

**STATUTE**  
of  
**CENTRAL SECURITIES DEPOSITORY**  
**AND CLEARING HOUSE**

*("RS Official Gazette", No. 113/2006)*

## I BASIC PROVISIONS

### Article 1

This Statute shall govern, in accordance with law, the issues relating to the name and registered office; activity; bodies of the Central Securities Depository and Clearing House (hereinafter referred to as: CSD), scope, responsibility and mode of decision-making by the bodies; internal CSD organization; distribution of the profit and loss coverage; mode of forming and use of CSD funds and reserve assets; conditions for admission to CSD membership; rights and duties of CSD members; cease of CSD membership; acting as agent for CSD and liability for obligations; general formal documents and mode of their adoption; mode of and procedure for amendments of the Statute; other issues of relevance to CSD operation and activities.

### Article 2

CSD is a legal entity organized and operating as a closely held joint-stock company with the rights, obligations and responsibilities as set forth by the Company Law ("RS Official Gazette", number 125/2004) and the Law on Securities and Other Financial Instruments Market ("RS Official Gazette", number 47/2006).

CSD shall acquire the status of legal entity by registration in the Company Register.

CSD shall within seven days of the date of the receipt of the Ruling on Registration in the Company Register submit an extract from registration in the Company Register to the Securities Commission (hereinafter: the Commission).

## II NAME AND REGISTERED OFFICE

### Article 3

CSD shall operate under the following name: Centralni registar, depo i kliring hartija od vrednosti akcionarsko društvo (Central Securities Depository and Clearing House – a joint-stock company).

Abbreviated business name of CSD shall be: Centralni registar hartija od vrednosti a.d. (CSD a.d.)

Registered office of CSD is in Belgrade, Trg Nikole Pašića No. 5.

CSD Meeting shall adopt the decision on CSD status changes, changes in the legal form, and on the change of its registered office.

#### **Article 4**

CSD shall have its seal and stamp.

#### **Article 5**

The seal of CSD shall be of round form and bear the text: "Centralni registar, depo i kliring hartija od vrednosti akcionarsko društvo, Beograd".

#### **Article 6**

The stamp of CSD shall be of rectangular form and bear the text: "Centralni registar, depo i kliring hartija od vrednosti akcionarsko društvo, Beograd, ulica Trg Nikole Pašića br. 5", and shall have the space for entry of the date of the receipt of filed documents, the number under which such documents are registered, and the number of attachments enclosed to the documents.

#### **Article 7**

Handling and use of the seal and stamp shall be regulated by separate CSD general formal document.

### **III CSD ACTIVITY**

#### **Article 8**

In conformity with the provisions of the Law on Securities and Other Financial Instruments Market ("RS Official Gazette", No. 47/2006), preponderant activity of CSD shall be the clearing and settlement of obligations and claims with securities and money arising from the contracted deals in securities.

Apart from the activity from paragraph 1 of this Article, CSD shall also:

- 1) maintain the register of securities;
- 2) maintain records of the securities in accounts of their respective issuers;
- 3) maintain records as well of securities and other accounts of CSD members and their clients;
- 4) entry of third parties' rights to securities;
- 5) keep materialized securities;
- 6) maintain cash accounts of CSD members;
- 7) account for materialized securities in dematerialized form;

- 8) perform the clearing and settlement of obligations and claims with securities and money on the basis of contracted deals in securities, and establish the balance, obligations and claims of CSD members and their clients after the settlement of mutual obligations and claims within the term envisaged by CSD 's Rules of Operation;
- 9) perform the clearing and settlement of foreign securities traded in the Republic of Serbia;
- 10) transfer the securities to the accounts of CSD members and legal holders of such securities;
- 11) establish and assign the unique identification number of securities and other financial instruments;
- 12) maintain the list of codes of securities and other financial instruments;
- 13) perform activities in connection with corporate operations;
- 14) calculate the tax payable on assignment of absolute rights to securities in accordance with the law governing the property tax issues;
- 15) cooperate with international organizations dealing with registration, clearing and settlement of securities and money under the deals in securities;
- 16) carry out other operations in connection with securities.

#### **Article 9**

CSD operations shall be performed in the CSD registered office, within organizational units-departments, stipulated by the general formal document on internal organization and job classification.

Head of CSD organizational unit - department shall manage such organizational unit.

### **IV ACTING AS AGENT FOR CENTRAL DEPOSITORY AND LIABILITY FOR OBLIGATIONS**

#### **Article 10**

In legal transactions with third parties CSD shall, as a general rule, act in its own name and for its account.

