

REPUBLIC OF SERBIA

**LAW**  
**ON THE PREVENTION OF MONEY**  
**LAUNDERING AND FINANCING**  
**OF TERRORISM**

Belgrade, 2021

## LAW ON THE PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

*Note:* This is a true translation of the original Law,  
but it is not legally binding.

Original title:

*ZAKON O SPREČAVANJU PRANJA NOVCA I FINANSIRANJA TERORIZMA*

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# LAW ON THE PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM\*

*\*\*\*PUBLISHER'S NOTE: Law on Amendments and Additions to the Law on the Prevention of Money Laundering and Financing of Terrorism (Službeni glasnik RS, No. 153/20) entered into force on the eighth day from the date of its publication in the Službeni glasnik Republike Srbije, i.e. on 29 December 2020, and shall be applied upon expiry of six months from the date of entry into force of this Law, i.e. on 29 June 2021. The provisions of Art. 6, 7 and 8 of this Law (amending Article 18 paragraph 8, Article 19 paragraph 7 and Article 21 paragraph 7 of the Law on the Prevention of Money Laundering and Financing of Terrorism) shall be applied as of the date of entry into force of this Law (see Article 20 of the Law - 153/2020-33).*

## I. INTRODUCTORY PROVISIONS

### Scope of the Law

#### Article 1

This Law shall lay down actions and measures for preventing and detecting money laundering and terrorism financing.

This Law shall govern the competencies of the Administration for the Prevention of Money Laundering (hereinafter referred to as: the Administration) and the competencies of other bodies in the implementation of the provisions of this Law.

### Money Laundering and Terrorism Financing

#### Article 2

For the purposes of this Law, money laundering shall mean the following:

1) conversion or transfer of property acquired through the commission of a criminal offence;

2) concealment or misrepresentation of the true nature, source, location, movement, disposition, ownership of or rights with respect to the property acquired through the commission of a criminal offence;

3) acquisition, possession, or use of property acquired through the commission of a criminal offence.

Money laundering, for the purpose of this Law, shall imply the activities from paragraph 1 of this Article, performed outside the territory of the Republic of Serbia.

For the purpose of this Law, terrorism financing shall mean the providing or collecting of funds or property, or an attempt to do so, with the intention of using them, or in the knowledge that they may be used, fully or partially:

1) in order to carry out a terrorist act;

2) by terrorists;

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\* Published in the *Službeni glasnik RS*, Nos. 113/17 of 17 December 2017, 91/19 of 24 December 2019 and 153/20 of 21 December 2020. The latest changes are given in *italic*.

3) by terrorist organizations.

The financing of terrorism shall be understood to mean aiding and abetting in the provision or collection of property, regardless of whether a terrorist act was committed or whether property was used for the commission of a terrorist act.

For the purpose of this Law, a terrorist act shall mean the criminal offence specified in the treaties listed in the annex to the International Convention for the Suppression of the Financing of Terrorism, as well as any other act intended to cause death or a serious bodily injury to a civilian or any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

For the purpose of this Law, a terrorist shall mean a person who individually or together with other persons wilfully:

- 1) attempts or commits an act of terrorism in any way, directly or indirectly;
- 2) aids and abets in the commission of a terrorist act;

3) has knowledge of an intention of a group of terrorists to commit an act of terrorism, contribute to the commission, or assist in the continuation of the commission of a terrorist act to a group acting with a common purpose.

For the purpose of this Law, a terrorist organization shall mean a group of terrorists which:

- 1) attempts or commits an act of terrorism in any way, directly or indirectly;
- 2) aids and abets in the commission of a terrorist act;

3) has knowledge of an intention of a group of terrorists to commit an act of terrorism, contribute to the commission, or assist in the continuation of the commission of a terrorist act to a group acting with a common purpose.

