

# Rules on obtaining the title and license for brokers, investment advisors and portfolio managers



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

Pursuant to Article 220, paragraph 1, item 1, and in reference to Article 128 of the Law on the Market of Securities and Other Financial Instruments ("RS Official Gazette", No 47/06), the Securities Commission hereby issues the following

## I GENERAL PROVISIONS

### Subject Matter and Purpose of the Rules

#### Article 1

These Rules shall regulate the following:

- 1) Organization and manner of holding training for obtaining the title of broker, investment advisor and portfolio manager, conditions for attending the training, conditions for selection of trainers, training areas, obligations of the trainers and candidates and timing of holding the training,
- 2) Organization of exams for obtaining the title of broker, investment advisor and portfolio manager, manner of taking exams, appointment of list of examiners, supervision over exam and its compliance with regulations and timing for holding the exams,
- 3) Manner and procedure of validation of certificates on obtained titles of a broker, investment advisor and portfolio manager abroad;
- 4) Manner and procedure of issuing license for conducting the activities of a broker, investment advisor and portfolio manager,
- 5) Other significant issues for securing fair, public and equal treatment of all candidates attending the training and taking exams for obtaining the titles of broker, investment advisor and portfolio manager.

### Securities Commission

#### Article 2

Training and exam for obtaining the title of broker, investment advisor and portfolio manager shall be organized and implemented by the Securities Commission (hereinafter: the Commission).

The Commission shall adopt the training plan and program for obtaining the titles referred to in paragraph 1 of this Article, shall appoint trainers, determine terms for trainings and exams, ensure unhindered implementation of training and exams, provide necessary reading material for trainees, execute validation of certificates of titles acquired abroad, grant and revoke licenses for conducting these activities and keep a register of persons that attended training, took the exam, and/or obtained the title and register of persons to whom license for conducting activities for the aforementioned titles has been granted, and/or revoked.

Broker, Investment Advisor and Portfolio Manager

#### Article 3

Activities of broker, investment advisor and portfolio manager may only be conducted by persons holding a license for conducting such activities.

## II TRAINING

### Place and Time of Holding Training

#### Article 4

Training for obtaining the title of broker shall be organized, as a rule, four times per year during periods published at the website of the Commission not later than 30 days prior to holding the training.

Training for obtaining the titles of investment advisor and portfolio manager shall be organized, as a rule, two times per year during periods published at the website of the Commission not later than 30 days prior to holding the training.

Depending on the number of the candidates, the training shall be organized in the premises of the Commission or in some other appropriate venue that the Commission deems appropriate in terms of technical equipment necessary for the quality of the training.

Training shall be implemented during workdays in the afternoon hours and during weekends, according to the schedule that the trainees receive on the first day of the training.

#### Manner of Holding Training

#### Article 5

Training shall be conducted pursuant to the adopted program posted at the Commission's website, namely:

- 1) For obtaining the title of broker, 80 classes overall
- 2) For obtaining the title of investment advisor, 100 classes overall
- 3) For obtaining the title of portfolio manager, 120 classes overall
- 4) For obtaining the title of portfolio manager, if candidates have previously acquired the title of investment advisor, 50 classes overall.

For candidates that attended the training for obtaining the title of the broker, the Commission shall organize the practical part of the training in one of the regulated markets.

Training for obtaining the title of the broker shall be organized independently of the training for obtaining the titles of investment advisor and portfolio manager. If the number of applicants for cycles referred to in indent 1 of this Article is:

- 1) Less than 30, the training shall be conducted only in certain areas, while consultations with the trainers shall be organized for other areas, in the form of mentor training.
- 2) Less than 20, the training shall not be held in the specified time period, and applicants shall have the possibility to attend the training in the following regular training period. If the number of applicants for cycles referred to in paragraph 1, indents 2 through 4 of this Article is:
  - 1) Less than 5, the training shall not be conducted in the specified time period, and applicants shall have the possibility to attend the training in the following regular training period.
  - 2) Less than 15 for all three cycles, the training shall be conducted only in certain areas, while consultations with the trainers shall be organized for other areas, in the form of mentor training.
  - 3) More than 40, for the reason of maintaining quality of the training, number of applicants exceeding the maximum number for the cycle, which is 20, shall be put in the waiting list.

