.

On the basis of the submitted documents CSD forms electronic messages which it forwards to CSD members maintaining securities accounts of shareholders. CSD members are obligated to confirm receipt of the electronic messages.

On the date of dividend payment, the issuer pays cash for the dividend payment to cash account of the CSD member – the issuer's corporate agent in CSD. CSD transmits the dividend cash assets to CSD members maintaining securities accounts of the holders of such shares.

For shareholders whose shares are maintained in a securities account with CSD, cash assets for the dividend are paid to CSD member – corporate agent of the issuer.

Payment of Securities at Maturity, and/or of Interest Coupons

113. On the date of maturity of debt securities and/or interest coupons, CSD member – corporate agent of the issuer pays in the name of the issuer cash assets to cash account of the CSD member – corporate agent of the issuer in CSD. The CSD member – corporate agent of the issuer is obligated to confirm through CSD information system the date of payment of the debt securities or of interest coupons in the manner as prescribed by CSD User's Instruction.

On the basis of imported payment date confirmation and the payment made of cash assets, CSD forms electronic messages which it forwards to CSD members maintaining

securities accounts of legal holders of such securities. CSD members are obligated to confirm the receipt of such electronic messages.

CSD transfers the cash assets for interest coupons from the account of the CSD member – the issuer's corporate agent to the accounts of CSD members where securities accounts of legal holders of such securities are maintained.

When payment is made on maturity dates of debt securities, CSD simultaneously transfers the securities from proprietary account of the holders of such securities to the account of the issue finalization and cash assets to CSD members maintaining the securities accounts of legal holders of such securities pursuant to DVP principle.

Notification of Shareholders Meeting Session

114. CSD member submits to CSD, by order of the person vested with the right to convene the Meeting of Shareholders, an application for announcing the holding of the Meeting of Shareholders. Along with the application, the CSD member submits the decision on the holding of the Shareholders Meeting, signed and certified by the authorized person, both in written and electronic form.

CSD displays on its Internet page the notification and the decision about the holding of the Meeting of Shareholders. CSD members notify the shareholders with whom they have the contract concluded for maintenance of the accounts of securities the notification relates to about the holding of the Meeting of Shareholders.

Notification of the Call for Making a Proxy Statement

115. CSD member, corporate agent of an issuer, submits to CSD a request for publishing the call for making a proxy statement of shareholders, and with the request submits also the following documents:

- 1) the ruling of the Securities Commission approving the proxy statement;
- 2) certified proxy statement in written and electronic form;
- 3) the procuration for representation in the Meeting of Shareholders, in written and electronic form.

CSD displays on its Internet page the notification of the call for making the proxy statement, the proxy statement and the procuration for representation. CSD members inform the shareholders with whom they have the contract concluded for maintenance of the account of securities the notification relates to about the making of the proxy statement.

CSD members maintaining the shareholders' securities accounts are obligated to submit the calls for the making of proxy statements to the shareholders to which such statement relates, and also to enable the shareholders to sign the procuration.

CSD member submits the signed procurations to the person who has forwarded the call for making the proxy statement three days prior to the holding of the Meeting of Shareholders to which such statement relates.

Shareholders books

116. The request for issuance of shareholders books is submitted to CSD through a CSD member – corporate agent of the issuer.

Shareholders books are submitted as at the date indicated in the request.

Shareholders book includes the registration number of the shareholder, name and surname and/or business name, address of the shareholder, the number of shares held, and the number of votes from such shares.

If shares of a legal holder are maintained in aggregate custody account, shareholders book contains in lieu of the name, surname and registration number of the shareholder the name of the custody bank where aggregate custody account is opened and the number of that account, and such custody bank may represent such holder in the Meeting of Shareholders on the basis of procuration received in accordance with law, or may entrust representation with other person that has forwarded the call for the making of proxy statement in accordance with law.

CSD issues the shareholders books in written and electronic form.

CSD issues the shareholders book within 2 (two) days of the date of the submission of the request.