For the obligations incurred by acting in legal transactions CSD shall be liable with its entire property.

#### **Article 11**

President of the Managing Board shall in legal transactions with third parties represent and act as agent for CSD.

President of the CSD Managing Board shall be the general manager who shall in such capacity act as agent for CSD without any limitation.

President of the Managing Board may within his/her authorities set forth by law and the Statute, also authorize in writing other persons from CSD or third parties to represent and act as agents for CSD.

President of the Managing Board shall establish by written authority from paragraph 3 of this Article the content, framework and the time of validity of the authority for representing and acting as agent for CSD.

#### **Article 12**

Persons vested with special authorities and responsibilities in CSD shall be appointed and relieved of duty by the Managing Board of CSD at the proposal of the president of the CSD Managing Board, in accordance with this Statute and general formal document on internal organization and job classification in CSD.

The rights and obligations from paragraph 1 of this Article shall be governed by general formal document on internal organization and job classification in CSD.

### **V ORIGINAL CAPITAL**

#### **Article 13**

Monetary portion of CSD's original capital amounts to 47.000.000,00 dinars on the date of the first session of the CSD Meeting.

CSD's original capital is exclusively in money and is divided into 4700 ordinary shares, each of nominal value of 10.000,00 dinars.

#### **Article 14**

Single record of CSD's shareholders shall be maintained at CSD.

#### **Article 15**

The founder may decide to sell its shares; in such case it shall have to retain, however, at least 51% of ownership.

### **VI BUSINESS BOOKS**

#### **Article 16**

In CSD, business books shall be maintained in accordance with regulations.

#### **Article 17**

Financial reports of CSD shall be established for each business year, in the manner and at the time determined in accordance with law and other regulations.

Annual financial reports of CSD shall obligatorily include a business report.

## **Article 18**

Annual business report of CSD which also includes the financial reports shall have to be submitted for consideration by the Managing Board members at least eight days prior to the discussion thereon and the adoption thereof at the Managing Board session.

CSD shall disclose publicly its business report and submit it to the Commission.

## **VII INTERNAL ORGANIZATION OF CSD**

### **Article 19**

In Central Depository shall be set up the following organization units:

- 1) clearing and settlement department;
- 2) account administration department;
- 3) information technology department;
- 4) legal and personnel department;
- 5) financial and general affairs department;
- 6) supervision and internal audit department.

Managing Board of CSD shall decide on integration, merger, division and abolishment of the organizational units from paragraph 1 of this Article.

Managing Board of CSD shall by separate formal document regulate the internal organization and job classification, employment conditions for employees and their deployment in CSD.

## **VIII PROFIT DISTRIBUTION AND LOSS COVERAGE**

### **Article 20**

Annual profit of CSD determined in financial reports (hereinafter: the profit) shall by decision of the CSD Meeting be distributed at a regular session of the Meeting where financial reports, on the basis of which the profit is allocated, are adopted.

The profit from paragraph 1 of this Article may be allocated, upon withholding the tax according to positive legal regulations, for:

- loss coverage, in case of uncovered losses;
- reserves of CSD;
- payment of dividends to shareholders;
- increase of original capital;

- other purposes in accordance with law.

The loss which cannot be covered from CSD assets shall be covered against decrease of CSD equity which cannot be smaller than EUR 50.000 in the dinar equivalent at official mid-exchange rate of the National Bank of Serbia on the date of payment.

## IX RESERVES

### Article 21

CSD shall form reserves from the profit for the purposes as determined by decision of the CSD Meeting.

Reserves may be used for the coverage of losses and for other purposes.

Reserves shall be formed by way of allocating 5% of the annual profit of CSD for such reserves.

Once the reserves shall have reached the amount equal to 30% of equity, there shall be no obligation to allocate reserves from the profit.

## X BODIES OF CENTRAL DEPOSITORY, SCOPE, RESPONSIBILITY AND MODE OF DECISION-MAKING

### Article 22

Bodies of the Central Registry shall be:

- 1) the Meeting, and
- 2) the Managing Board.

### Article 23

The Meeting of CSD shall:

- 1) adopt the Statute of CSD;
- 2) adopt the business policy documents;
- 3) adopt the documents regulating in greater detail the operations and the mode of performing CSD activities;
- 4) discuss annual reports on the Managing Board's operation;
- 5) adopt the annual balance sheet (annual financial report) of CSD and decide about the use and distribution of the realized profit and/or loss coverage;
- 6) decide on increase of CSD equity, and on the amount of investment in CSD fixed assets;
- 7) decide on the amount and structure of the contingency reserve;

- 8) appoint and relieve of duty the Managing Board members;
- 9) decide on the status changes, changes in the legal form and of CSD registered office;
- 10) appoint and relieve of duty the internal auditor;
- 11) adopt the development plan of CSD;
- 12) adopt the Rules of its operation;
- 13) make other decisions in accordance with law.