#### Organization of Training for Broker

#### Article 6

Pursuant to the training program for the title of broker, which is a constituent part of these Rules, the training shall include the following areas:

- 1) MACROSTRUCTURE, REGULATION AND INFRASTRUCTURE OF THE FINANCIAL MARKET
- 2) REGULATORY AND SUPERVISORY AUTHORITIES
- 3) PARTICIPANTS IN THE FINANCIAL MARKET
- 4) PROTECTION OF PARTICIPANTS IN THE FINANCIAL MARKET
- 5) FINANCIAL INSTRUMENTS
- 6) PROCESSES
- 7) FINANCIAL ANALYSIS

#### Organization of Training for Investment Advisor

##### Article 7

Pursuant to the training program for the title of investment advisor, which is a constituent part of these Rules, the training shall include the following areas:

- 1) LAW, ETHICS AND PROFESSIONAL STANDARDS
- 2) QUANTITATIVE METHODS
- 3) ECONOMICS
- 4) FINANCIAL STATEMENTS ANALYSIS
- 5) CORPORATE FINANCE
- 6) INVESTMENT INSTRUMENTS

#### Organization of Training for the Title of Portfolio Manager for Persons who Hold the Title of Investment Advisor

##### Article 8

Pursuant to the training program for the title of portfolio manager for candidates that obtained the title of investment advisor, which is a constituent part of these Rules, the training shall include the following areas:

- 1) QUANTITATIVE METHODS
- 2) VALUATION OF COMPLEX FINANCIAL INSTRUMENTS
- 3) PORTFOLIO MANAGEMENT

#### Organization of Training for Portfolio Manager

##### Article 9

Pursuant to the training program for the title of portfolio manager, which is a constituent part of these Rules, the training shall include the following areas:

- 1) PROFESSIONAL STANDARDS
- 2) QUANTITATIVE METHODS
- 3) FINANCIAL STATEMENTS ANALYSIS
- 4) CORPORATE FINANCE
- 5) INVESTMENT INSTRUMENTS
- 6) VALUATION OF COMPLEX FINANCIAL INSTRUMENTS
- 7) PORTFOLIO MANAGEMENT

#### Trainers

##### Article 10

Training for obtaining the title of broker, investment consultant and portfolio manager may be conducted by persons who have university title of the trainer in the area in which they hold training for obtaining such titles.

Training for obtaining titles referred to in paragraph 1 of this Article may also be conducted by renowned practitioners, up to 20% of the overall classes.

Practitioners may not be appointed as trainers if:

- 1) They do not conduct activities in area for which they are engaged as lecturers
- 2) Do not have published papers subject to revision from such areas in the established professional magazines
- 3) They have been members of the management of companies that were penalized for activities stipulated by Article 86 of the Law
- 4) Does not meet minimum conditions stipulated in the Law prescribed for persons who may obtain license for conducting activities of investment advisor and portfolio manager.

Pursuant to the aforementioned criteria, the Commission shall appoint trainers for each area for which the training is conducted according to the curriculum.

#### Rights and Obligation of the Trainer

##### Article 11

Trainers shall receive a fee for the class he/she held, the amount of which shall be determined by the Commission.

Trainers shall conduct classes according to the previously defined timetable, which they have previously given consent to in terms of timing.

In case of extreme circumstances that prevent the trainers from holding the class, they shall provide adequate replacement with prior consent of the Commission.

For each training on obtaining the title of investment advisor and portfolio manager, the trainers shall prepare appropriate presentation and shall submit such material in print or electronic form (CD, floppy disk or e-mail) to candidates or the Commission.

#### Trainees

##### Article 12

Training on obtaining the title of the broker may be attended by trainees that have completed at least high-school level education.

Training on obtaining the title of investment advisor and portfolio manager may be attended by trainees that have completed university level education.

Training on obtaining the title of portfolio manager by a shortened procedure may be attended by trainees that have obtained the title of investment advisor.

#### Application of Trainees

##### Article 13

Trainee shall apply for attending the training in a specific cycle by submitting full documentation (in person or via fax), within the deadline posted in the website of the Commission.

Full documentation specified in the paragraph 1 of the present Article shall mean the following:

- 1) Application form;
- 2) Copy of the diploma on completion of school, and/or faculty
- 3) Evidence of payment of the fee pursuant to the tariff booklet of the Commission.

Candidates applying for obtaining the title of portfolio manager, which hold the title of investment advisor, in addition to the documentation referred to in paragraph 2 of this Article shall also submit the copy of the diploma on the title of investment advisor.

Application form for training may be acquired in writing in the premises of the Commission or on the website of the Commission.