Each shareholder has the right to have insight into shareholders book of the joint-stock company where such person is a shareholder.

The right from paragraph 7 of this point is exercised by insight into shareholders books maintained electronically in CSD office premises, upon request of a person concerned or a proxy of such person. The request is submitted through CSD member, and shareholders books may be looked into in the presence of that CSD member's representative.

A person submitting to CSD a request for issuance of shareholders book, or a request for insight in the shareholders book has also to file the powers for the submission of the request and the takeover of the shareholders book.

117. CSD submits the shareholders book for ordinary session of the Meeting of Shareholders at the request of the Managing Board of a joint-stock company or the person authorized by the memorandum of incorporation to convene a regular Meeting of Shareholders, and in other cases in accordance with law.

118. CSD submits the shareholders book for an extraordinary Meeting of Shareholders:

1) at the request of the Managing Board of a joint-stock company or the person authorized by the memorandum of incorporation to convene an extraordinary Meeting of Shareholders;

2) at the request of company liquidator, if the company is in liquidation.

119. CSD also submits the shareholders books in all cases when the issuer's corporate agent submits a request in the name of that issuer for the submission of the shareholders book.

120. CSD submits the shareholders books on the basis of a court ruling on the holding of the Meeting of a joint-stock company, at the request of the person authorized by the court to convene the Meeting.

121. CSD submits the shareholders books on the basis of the request of registered association of shareholders of that issuer. The Association of shareholders submits to CSD the request for shareholders books through a CSD member.

122. CSD submits the shareholders books on the basis of the decision approving the offer for share takeover of a joint-stock company, at the request of CSD member – corporate agent of the bidder. In this case, the shareholders books include the registration number of the shareholder, name and surname, and/or business name and address of the shareholder.

123. CSD publishes overtly on its Internet page the data from the shareholders books – issuers.

Shareholders books published overtly on CSD Internet page include the following data:

1) name and surname, and/or business name of the shareholder;

2) the number of shares held by the shareholder.

In case where the limitation of the rights arising from securities is registered for a shareholder, CSD also overtly publishes within the shareholders books on its Internet page, in addition to the data from paragraph 2 of this point, the fact relating to the registered limitation.

XXI MODE OF RISK ELIMINATION, AND SETTING-UP AND UTILIZATION OF THE GUARANTEE FUND

124. On the date of settlement, CSD members – participants in concluded transactions with securities, have to provide for the securities and money in order for CSD to be able to settle the securities and money as per DVP principle in accordance with the Rules of CSD Term Schedule.

125. All CSD members, except the Republic of Serbia and the National Bank of Serbia, pay assets into the CSD Guarantee Fund in order to have the assets provided for the meeting of obligations should CSD not timely ensure the securities or money for the concluded transactions with securities.

The amount of assets paid into the CSD Guarantee Fund is EUR 40.000. They are paid to CSD account with the National Bank of Serbia, according to CSD payment instructions as set forth in CSD User's Instruction.

On foreign exchange assets of CSD members, maintained with the National Bank of Serbia, CSD calculates and pays interest in accordance with the "Decision of the National Bank of Serbia on Setting the Interest Rate Paid by the National Bank of Serbia on CSD Assets in Foreign Currency ('RS Official Gazette', No. 46/2005)." CSD assets in foreign currencies consist of the Guarantee Fund assets and assets paid by CSD members on the basis of trading in securities.

CSD cannot invest or place on term deposit the assets paid into the Guarantee Fund, but may only keep them as a demand deposit with the National Bank of Serbia.

CSD keeps the assets paid in the Guarantee Fund in the currency in which a member made the payment.

Apart from the Guarantee Fund assets, CSD member gives bills of exchange as collateral for timely settlement of the securities and money, for the concluded transactions with securities.

126. In case where a CSD member does not have enough securities or cash assets in its account on the date of settlement, CSD activates the Guarantee Fund assets in accordance with the Rules of CSD Term Schedule.