## Terms

### Article 3

Certain terms, for the purpose of this Law shall have the following meanings:

1) *property shall mean the assets, money, rights, digital assets, securities and other documents in any form whatsoever, for which the right of ownership and other rights can be established; \**

2) money shall mean cash (domestic and foreign), funds in accounts (RSD and foreign currency) and electronic money as well as other instruments of payment;

3) physically transferable instruments of payment shall mean cash, cheques, promissory notes and other physically transferable instruments of payment, payable to bearer;

4) person under foreign law, shall be a legal form of organization for the purpose of managing and disposing of property which is non-existent in the local legislation (e.g.: trust, anstalt, fiduciaries, fideicommissum and similar);

5) customer shall mean a natural person, entrepreneur, legal entity, person under foreign law and person under civil law or a person that carries out a transaction or establishes a business relation with the obligor;

6) trust shall mean a person under foreign law, which, one person, the founder (settlor, trustor) establishes for life or after death, whereby entrusting the property for disposal and

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management to the commissioner (trustee) for the benefit of the user (beneficiary) or for a specifically designated purpose, whereby: the property is not part of the assets of the settler of the trust; the right of ownership of the trust property shall be held by the trustee holding, using or disposing of the property of it in favour of the beneficiary or the trustor, and in accordance with the terms of trust; the trust deed may entrust the performance of certain tasks to the protector (trust protector), whose main role is to ensure that the property of the trust is disposed of and managed so as to fully achieve the objectives of establishing the trust; the beneficiary shall mean a natural person or group of persons in whose interest has the person under foreign law, been established or is operating, regardless of whether the person or the group of persons has been defined or can be defined;

7) transaction shall mean the acceptance, provision, conversion, keeping, disposal of or other dealing with property in the obligor, including also the payment transaction for the purpose of the law governing the provision of payment services, *as well as transactions involving digital assets within the meaning of the law governing digital assets\**;

8) cash transaction shall mean the physical acceptance or provision of cash to a customer;

9) persons under civil law shall be the associations of individual margining or who shall merge money or other property for a specific purpose;

10) beneficial owner of a customer shall be a natural person who either directly or indirectly owns or controls a customer; a customer as set forth by this item shall include the natural person as well;

11) beneficial owner of a company, and/or any other legal entity shall be the following:

(1) natural person who owns, directly or indirectly, 25% or more of the business share, shares, voting right or other rights, based on which they participate in the management of the legal entity, or who participates in the capital of the legal entity with 25% or more of the share, or a natural persons who directly or indirectly has a dominant position in managing the operations and decision-making;

(2) natural person who has provided or provides funds to a company in an indirect manner, which entitles him/her to influence significantly the decisions made by the managing bodies of the company concerning its financing and business operations;

12) the beneficial owner of the trust shall be the settler, the trustee, the commissioner, the beneficiary, if specified, as well as the person holding a dominant position in trust management; the provision of this item shall be in analogy applied to the beneficial owner of the other person under foreign law;

13) business relationship shall mean a business, either professional or commercial relationship, between a customer and the obligor relating to the business activity of the obligor and that is expected, at the time of establishment, to have an element of duration;

14) a correspondent relationship shall imply:

(1) provision of banking services by a bank as a correspondent to another bank, as a respondent, including the services of opening and maintaining current and other accounts, and services related thereto, such as cash flow management, international transfer of monetary and other funds, clearing cheques and foreign-currency operations,

(2) relations among banks and/or credit institutions, as well as among banks and/or credit institutions and other financial institutions in which the correspondent institution offers to the respondent, including the relations established for the purpose of performing transactions with financial instruments or transfer of monetary and other funds;

15) a shell bank shall mean a foreign bank or another financial institution performing the business corresponding to the operations of the bank or other financial institution, which is

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registered in a state where its actual seat is located, and/or there is no physical presence of the management body and which is not part of any financial group governed by relevant regulations;

16) *digital assets, virtual currency, digital token, transactions involving digital assets, issuing of digital assets, issuer of digital assets and digital assets address shall have the meanings laid down by the law governing digital assets; \**

17) *digital assets service provider shall mean the legal person that provides one or more digital assets services laid down by the law governing digital assets; \**