If the diplomas on completion of high school, and/or faculty have been acquired abroad, in addition to the documentation referred to in paragraph 2 of this Article, candidate shall submit a certified translation of the foreign diploma and evidence on validation of such diploma by the competent authority in the Republic of Serbia, pursuant to the law governing high-school, junior college and university-level education, and/or evidence that the validation procedure has been initiated.

If the validation procedure is not finished by the time the training begins, the application shall not be considered to be submitted in full, and candidate may attend the training in the following cycle, upon the provision of full documentation, and/or upon submitting validated diploma acquired abroad.

#### Rights and Obligation of the Trainees

##### Article 14

On the first day of the training, the trainees shall receive timetable of classes for the entire cycle, and they shall receive the set of the main reading material (certain number of books depending on the curriculum) and other tools necessary for attending the classes and preparation of exams

successively in the course of the training, as a rule, before the start of classes from a specific area. Trainees attending the training on obtaining the title of portfolio manager by a shortened procedure shall receive only reading material they did not receive previously as a reading material for the title of investment advisor.

Trainees shall fill in the presence list in the end of each class, and shall also fill in the questionnaire on the quality of the classes and trainer in the end of training classes from certain area.

### III EXAM

#### Exam Terms

##### Article 15

The exam for obtaining the title of broker shall be organized, as a rule, once a month, with the exception of summer months.

The timing for taking the exam for obtaining title of broker shall be posted on the Commission's website at least 20 days before taking the exam.

##### Article 16

Exam for obtaining titles of investment advisor and portfolio manager shall be organized two times a year in regular exam terms, namely: in January and June exam term.

The timing for taking the exam in regular exam terms must be posted on the Commission's website at least twenty days before the day of holding the exam.

Depending on the number of candidates that applied, exam may also be organized, as a rule, in two extraordinary exam terms, namely: In September and April exam terms.

Procedure for extraordinary exam terms shall be the following:

- 1) Open invitation to candidates for applying to extraordinary exam term shall be posted on the website of the Commission not later than 45 days from the stipulated (scheduled) exam term,
- 2) Deadline for application of candidates shall be 10 days.
- 3) If there are more than 5 candidates that applied, after expiration of the deadline the Commission shall post on the website the date of taking the exam in extraordinary exam term, not later than thirty days prior to taking the exam.

The timetable for taking the exam per exam areas shall be posted on the Commission's website not later than 5 days before holding the exam for obtaining the title of investment advisor, and/or portfolio manager.

#### Exam Application

##### Article 17

Right to apply for and take exam shall have the candidates that attended the training for obtaining title of broker, investment advisor and/or portfolio manager.

By way of exception to paragraph 1 of this Article, candidates that passed any level necessary for obtaining the title of certified financial analyst (CFA) shall have the right to apply for and take exam for obtaining the titles of investment advisor and portfolio manager.

##### Article 18

Candidate shall apply for taking an exam by submitting full documentation (in person or via fax), within the deadline posted on the website of the Commission.

Full documentation specified in the paragraph 1 of the present Article shall mean the following:

- 1) Application form;
- 2) Evidence of payment of the fee pursuant to the tariff booklet of the Commission.

Application form for exam may be acquired in writing in the premises of the Commission or on the website of the Commission.

Candidates that acquired any level necessary for obtaining the title of the certified financial analyst (CFA), in addition to the documentation referred to in paragraph 2 of this Article, shall also submit

the copy of the evidence on school he/she completed and on CFA level that he/she passed. Provisions stated in these Rules on application for the training that relate to validation of diploma shall accordingly be applied to paragraph 4 of this Article.

In case extraordinary exam term is not delivered due to insufficient number of candidates that applied, paid-in fee shall be valid for the next exam term or shall be reimbursed to the candidate pursuant to the request in writing.

Candidate that did not take an exam due to appropriate reasons (sickness, business trip etc.) shall submit an application to the Commission to make his/her paid-in fee valid for the next exam term, along with explanation and submitting of appropriate evidence on excuse for failure to take an exam.

#### Place and Manner of Taking an Exam

##### Article 19

Exam shall be organized in the premises of the Commission on working days, and/or during the weekend.

Exam shall be taken in writing, in the scheduled dates, in front of the exam committee and examiners on duty.

##### Exam Committee

##### Article 20

Exam committee shall consist of competent experts from the relevant areas with appropriate university degrees who are also, as a rule, trainers.

Exam committee shall be determined from the list of examiners, prepared by the Commission once a year.