#### **Article 24**

The Government shall through authorized representatives exercise the authorities of the CSD Meeting.

#### **Article 25**

The Managing Board shall have a president, deputy president and three members.

Members of the Managing Board shall be proposed, appointed and relieved of duty by the CSD Meeting.

The term of office of the Managing Board members shall be four years; provided, however, that the same persons may be reelected and/or reappointed.

#### **Article 26**

As president of the Managing Board, deputy president of the Managing Board and members of the Managing Board of CSD (hereinafter: CSD management) may be elected a person who has received as such prior consent from, and/or whose appointment has been consented to, by the Commission, and who:

- 1) has not been convicted by final judgments of a criminal offence against labor relations, economy, property, justice, money laundering, public order and legal transactions, and legal duty for which as minimum measure is prescribed the penalty of one-year imprisonment, or of any criminal act stipulated by the Law on Securities and Other Financial Instruments Market;
- 2) has not seriously breached the provisions of the Law on Securities and other Financial Instruments Market relating to the rules of safe and good operation, prohibition of the use and disclosure of privileged information, and/or prohibition of manipulations, the rules of business morale, conscientious doing business and the rules of risk management, or who has not in other way seriously endangered interests of the participants in the organized market.

#### **Article 27**

Member of CSD management cannot be a person who is a member of the management of:

- 1) the market making organization or an employee thereof;

- 2) a broker-dealer company or an authorized bank;
- 3) a bank with which CSD has a concluded contract;
- 4) a related person with respect to the persons from points 1) and 2) of this paragraph.

### **Article 28**

As member of CSD management may be elected a person who is a national of the Republic of Serbia having a general working ability, adequate business reputation and at least three years of work experience gained in dealing with securities in the country and/or abroad:

- 1) in a broker/dealer company;
- 2) at the stock-exchange of securities and/or financial derivatives;
- 3) in a bank;
- 4) in a company administering an investment or voluntary pension funds;
- 5) in an insurance company;
- 6) in the National Bank of Serbia, in a state administration authority, organization or legal entity performing operations in connection with securities for account of the state as entrusted operations;
- 7) in the Commission;
- 8) in CSD;
- 9) as expert in the area of securities, economic law, accounting and audit;
- 10) in a company or other legal entity dealing with finance.

### **Article 29**

President and deputy president of the CSD Managing Board shall be elected by Managing Board members from among themselves.

Term of office of the Managing Board president and deputy president shall be four years; provided, however, that the same persons may be reelected and/or reappointed.

### **Article 30**

Managing Board of CSD shall make decisions at sessions.

Managing Board may, in case of urgency, make decision without holding a session (in writing, telegraphically, by telephone), in accordance with law.

Managing Board shall be convened by the President, who shall propose the agenda.

Managing Board sessions shall be held when a need shall arise therefore.



A session of the Managing Board may also be convened at request of the Meeting.

Managing Board of CSD shall on the issues falling within its scope of activity decide by majority vote.

In the case of equal number of votes, the vote of the Managing Board president shall be decisive.

### **Article 31**

Within the scope of its activity the Managing Board shall:

- 1) convene sessions of the CSD Meeting;
- 2) render and adopt general and individual formal documents of CSD falling within its scope of competence;
- 3) prepare proposals for the CSD Meeting, and implement its decisions;
- 4) discuss and propose adoption of the business reports of CSD in the course of the year;
- 5) submit the annual business report to the CSD Meeting;
- 6) decide on the issuance of shares and establish their value as the value of CSD property in accordance with law;
- 7) determine the amount and the date of the dividend, the date of payment, and the dividend payment procedure;
- 8) decide on granting and revocation of the powers of attorney;
- 9) adopt the general formal document about the organization and job classification;
- 10) enact the Rules of operation of the CSD Managing Board;
- 11) also perform other activities stipulated by the law governing the legal position of companies, and by this Statute.

### **Article 32**

Managing Board of CSD shall for its work be accountable to the CSD Meeting.