18) personal document shall be a valid document with a photo issued by the competent state body;

19) official document shall be a document issued by an official or responsible person within their authorities, whereas such persons shall be considered as those defined in the provisions of the Criminal Code (Službeni glasnik RS, Nos. 85/05, 88/05 – corrigendum, 107/05 – corrigendum, 72/09, 111/09, 121/12, 104/13, 108/14 and 94/16);

20) information on the activity of a customer who is a natural person shall mean information on the personal, professional, or similar capacity of the customer (employed, retired, student, unemployed, etc), and/or information on the activities of the customer (in the area of sports, culture and art, science and research, education or other area) which serve as the basis to establish a business relationship;

21) information on the activities of a customer who is an entrepreneur, legal entity, person under foreign law or person under civil law shall mean information on the type of business activities of a customer, business relations and business partners, business results, and similar information;

22) off-shore legal entity shall be a foreign legal entity which does not operate or may not perform any production or trade business activities in the state of its registration;

23) anonymous company shall mean a foreign legal entity with unknown owners or managers;

24) official shall mean the official of another state, the official of an international organization and the official of the Republic of Serbia;

25) official of another state shall be a natural person performing or who in the past four years has been holding a high public office of another state and in particular:

(1) head of the state and/or government, government member or his/her deputy,

(2) elected representative of a legislative body,

(3) judge of the supreme and constitutional courts or of other high-level judicial bodies the judgments of which are not subject to further regular or extraordinary legal remedies, save in exceptional cases,

(4) member of the court of auditors, and/or supreme audit institution and members of the central bank management body,

(5) ambassadors, chargés d'affaires and high-ranking officers in the armed forces,

(6) member of the managing and supervisory body of a legal entity whose majority owner is the state,

(7) member of the management body of a political party;

26) official of an international organization shall be a natural person performing or who has in the past four years held high public office in an international organization such as: the director, deputy director, member of a management body, or other equivalent office in an international organization;

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27) official of the Republic of Serbia shall mean a natural person holding or who has, in the past four years been holding a high public office within the country, and in particular:

(1) president of the state, president of the Government, minister, state secretary, special advisor to the minister, assistant to the minister, secretary of the ministry, director of the body within the ministry and his/her assistants, and the director of a special organization, such as his/her deputy and his/her assistants,

(2) member of the parliament,

(3) judges of the Supreme Court of Cassation, Commercial Court of Appeal and the Constitutional Court,

(4) president, vice-president and the member of the Council of the State Audit Institution,

(5) governor, vice-governor and the member of the Council of Governors of the National Bank of Serbia,

(6) person at a high position of diplomatic and consular missions (ambassador, general consul, chargés d'affaires),

(7) member of a management body within a public enterprise or company in majority ownership of the state,

(8) member of the management body of a political party;

28) close family member of an official shall include the spouse or extra-marital partner, parents, brothers and sisters, children, adopted or stepchildren, and their spouses or extra-marital partners;

29) close associate of an official shall include any natural person who has benefit from a joint ownership or from established business relation or who has any other close business relations with an official (e.g.: natural person who is the formal owner of the legal entity or a person under foreign law, and the actual profit of which is realized by the official);

30) the highest management shall be a person or a group of persons who, in line with the law, manage and organize the operations of the obligors and who is responsible for ensuring the legality of operations;

31) transfer of funds shall mean any transaction that is at least in one part, performed electronically by the provider of payment services on behalf of the payer, with the aim of having these funds available for the beneficiary of the transfer with the provider of the payment services, regardless of whether the payor or the payment beneficiary are one and the same person and whether the payor's provider of the payment services and the provider of the payment services of the beneficiary are one and the same person, including the payment transaction being performed:

(1) transfer of approval, direct debit or money transfer, for the purpose of the law governing payment services,

(2) using a payment card, payment instrument that serves for the disposal of electronic money, a mobile phone, or any other digital or information and technological device, with similar features;