The mode of activation of assets of CSD members' Guarantee Fund is regulated by the CSD User's Instruction.

If assets from the Guarantee Fund account are activated, CSD calculates the fee for the utilization of such cash assets until the date of payment/repayment of the activated assets by a CSD member to the Guarantee Fund account with CSD, in accordance with CSD Code Rule of Tariff Rates.

CSD member is obligated to compensate the activated assets within a shortest time possible, and by no later than the beginning of the next working day.

127. If assets of the Guarantee Fund are not sufficient to cover the obligations of a CSD member, CSD will activate the bills against the account of such member, equal to the amount of missing assets.

If by activating the Guarantee Fund assets and bills it is not possible to ensure assets necessary to settle a transaction, CSD will cancel such disputable transaction with the consent of all participants in the transaction, and notify the Securities Commission and the market organizer thereof.

Extraordinary Procedures of Forced Sale and Forced Purchase of Securities

128. If by activating the Guarantee Fund assets cash and/or securities cannot be provided, CSD launches extraordinary procedures for forced sale and/or forced purchase of securities.

Forced sale and/or purchase of securities starts by importing the sell and/or buy order of such security in the information system of the market organizer where such security is traded by CSD, and if this turns out to be impossible (security is not traded with the market organizer, there is no scheduled trading in such security), forced sale and/or purchase starts by a call to all CSD members to submit offers for sale and /or purchase of the said security.

The call and offers are submitted in accordance with the CSD User's Instruction.

CSD ranks the received offers by price, and the offers with the same price according to the time of their arrival; provided, however, that in the case of forced sale offers with higher price are accepted, and in the case of forced purchase offers with lower price are accepted.

CSD informs all participants in the process of forced sale, and/or purchase whether their offers have been accepted or not, and in the case of accepted offers CSD clears the securities and money and settles them according to DVP principle.

Forced sale and forced purchase of securities take place in the manner as set forth by these Rules, and in accordance with the Rule of CSD Term Schedule.

XXII KEEPING OF SECURITIES

129. Materialized securities are dematerialized by issuer's decision to dematerialize the securities. Issued materialized securities, and/or securities being dematerialized are announced by the issuer as invalid, and it annuls the same. The decision on dematerialization of securities is submitted by the issuer to CSD through a CSD member – corporate agent.

CSD dematerializes the securities by registering such securities in the issuer's issue account, upon the issuer request and on the basis of the issuer's decision.

XXIII OTHER CSD ACTIVITIES

130. The procedure of admission of new CSD members is carried out by CSD in accordance with the law governing the market of securities and other financial instruments, and the CSD Statute.

131. CSD controls its members in the part of the operations falling within the scope of CSD competences.

In exercising the control from paragraph 1 of this point, CSD has the right to have direct insight in the documents.

132. CSD controls orders that CSD members forward to CSD.

CSD allows its members insight in the data relating to such member and its clients.

133. CSD works out information solutions for the needs of carrying out the CSD activities.

CSD works out information solutions for CSD Internet page.

134. CSD works out information and other solutions for the protection of the CSD Information system.

CSD manufactures SMART cards for access to CSD information system, which ensure protected approach to the CSD information system.

135. CSD performs the activities in accordance with the CSD membership in international organizations.

136. CSD calculates and collects from its members the fees for rendered services, in accordance with CSD Tariff Rule Code.

137. CSD also performs other activities in accordance with law.

XXIV TRANSITIONAL AND CONCLUDING PROVISIONS

138. By entering into force of these Operating Rules shall cease to be valid the Operating Rules of the Central Securities Depository and Clearing House ("RS Official Gazette", No. 128/2003, 14/2004, 26/2004, 104/2004, 126/2004, 30/2005, 74/2005, 15/2006, 23/2006, 45/2006, 58/2006, and 68/2006).

139. These Operating Rules shall come into force eight days after the date of their publication in the "RS Official Gazette", following the received consent from the Securities Commission.