Examiners' list shall contain, as a rule, at least two examiners for each area that is subject of examination.

The manner of rotation of examiners shall be determined by the Commission.

Members of the exam committee shall receive a fee for preparation and reviewing of exam assignments and tours of duty, the amount of which shall be determined by the Commission.

#### Obligations of Examiner

##### Article 21

Examiners shall submit prepared exam assignments to the Commission not later than three days prior to exam date, for the purposes of technical realization of the exam.

By way of exception to paragraph 1 of this Article, if examiner follows through standard stipulated form for exam preparation, he/she may provide exam assignments right before the exam, and shall notify in advance the administrative department of the Commission on that issue in writing.

Examiner shall prepare necessary number of exam assignment groups for each exam term for his/her own area.

#### Start of Exam

##### Article 22

Exam shall start precisely at the scheduled time and shall last pursuant to the time prescribed by these Rules for the specific exam area.

Possible delay of the exam may be tolerated by examiners if not more than 15 minutes elapsed from the scheduled start of exam, under the condition that none of the candidates had left the exam room during that period.

Candidate shall provide identification card or passport to examiner on duty prior to start of exam, for the purposes of identification.

#### Anonymity

#### Article 23

Exam shall be anonymous.

Anonymity shall be secured so that the candidate, in the presence of the examiner on duty, shall put the stipulated identification data on the paper he/she received from the Commission and shall put them into the envelope which is immediately sealed (glued).

Sheets containing exam assignments must not be marked with any indication, which is controlled by the examiner on duty when assignments are handed over.

If examiner establishes that the candidate acted in violation of paragraph 3 of this Article, and/or that there is any marking of the submitted exam assignments, the submitted exam assignments shall be invalid and trainer shall prepare a note in the exam list in the presence of the candidate.

#### Presence at the Exam

#### Article 24

Examiner from the appropriate area shall be present at the exam, who has been appointed for that exam term. In addition to examiners, employees of the Commission shall be present during exam.

Leaving the exam

#### Article 25

During the exam, candidate may not leave the exam room unless he hands over the complete exam assignment at the same time.

#### Removal from the Exam

#### Article 26

If examiner on duty notices that the candidate is using some prohibited means as assistance during the exam, or acts in such a way as to jeopardize the regularity of the exam, he/she shall take exam assignments away from that candidate along with prospective prohibited means and shall order the candidate to leave the exam.

In case referred to in paragraph 1 of this Article, examiner shall put the note in the candidate list and on exam assignments that were taken away stating that the candidate had been removed from the exam, reasons for removal and time of removal.

#### Minutes

#### Article 27

Minutes shall be kept on the course of the exam.

Minutes shall contain the following: Date and time of the exam, names of examiners, names of examiners on duty and employees of the Commission, number of candidates that applied for taking the exam, number of candidates that took an exam, as well as names of the candidates that were removed from the exam.

Minutes shall be signed by the examiners on duty and representatives of the administrative department.

#### Article 28

Upon completion of the exam for obtaining the title of broker, examiners on duty shall put numbers on exams assignments in such a way as to provide that each sheet of exam assignment of one candidate (including envelope) receives the same number and code.

Upon completion of the exam in certain area for obtaining the title of investment advisor, and/or portfolio manager, examiners on duty shall put numbers on exams assignments, in such a way as to provide that each sheet of exam assignment of one candidate (including envelope) receives the same number and code.

After putting number on exam assignments, administrative department shall, on the same day but

not later than the following working day, submit assignments to the examiners, and sealed envelopes shall be kept in the Commission until exam assignments have been graded and submitted. Each of the examiners shall review assignments from his/her exam area and shall grade them pursuant to these Rules.

Examiner shall submit graded assignments to the Commission not later than 10 days from the day the exam was held.

## EXAM FOR OBTAINING THE TITLE OF BROKER

### Exam Areas

#### Article 29

The exam for obtaining the title of broker shall be taken in writing, in course of 150 minutes, covering three exam fields (areas), namely:

- 1) REGULATION AND INFRASTRUCTURE OF THE FINANCIAL MARKET, REGULATORY AND SUPERVISORY AUTHORITIES, PARTICIPANTS IN THE FINANCIAL MARKET AND PROTECTION THEREOF
- 2) FINANCIAL INSTRUMENTS (WITH EXCEPTION OF CAPITAL MARKET INSTRUMENTS) AND PROCESSES
- 3) FINANCIAL ANALYSIS AND CAPITAL MARKET INSTRUMENTS

All exam areas shall participate equally in the final grade with 33%.