32) batch file transfer shall be a set of several individual money transfers, grouped for the purpose of their joint transfer;

33) the provider of the payment services shall be the bank, the institution of electronic money, a payment institution, the National Bank of Serbia, the Treasury or other bodies of public authority within the Republic of Serbia, in line with their competences set forth by the law, as well as the public postal operator with its seat in the Republic of Serbia, established in line with the law governing postal services;

34) the payor shall be a natural person or a legal entity who, to his/her payment account issues payment orders or gives consent for the execution of the payment transaction based on

the payment order issued by the beneficiary of payment, and in case such payment account is not available – the natural person or legal entity issuing a payment order;

35) the recipient of payment shall be the natural person or legal entity who has been set as the beneficiary of the funds which are subject of the payment transaction;

36) the payment chain intermediary is the provider of payment services who is not in contractual relationship neither with the payor or the payment beneficiary, and is taking part in the execution of the transfer of funds;

37) the payment account shall be the account used for the execution of payment transactions, and which is maintained by the provider of the payment services for one or several users of payment services;

38) the uniform identification mark is a combination of letters, numbers and/or symbols set by the provider of payment services to the payment service beneficiary and which, within a payment transaction is used for unambiguous identification of the beneficiary and/or his/her payment account;

39) the uniform transaction mark shall be a combination of letters, numbers and/or symbols which the provider of payment services determines for a payment transaction, in line with the rules of the payment system, i.e. the system for settlement or the system for the exchange of messages used for the transfer of funds, and which enables access to the data on the flow of funds and the payor and the payment beneficiary, as per specific payment transaction;

40) prior criminal offence shall be the criminal offence producing property which is subject of a criminal offence of money laundering, regardless of whether it has been committed in the Republic of Serbia or abroad;

41) unusual transaction shall mean the transaction deviating from the usual manner of operation of the obligor party.

42) money remittance payment service shall bear the meaning set forth in the law governing the provision of payment services;

43) games of chance shall be the games in which the participants, on payment of consideration, are provided a possibility of realizing a reward in cash, items, services or rights, whereas profit or loss shall not depend on the knowledge or skill of those taking part in the games, but rather on the chance or some uncertain event, such as lotteries, casino games, poker games or betting, played in gaming facilities, or by means of electronic communication or any other form of communication technology;

44) a financial group shall be a group of persons in a financial sector which comprise the highest, parent company of a legal entity, its subordinate companies, affiliated companies of dependent companies of a legal entities and related legal entities;

45) the highest parent company of a legal entity, a subordinate company, a dependent company, an affiliated company and a related company shall bear the meaning set forth by the law governing banks.

## **Obligors**

### Article 4

For the purposes of this Law, obligors shall include the following:

- 1) banks;
- 2) licensed bureaux de change and companies performing exchanges activities based on a special law governing their activities;
- 3) companies for the management of investment funds;
- 4) companies for the management of voluntary pension funds;

5) financial leasing providers;

6) insurance companies holding a license for the performance of life insurances and insurance brokerage companies performing life insurance brokerage tasks, insurance agency companies and insurance agents, with a license to perform life insurance business, except for companies for representation and insurance agents, for whose work the insurance company is responsible, in line with the law;

7) broker-dealer companies;

8) organizers of special games of chance at gaming establishments and organizers of games of chance by means of electronic communications;

9) auditing companies and independent auditor;

10) electronic money institutions;

11) payment institutions;

12) intermediaries in trade and lease of immovable property;

13) factoring companies;

14) entrepreneurs and legal entities which provide accounting services;

15) tax advisors;

16) public postal operator with its seat in the Republic of Serbia, founded in line with the law governing postal services, providing payment services in line with the law governing the provision of payment services;

16a) persons engaging in postal traffic;

17) *digital assets service providers*. \*

Obligors shall also include lawyers in cases when:

1) aiding in the planning or execution of transactions for a party, in relation to:

(1) purchase or sale of immovable property or a company,

(2) managing party's property,

(3) opening or disposal of a bank's account (banking account, savings deposit or the account for managing securities),

(4) collecting funds required for the incorporation, performance of activities and managing companies,

(5) incorporation, operation or management of a company or foreign law entity;

2) on behalf of and to the account of the customer to conduct financial transactions or transactions related to immovable property.