### **Article 33**

President of the Managing Board shall within its scope activities:

- 1) organize and conduct CSD operation;
- 2) act as agent for, and represent CSD;
- 3) convene and chair the sessions of the CSD Managing Board;

- 4) care for legality of CSD operation and be accountable for the legality in CSD operation;
- 5) decide about the use of CSD assets for current needs;
- 6) prepare draft decisions of the Meeting and care for implementation thereof;
- 7) decide about business trips of all CSD employees;
- 8) ensure the safety and regular monitoring of the CSD information technology system;
- 9) decide on other activities by order of the CSD Meeting, or in accordance with the regulations and CSD general formal documents.

### **Article 34**

President of the Managing Board, deputy president of the Managing Board or member of the Managing Board may be relieved of duty at his/her request, and shall be relieved of duty for the following reasons:

- 1) if convicted of a criminal offence by unconditional penalty of imprisonment of at least six months, or of a criminal act against economy, property, judiciary, money laundering, public order and legal transactions, labor relations and legal duty;
- 2) if, on the basis of the finding and opinion of the competent health institution it shall be established that due to the health condition the working ability necessary for discharging the function has been lost on a permanent basis;
- 3) if it shall be established that he/she is discharging his/her function in a non-professional and non-conscientious manner;
- 4) if it shall be found that he/she does not meet the requirements for appointment;
- 5) if it shall be found that one or several circumstances from Article 26 of this Statute are in place.

### **Article 35**

CSD shall have an internal auditor.

Internal auditor is a natural person performing the supervision individually.

Internal auditor shall for its work be accountable to the CSD Meeting, and shall upon request of the Meeting be bound to inform at least once or several times a year the CSD Meeting about the findings of the supervision.

## **XI GENERAL FORMAL DOCUMENTS**

### **Article 36**

The basic formal document of CSD is the Statute.

Other general formal documents of CSD are:

- 1) The Rules of Operation;
- 2) The Tariff Rates Rules;
- 3) The codes list of the types of securities and other financial instruments;
- 4) The Instruction for assigning the CFI code and ISIN number, and for the mode of recording securities in CSD;
- 5) Other instructions and general formal documents which govern in a general way the issues essential for CSD operation.

Other general formal documents shall be in compliance with the Statute.

General formal documents from paragraph 2, point 5) of this Article shall regulate:

- 1) the organization and job classification;
- 2) the rights and obligations of the employees on the basis of work;
- 3) material-financial operation;
- 4) safety and health at work; and
- 5) other issues.

Individual formal documents shall be in compliance with the Statute and other general formal documents.

### **Article 37**

The Commission shall give consent to the CSD Statute, the Rules of Operation and the Tariff Rates Rules.

Formal documents from paragraph 1 of this Article shall be published in the "Official Gazette of the Republic of Serbia", within eight days of the date of the receipt of the consent from that paragraph.

### **Article 38**

Issues governing labor-legal relations, the level of personal earning, personal earning allowances and other income from employment shall be regulated in accordance with law.

### **Article 39**

A general formal document shall establish the documents or data representing the business secret of CSD the disclosure of which to an unauthorized person would be contrary to CSD operation and would be detrimental to its business interests, reputation and clients.

The Managing Board shall render the decision which shall regulate the mode of keeping and of disposing of the documents and data proclaimed to represent the business secret.

## XII MEMBERSHIP IN CSD

### Article 40

Members of CSD may be the Republic of Serbia, the National Bank of Serbia, broker-dealer companies, authorized banks, custody banks, banks, market making organizations, fund administration companies, and foreign legal entities performing the clearing and settlement of securities.

Admission to CSD membership requires filing of a written application which shall contain the name and registered office of the applicant, signature of the applicant's authorized person, and/or its representative.

Along with the application from paragraph 1 of this Article the following documents shall be submitted:

- 1) the ruling on registration in the Company Register;
- 2) the operating license;
- 3) numbers of the accounts through which the applicant carries out the payment operations;
- 4) the last annual, and/or semi-annual balance sheet, if the applicant is bound to prepare the same;
- 5) auditor's report;
- 6) the proof of technical-technological capacity for electronic exchange of data with CSD;
- 7) the proof of payment of the necessary amount of cash to the name of the CSD guarantee fund, with a corresponding number of bills of exchange and authorization that CSD may activate them under the conditions and in the manner prescribed by CSD general formal documents.

If the conditions from paragraphs 1, 2 and 3 of this Article are met, CSD shall be bound to render within 30 days of the date of the receipt of the application for admission to membership a decision on the admission to CSD membership. Upon the rendering of this decision the membership agreement with the applicant shall be entered and such agreement shall regulate their mutual rights and obligations.

The contents and the form of the agreement from paragraph 4 of this Article shall be prescribed by CSD.