### Exam Assignment

#### Article 30

The exam assignment for obtaining the title of a broker shall contain

- 1) test questions – open and closed type (10 in the case that the exam assignment is comprised of all three types of exam requirements and/or 20 if the exam assignment is comprised only of test questions and essay-type questions);
- 2) quantitative requirements – open and closed type assignments, problems etc. (5–10 shorter assignments, depending on the degree of complexity);
- 3) Essay question – one from each area. Each area covered by examination shall contain at least two of the options offered above. Essay questions shall be posted on the Commission website at least 30 days before the exam.

### The Manner of Scoring the Exam Assignment

#### Article 31

The total number of points that can be obtained in each exam area is 100. The exam assignment for obtaining the title of a broker shall be scored as follows:

- 1) test questions – 30 points
- 2) Completing the assignment, case etc. – 30 points
- 3) Essay question – 40 points

In the case that exam assignment in a certain exam area consists of a combination of essay and test questions, the scoring shall be done as follows:

- 1) Test questions – 60 points
- 2) Essay questions – 40 points

Incorrect answers to test questions and quantitative closed-type questions shall entail negative points equaling one half of points foreseen for the particular question.

### Exam Grade

#### Article 32

The total number of points that may be acquired in each exam area for obtaining the title of a



broker is 100.

The requirement for passing the exam is minimum 51 points in each exam area.

The total number of points in the exam shall be established by weighting the number of points in each exam area in the manner specified in the Article 30 of these Rules.

The final grade shall be determined as follows:

- 51 to 60.5 points – grade 6
- 60.51 to 70.50 points – grade 7
- 70.51 to 80.40 points – grade 8
- 80.51 to 90.50 points – grade 9
- 90.51 to 100 points – grade 10

## EXAM FOR OBTAINING THE TITLE OF INVESTMENT ADVISOR AND PORTFOLIO MANAGER

### Exam Areas for Obtaining the Title of Investment Advisor

#### Article 33

The exam for obtaining the title of investment advisor shall include the following exam areas:

Exam area | Duration of exam | Participation of exam grade in the final grade

- 1) LAW, ETHICS AND PROFESSIONAL STANDARDS | 45 minutes | 10%
- 2) ECONOMICS | 45 minutes | 10%
- 3) ANALYSIS OF FINANCIAL STATEMENTS AND CORPORATE FINANCE | 120 minutes | 35%
- 4) QUANTITATIVE METHODS AND INVESTMENT INSTRUMENTS | 150 minutes | 45%

The exam areas for obtaining the title of investment advisor shall be covered by a written exam, the duration of which shall be prescribed by the paragraph 1 of this Article.

In determining the final grade, the results achieved in the exam in a specific area shall be scored in the manner specified in the paragraph 1 of this Article.

### Exam Area Requirements for the Title of Portfolio Manager for Persons Who Hold the Title of Investment Advisor

#### Article 34

The exam for obtaining the title of portfolio manager for candidates who hold the title of investment advisor shall include the following areas:

Exam area | Exam duration | Participation of exam grade in the final grade

- 1) QUANTITATIVE METHODS | 90 minutes | 30%
- 2) VALUATION OF COMPLEX FINANCIAL INSTRUMENTS and PORTFOLIO MANAGEMENT | 150 minutes | 70%

The exam areas for obtaining the title of portfolio manager shall be covered by a written exam, the duration of which shall be prescribed by the paragraph 1 of this Article.

In determining the final grade, the results achieved in the exam in a specific area shall be scored in the manner specified in the paragraph 1 of this Article.

### Exam Area Requirements for Obtaining the Title of Portfolio Manager

#### Article 35

The exam for obtaining the title of portfolio manager shall include the following areas:

Exam area | Exam duration | Participation of exam grade in the final grade

- 1) QUANTITATIVE METHODS | 90 minutes | 20%
- 2) ANALYSIS OF FINANCIAL STATEMENTS, CORPORATIVE FINANCE AND PROFESSIONAL

STANDARDS | 90 minutes | 20%

3) INVESTMENT INSTRUMENTS | 120 minutes | 30%

4) VALUATION OF COMPLEX FINANCIAL INSTRUMENTS and PORTFOLIO MANAGEMENT | 150 minutes | 30%

The exam areas for obtaining the title of portfolio manager shall be covered by a written exam, the duration of which shall be prescribed by the paragraph 1 of this Article.