Obligors shall also be public notaries preparing or confirming (solemnizing) documents in relation to the tasks from paragraph 2 hereof.

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## II. ACTIONS AND MEASURES UNDERTAKEN BY OBLIGORS

### 1. General Provisions

#### *Actions and Measures Undertaken by Obligors*

##### Article 5

Actions and measures for the prevention and detection of money laundering and terrorism financing shall be undertaken before, during the course of, and following the execution of a transaction or establishment of a business relationship.

The actions and measures referred to in paragraph 1 of this Article shall include the following:

- 1) knowing the customer and monitoring of their business transactions (hereinafter referred to as: 'customer due diligence');
- 2) sending information, data, and documentation to the Administration;
- 3) designating a person responsible to apply the obligations laid down in this Law (hereinafter referred to as: a compliance officer) and their deputy, as well as providing conditions for their work;
- 4) regular professional education, training and improvement of employees;
- 5) providing for a regular internal control of the implementation of the obligations laid down in this Law, as well as internal audits, if so line with the scope and the nature of obligor's operation;
- 6) developing the list of indexes (indicators) for the identification of persons and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing;
- 7) record keeping, protection and keeping of data from such records;
- 8) implementation of the measures laid down in this Law in branches and subsidiaries of a legal entity in the majority ownership of the obligor located in country and foreign countries;
- 9) implementing other actions and measures based on this Law.

In regard to paragraph 1 of this Article, the obligor shall be obliged to prepare the relevant internal act, by means of which, for the purpose of efficient risk management against money laundering and terrorism financing, encompass the activities and measures defined in this Article. The internal acts must be proportionate to the nature and the size of the obligors and must be approved by the highest-level management.

#### *Risk Analysis*

##### Article 6

The obligor shall conduct and regularly update an analysis of the money laundering and terrorism financing (hereinafter referred to as: risk analysis) in line with this Law, and with the guidelines adopted by the body competent for the supervision of the implementation of this Law and risk assessment against money laundering and terrorism financing, prepared at the national level.

The risk analysis referred to in paragraph 1 of this Article must be proportionate to the nature and the scope of operation, as well as the size of the taxpayer, and must consider the basic types of risk (customer risk, geographical risk, transaction risk and service risk) and other forms of risk which the obligor has identified due to the specific characteristics of operation.

The risk analysis referred to in paragraph 1 of this Article shall contain:

- 1) the risk analysis compared to the entire operation of the obligor;
- 2) the risk analysis for each group or type of customer, i.e. business relationship, i.e. service which the taxpayer is providing within its operations, i.e. transactions.

The obligor shall be obliged to submit the risk analysis referred to in paragraph 1 of this Article to the Administration and the bodies competent for the supervision of implementation of this Law, upon their request, within three days from the date of rendering of such request, unless the body competent for the supervision of request, does not set a longer deadline.

Based on the risk analysis referred to in paragraph 3, item 2) of this Article, the obligor shall be obliged to put the customer in one of the following risk categories:

- 1) low risk in terms of money laundering and terrorism financing and applies at least simplified actions and measures;
- 2) medium risk in terms of money laundering and terrorism financing and applies at least general actions and measures;
- 3) high risk in terms of money laundering and terrorism financing and applies increased actions and measures.

By means of internal acts, the obligor may, apart from the aforementioned, set forth additional categories of risk, and prescribed adequate actions and measures from this Law for such risk categories.

The Minister competent for financing operations (hereinafter referred to as: the Minister) at a proposal of the Administration, shall specify the manner and reasons based on which the obligor shall classify a customer, business relationship, service provided within its business activity or a transaction into a low-risk group in terms of money laundering or terrorism financing, in accordance with the recognized international standards.