### Article 41

On the basis of the agreement from Article 40, paragraph 5 of this Statute, a CSD member may perform the activities in accordance with the membership agreement concluded with CSD, and in accordance with the Law on Securities and other Financial Instruments Market.

## XIII RIGHTS AND OBLIGATIONS OF CSD TOWARDS THE MEMBER

### Article 42

CSD shall have the right and obligation:

- not to disclose the information it learns in performing its operation, and which information is deemed to represent a business secret;
- not to render advice concerning the trading in securities and investment in securities, or opinion about the convenience or inconvenience of the purchase or sale of securities being traded;
- not to provide without prior authorization the data about the balance in the securities accounts of the member and its clients or about the balance in the client's cash accounts.

Data maintained in CSD are secret data and shall only be disclosed under the condition and in the manner prescribed by the Law on Securities and Other Financial Instruments Market, at the request of a court or other competent authority.

## XIV RIGHTS AND OBLIGATIONS OF THE CSD MEMBER

### Article 43

Rights and obligations of the CSD member shall be:

- 1) to ensure sufficient securities in its accounts, or sufficient cash for the meeting of assumed obligations;
- 2) to make, prior to the commencement of operations with CSD, the person employed with the CSD member technically qualified for performing the operations with CSD in the manner that such person shall undergo a training after which CSD shall issue an identification (SMART) card to such person;
- 3) to perform the operations with CSD in electronic way, in the manner and in accordance with general formal documents of CSD;
- 4) to update certain data, at the request of a client or its representative, about the holders of securities accounts;
- 5) not to allow the use or taking into possession of the identification (SMART) card from persons other than the authorized person who was given such card;
- 6) to compensate damage to CSD inflicted by unauthorized use of the identification (SMART) card;
- 7) to use the information received through the CSD information system for own needs exclusively, without the right to assign such information to third parties;
- 8) to inform CSD about possible problems that may occur when accessing the CSD information system;

9) to ensure on each business day the availability of the employee authorized for performing deals with securities (for the resolution of disputable issues with CSD);

10) to pay the fees for the use of CSD services in accordance with the CSD Tariff Rates Rules;

11) to keep in accordance with law the orders issued by clients and other documentation relating to the deals with securities;

12) to act in conformity with CSD general and individual formal documents, and to observe the signed membership agreement.

## **XV CEASE OF MEMBERSHIP IN CSD**

### **Article 44**

Membership of a CSD member shall cease:

1) at written request, and upon settlement of all its obligations under the concluded deals with securities;

2) if operation license, and/or permit for performing the activities has been revoked from such member on a permanent basis;

3) if the member does not meet the requirements on the basis of which the member was admitted to membership;

4) if the member does not meet the obligations vis-à-vis CSD;

5) if the member does not act in accordance with CSD general formal documents;

6) on the basis of the decision on liquidation.

### **Article 45**

If a CSD member shall apply for the cease of membership, CSD shall be bound to establish without delay the standing of all non-performed deals with securities of that member, as well as the mode of finalization of such deals, and to immediately notify that member thereof.

Upon the meeting of the obligations vis-à-vis CSD and its members, the CSD member's membership in CSD shall cease. The securities of such member and its clients shall be transferred to securities accounts with other CSD member, on the basis of the agreement with such other client.

After the cease of membership in CSD, cash assets of the CSD member shall upon the settlement of all obligations of such member under the concluded deals with securities be transferred by CSD to cash accounts of such member.

CSD shall render a decision on the cease of membership in CSD.

#### **Article 46**

CSD shall exert control of its member in the part of the operations falling within the competence of CSD.

In exerting control from paragraph 1 of this Article, CSD shall have the right to direct insight into the documents relating to the operations from that paragraph.

CSD shall notify the Commission of the findings of the control from paragraphs 1 and 2 of this Article.

### **XVI TRANSITIONAL AND CONCLUDING PROVISIONS**

#### **Article 47**

The Commission shall give prior consent to the amendments of, and supplements to, this Statute which are enacted by the CSD Meeting.

#### **Article 48**

To issues not regulated by this Statute shall apply the provisions of the Company Law and the Law on Securities and Other Financial Instruments Market.

#### **Article 49**

This Statute shall be published in the "Official Gazette of the Republic of Serbia" within eight days of the date of receiving the consent of the Commission.

#### **Article 50**

This Statute shall enter into force eight days after its publication in the "Official Gazette of the Republic of Serbia".

#### **Article 51**

By the coming into force of this Statute shall cease the validity of the CSD Statute ("Official Gazette of the Republic of Serbia", No. 111/2003).