In determining the final grade, the results achieved in the exam in a specific area shall be scored in the manner specified in the paragraph 1 of this Article.

#### Exam Assignment

##### Article 36

Candidate's knowledge in the exam shall be determined by a combination of the following exam requirements:

1) Test questions – short questions which may be of open and closed type, 2 minutes normally allocated per question;

2) Quantitative requirements – which may be of open and closed type, with up to 5 minutes normally allocated per question, depending on the level of complexity, assessed by the examiner.

Each area included in the exam shall contain, as a rule, both options offered above, except from the areas of Law, Ethics and Professional Standards, which shall include only test questions.

The candidate shall receive printed exam assignments on separate sheets for each exam area.

The candidate may provide answers only on the exam assignment sheet, without using any additional sheets.

#### Exam Grade

##### Article 37

The total number of points that can be obtained in each exam area for obtaining the title of investment advisor and portfolio manager is 100.

Incorrect answers to test questions and quantitative requirements (in the case that totally wrong approach is applied in assignment completion) shall entail negative points amounting to one half of points foreseen for the particular question, and/or assignment.

The requirement for passing the exam is minimum 51 points in each exam area.

The final grade at the exam shall be determined by the Exam Committee according to the total number of points obtained in each exam area, weighted in the manner specified by Articles 33 to 36 of the present Rules, as follows:

- 51 to 60.5 points – grade 6
- 60.51 to 70.50 points – grade 7
- 70.51 to 80.40 points – grade 8
- 80.51 to 90.50 points – grade 9
- 90.51 to 100 points – grade 10

#### Recognition of a Part of Exam for Obtaining the Title of Investment Advisor and Portfolio Manager

##### Article 38

If the candidate obtains minimum or higher number of points referred to in the Article 37 of these Rules in a specific exam area, that number of points shall be recognized in the three successive exam terms, under the following conditions:

1) Candidates taking the exam for investment advisor should have that number of points in at least two out of four exam areas;

2) Candidates taking the exam for portfolio manager should have that number of points in at least two out of four exam areas;

3) Candidates who hold the title of investment advisor and take the exam for portfolio manager should have that number of points in at least one out of two exam areas.

In the case that the candidate referred to in the paragraph 1 of this Article fails to pass the exam in all the remaining areas in three successive exam terms, in the next exam term he/she shall be required to take again exam in all exam areas.

## OTHER COMMON PROVISIONS REGARDING THE EXAM

### Establishing Results and Identifying Candidates

#### Article 39

Upon the expiration of the deadline specified in the Article 28 of these Rules, the Exam Committee shall meet at the Commission premises in order to establish the results.

The Exam Committee shall open the envelopes, bind them according to previously determined numeration with the scored exam assignments and make the report on exam results with the names of the candidates, to be signed by all members of the Exam Committee.

The report on exam results shall be published on the Commission website.

### Right to Review and Complain

#### Article 40

Candidates may review their exam assignments.

If a candidate deems that some of his/her rights have been violated and/or that the assignments have not been scored correctly, he/she has the right to complain within 8 days after the publishing of results on the Commission website.

#### Article 41

Any potential complaints shall be resolved by the Complaints Committee, appointed by the Commission President, of the following composition: the examiner for that exam term, one examiner from the list of examiners in the area to which the complaint pertains who has not examined in that term and one member of the Commission.

### Certificate

#### Article 42

The Commission shall issue the diploma on the obtained title of a broker, investment advisor and/or portfolio manager to the candidate who has passed the exam.

Diplomas referred to in the paragraph 1 of this Article shall, as a rule, be ceremonially awarded at the Commission Day – on 15 February.

Until the award of diploma, the certificate on passed exam shall be awarded to the candidate at his/her request.

### Registry and Records

#### Article 43

The Commission shall keep the registry of persons who obtained the title of a broker, investment advisor and/or portfolio manager.

The data from the application for attending the training and data on exam results shall be entered into the database.

Applications for attending the training, reports on training cycles held, reports on exams held, together with the exam minutes and exam results shall be kept permanently.

Exam assignments shall be kept for one year.

#### IV VALIDATION

##### Article 44

A document and/or certificate on obtained title of broker, investment advisor and portfolio manager obtained abroad shall be recognized (hereinafter: validated) by the Commission in the manner prescribed by these Rules.