## **2. Customer due Diligence**

### *a) General Provisions*

#### Customer due Diligence actions and measures

##### Article 7

Unless otherwise stipulated in this Law, the obligor shall be obliged to:

- 1) identify the customer;
- 2) verify the identity of the customer based on documents, data, or information obtained from reliable and credible sources or by means of electronic identification in line with the law;
- 3) identify the beneficial owner and verify their identity in the cases specified in this Law;
- 4) obtain and assess the information on the purpose and intended nature of a business relationship or transaction, and other data in accordance with this Law;
- 5) obtain and assess the veracity of information on origin of property which is or shall be the subject of a business relationship, i.e. transaction, in line with the risk assessment;
- 6) regularly monitor business transactions and check the consistency of the customer's activities with the nature of the business relationship and the usual scope and type of the customer's business transactions.

The obligor shall be obliged to refuse the offer to establish a business relationship, as well as to perform transaction if they are unable to apply the actions and measures referred to in paragraph 1, items 1)-5) of this Article, and if the business relationship has already been

established they shall be obliged to terminate it, save in case when the account has been blocked based on the procedure of a competent state authority in line with the law.

In the cases referred to in paragraph 2 of this Article, the obligor shall be obliged to make an official note in writing, as well as see whether grounds exist for suspecting that money laundering or terrorism financing is involved and shall act in line with the provisions of Article 47 of this Law. The obligor shall keep the official note in accordance with law.

In case the implementation of the customer due diligence actions and measures from paragraph 1 of this Article would raise doubt with the party that the obligor is implementing the actions and measures in order to supply the Administration with the data, the obligor shall be bound to suspend the undertaking of the specified actions and measures and prepare an administrative not in written form to be delivered to the Administration.

## When Implementing Actions and Measures of Customer Due Diligence

### Article 8

The obligor shall apply the actions and measures referred to in Article 7 of this Law:

- 1) when establishing a business relationship with a customer;
- 2) when carrying out a transaction amounting to EUR 15,000 or more in dinar counter value, at the middle exchange rate of the National Bank of Serbia on the date of execution of performance of the transaction (hereinafter referred to as: RSD equivalent), regardless of whether it is a case of one or several, mutually connected transactions, in case when the business relation has not been established;
- 3) when transferring funds in the amount higher than 1,000 EUR or in dinar counter value of the same amount, regardless of whether this is a case of one or several mutually connected transactions, in case when the business relation has not been established;
- 4) when there are reasons for suspicion of money laundering or terrorism financing with respect to a customer or transaction;
- 5) when there are reasons of suspicion of the veracity or credibility of previously obtained data about a customer or beneficial owner.

Notwithstanding the provisions of paragraph 1 of this Article, the obligor operating a money exchange business shall carry out the actions and measures referred to in Article 7 of this Law in case of a transaction amounting EUR 5,000 or more in RSD equivalent, irrespective of whether such transaction is carried out in a single or more than one, mutually connected transactions.

Notwithstanding the provisions of paragraph 1 of this Article, the obligor referred to in Article 4, paragraph 1, item 8) of this Law shall be obliged to implement actions and measures referred to in Article 7 of this Law, when withdrawing profit, entering deposit or in both cases, when transactions are executed in the amount of EUR 2,000 or more, in RSD equivalent, irrespective of whether such transaction is carried out in a single or more than one connected transactions.

The obligor shall be bound to apply the customer due diligence actions and measures from Article 7 of this Law, and in the course of duration of the business relation, and at the frequency and intensity in line with the assessed risk and the changed circumstances relating to the customer.

## Customer due Diligence during the Establishment of a Business Relationship

### Article 9

The obligor shall apply the actions and measures referred to in Article 7, paragraph 1, item 1)-5) of this Law before the establishment of a business relationship with a customer.

## Customer due Diligence when Executing a Transaction

### Article 10

In the case referred to in Article 8, paragraph 1, item 2) and paras. 2 and 3 of this Law, the obligor shall take the actions and measures referred to in Article 7, paragraph 1, item 1)-5) of this Law, before the execution of a transaction.