##### Request

##### Article 45

The Commission shall validate a certificate at the request of an interested person. Together with the request referred to in paragraph 1, the interested person shall submit the following:

- 1) the original or certified copy of a document confirming the completion of a school and/or faculty or validation of such document if it is obtained abroad,
- 2) the original certificate and 3 copies of such certificate,
- 3) certified translation by a sworn-in-court translator of the original certificate and 3 copies of such translation,
- 4) curriculum published by the competent authority of the foreign state according to which the title was obtained and three copies thereof,
- 5) certified translation by a sworn-in-court translator of the curriculum referred to in indent 3 of this paragraph and 3 copies of such translation,
- 6) proof on the payment of fee,
- 7) other documentation required by the Commission.

##### Validation Committee

##### Article 46

Based on the submitted request, the Commission shall appoint the Validation Committee of at least three members from the list of examiners for obtaining the appropriate title.

In the procedure for recognition of a foreign certificate, the Validation Committee shall appraise (take into account)

- 1) the curriculum
- 2) entitlements arising from the document obtained;
- 3) reputation of the institution which issued the certificate;
- 4) other circumstances relevant for the recognition.

##### Report of the Validation Committee

##### Article 47

30 days upon the appointment, the Validation Committee shall compile a report in which it shall particularly analyze the complementarity of the curriculum and entitlements arising from the acquired title and propose to the Commission the areas or parts of areas in which the candidate should pass the exam, in order for the certificate obtained abroad to be validated and thus equaled with the certificate issued by the Commission for that title.

##### Resolution on Validation

##### Article 48

The Commission shall adopt the report of the Validation Committee and notify the candidate that the requirement for validation is taking exam in the area concerning familiarity with domestic regulations and potentially other areas or parts of areas proposed by the Validation Committee.

By way of exception to paragraph 1 of this Article, if there is an agreement with the competent regulatory authority of the foreign state which issued the certificate, the Commission shall notify the candidate that the only requirement for validation is taking the exam in the area concerning familiarity with domestic regulations, providing that the difference between the curricula does not exceed 10%, according to the Validation Committee's report.

The candidate may take exams in the areas referred to in paragraphs 1 and 2 of this Article in the exam terms organized by the Commission, pursuant to the provisions of these Rules.

Upon the candidate's passing of exams in the areas referred to in paragraphs 1 and 2 of this Article, the Commission shall issue the resolution on validation.

The resolution issued by the Commission shall be final in the administrative procedure.

The Commission shall keep the records on validated titles and keep the documentation permanently.

## V LICENSE FOR CONDUCTING ACTIVITIES

### Request

#### Article 49

Upon successfully passing the exam and obtaining the title of broker, investment advisor and portfolio manager, the person who wishes to conduct these activities shall submit to the Commission the request for issuing the license for conducting broker, investment advisor and/or portfolio manager activities.

Together with the request referred to in the paragraph 2 of this Article, the appropriate evidence testifying to the fulfillment of the requirements from Article 89, paragraph 3 of the Law shall be submitted, as follows:

- 1) copy of diploma confirming the completion of the school and/or faculty;
- 2) certificate issued by the previous or current employer about the work experience in security transactions;
- 3) copy of the employment card;
- 4) certificate issued by the Ministry of the Interior testifying that the person has not been sentenced for offences specified by the Article 98, paragraph 3 of the Law;
- 5) copy of diploma on the obtained title, and/or the resolution on validation;
- 6) evidence attesting to payment of fee pursuant to the Commission Tariff Rules.

Regarding the candidates who are foreign citizens, instead of the evidence referred to in indent 4, the appropriate enactment of the country of origin or the statement verified by the domestic court shall be submitted testifying that the person has not been sentenced for offences referred to in the Article 98, paragraph 3 of the Law.

By way of exception to paragraph 2 of this Article, the applicant shall not be required to submit the documents previously submitted to the Commission in the course of applying for training, exam or validation.

### License

#### Article 50

The Commission shall grant the license for conducting broker activities if the applicant meets the following requirements:

- 1) has obtained the title of a broker;
- 2) meets the requirements referred to in the Article 86, paragraph 1 of the Law;
- 3) his/her license for conducting such activities has not been previously revoked.

The Commission shall keep the registry of persons to whom the license has for conducting broker activities has been issued.

By way of exception to paragraph 1 of this Article, the Commission shall enter into the Registry persons who hold the license for conducting broker activities, persons who have passed the exam

for obtaining the title of a broker, pursuant to the Rulebook on Providing Conditions for Financial Market Functioning ("Official Gazette of the FRY", Nos. 2/96, 8/98 and 63/98), and/or according to the program up to the 52nd training cycle.

#### Article 51

The Commission shall grant the license for conducting investment advisor and portfolio manager activities provided that the applicant meets the following requirements:

- 1) has obtained the title of investment advisor and/or portfolio manager;
- 2) meets the requirements referred to in the Article 86, paragraph 1 of the Law;
- 3) his/her license for conducting such activities, and/or broker activities has not been previously revoked;
- 4) holds university degree;
- 5) has at least three years of work experience in security transactions acquired in the country or abroad, on the following jobs:
  - in a broker-dealer company,
  - in a regulated securities and/or financial derivatives market,
  - in a bank,
  - in an insurance company,
  - in an investment fund and/or pension fund management company,
  - at the central bank, state authority, organization, or a legal entity conducting operations involving securities for the account of the state;
  - regulatory authorities conducting supervision over security transactions and other state authorities in charge of financial market regulation and supervision,
  - a scientist in the field of securities, industrial law, stock exchange operations, accounting and audit,
  - in audit or consulting firms,
  - in a business company on corporate management, and/or accounting and corporate finance activities.

The Commission shall keep the registry of persons to whom the license for conducting investment advisor and/or portfolio manager activities has been issued.

#### Supervision and Measures

#### Article 52

Should the Commission establish, in the course of examination procedure, that the person to whom the license for conducting broker, investment advisor or portfolio manager activities has violated the provisions of the Law on Safe and Sound Business Operations, it shall issue an appropriate measure foreseen by the Law and special rules on conditions and manner on conducting supervision over the business operations of participants in the financial market.

#### Revoking of Operating License

#### Article 53

The Commission shall revoke the license for conducting broker, investment advisor and/or portfolio manager activities from a person who:

- 1) is sentenced by a finally binding court decision for the criminal offence specified in the Article 98, paragraph 3 of the present Law;
- 2) has violated the obligation of keeping confidential data, obligation of prohibition of manipulation or prohibition of usage and disclosure of privileged information.

The Commission shall keep the registry of persons from whom the license for conducting broker, investment advisor, and/or portfolio manager activities has been revoked.

#### VI PENAL PROVISIONS

#### Article 54

In case that a trainer and/or examiner fails to abide by the procedures prescribed by these Rules, the Commission shall remove such person from the list of trainers and/or examiners.

#### Article 55

Should the candidate fail to abide by the prescribed procedures and use means which are not allowed at the exam, the Commission may prohibit such person from taking the exam for a period up to one year, at the request of the examiner in charge.

### VII TRANSITIONAL AND FINAL PROVISIONS

#### Article 56

The Commission employees shall have the right to attend the training for obtaining the title of a broker, investment advisor and portfolio manager and to take exams in four exam terms without payment of fee.

The schedule for attending the training by the Commission employees shall be determined by the President and Secretary of the Commission in compliance with the agency's needs, 2 employees per each cycle, regardless of the number of candidates specified in the Article 5 of these Rules.

The rights and obligations of employees from paragraph 2 of this Article shall be regulated by separate Rules.

Persons employed in state bodies engaged on regulation and supervision of the securities market, detecting criminal offences related to securities trading and/or money laundering shall also have the right to attend the training and take exams without payment of fee, pursuant to the paragraph 1 of this Article.

The decision referred to in the paragraph 4 of this Article shall be made by the President of the Commission, depending on the number of applicants in a particular cycle, but it shall pertain to two candidates at the most, included in the number prescribed by the Article 5 of these Rules.

#### Article 57

On the effective date of these Rules, the Rules on Taking the Exam for Obtaining the Title of a Broker (No. 7/0-15-433/1-05 as of 14 July 2005) and Rules on Acquiring the Title and Obtaining the License for Conducting Investment Advisor and Portfolio Manager Activities ("RS Official Gazette", Nos 34/06, 39/06 and 45/06) shall cease to be valid.

#### Article 58

These Rules shall come into force on the next day following its publication in the "Official Gazette of the Republic of Serbia" and shall be applied when the new Law on the Market of Securities and Other Financial Instruments comes into force ("RS Official Gazette", No 47/06).

No: 2/0-02-501/15-06

Belgrade, 10 November, 2006

No: 2/0-02-501/31-06

Belgrade, 21 December, 2006

PRESIDENT OF THE COMMISSION

Milko Štimac, signed

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