### *b) Special Provisions pertaining to the Transfer of Funds*

#### Obligations of the Payor's Provider of Payment Services

### Article 11

The payor's payment service provider shall be obliged to collect data on the payor and the recipient of payments and to include them in the form of a payment order or electronic message accompanying the transfer of funds from the payer to the recipient of the payment.

The data on the payor shall include:

- 1) name and surname, i.e. the name of the payor;
- 2) the number of the payment account, i.e. other unique transaction identifier, if the funds transfer is carried out without opening the payment account;
- 3) address, i.e. the seat of the payor.

If no address information was obtained, that is, the seat of the payor, one of the following data shall be collected:

- 1) the national identification number, (e.g. the unique citizen's identification number or the registration number for legal entities);
- 2) the personal document number, date and place of birth, or the unique identification mark;

The data on the payment recipient shall include:

- 1) name and surname, i.e. the name of the payment recipient;
- 2) the number of the account of the payment recipient, i.e. other unique transaction identifier, if the funds transfer is carried out without opening the payment account;

Notwithstanding paras. 2 and 3 hereof, in case of collective transfer of funds from one payor, the single transfers of funds, which are part of this transfer, do not have to contain the data from paras. 2 and 3 hereof, under the condition that the data from paras. from 2 to 4 of this Article are contained in the collective transfer and that each single transfer of funds contains at least the number of the payor's payment account, i.e. the unique transaction identifier, in case the transfer of funds is carried out the opening of the payment account. This exceptions shall not be applied in case of collective transfer of funds from one payor, when the provider of payment services and the providers of payment services of the payment recipient, are seated in the Republic of Serbia.

In case the amount of the transfer of funds, including the amount of the payment transactions related thereto, is not higher than 1,000 EUR or dinar counter value of such amount, the provider of the payment services shall be bound to ensure that the transfer of funds, contains at least the following data on the payor:

- 1) name and surname, i.e. the name of the payor;
- 2) the number of the payment account, i.e. other unique transaction identifier, if the funds transfer is carried out without opening the payment account;

The payment service provider shall be bound to verify the accuracy of the collected data on the payor, in the manner prescribed in Articles 17 to 23 of this Law, prior to the transfer of funds.

It shall be deemed that the payment service provider has checked the accuracy of the collected data on the payor prior to the transfer of funds even if previously having established a business relation with the payor and confirmed and checked the identity of this person, in the manner prescribed in Articles 17 to 23 of this Law, and if acting in line with Article 29 of this Law.

Notwithstanding paragraph 7 of this Article, the payment services provider shall not be bound to check the veracity of the collected data on the payor, if the following conditions have already been met:

- 1) there is no basis of doubt as to money laundering or terrorism financing;
- 2) the amount of the transfer of funds, including the amount of the payment transactions related thereto, is not higher than 1,000 EUR or dinar counter value of this amount;
- 3) the payment services provider did not receive the funds that need to be transferred in cash or anonymous electronic money.

The payment services provider shall be bound to prepare a procedure for the verification of completeness of data from this Article.

In line with the risk assessment, the payment service provider may check the veracity of the obtained data, regardless of the amount of the funds being transferred.

## Obligations of the Provider of the Payment Services of the Recipient of Payment

### Article 12

The provider of the payment services of the recipient of payment shall be obliged to verify whether the data on the payor and the recipient of payment have been included in line with Article 11 of this Law, in the form of the payment order or the electronic message accompanying the transfer of funds.

The payment services provider shall be bound to prepare a procedure for the verification of completeness of data from paragraph 1 of this Article.

In case the transfer of funds is in the amount of EUR 1,000 and more, in RSD equivalent, the provider of the payment services shall be obliged, prior to the approval of the payment account of the payment recipient or placement of funds on disposal to this entity, to verify the accuracy of the collected data on such person, in the manner prescribed in Article 17 to 23 of this Law, unless the identity has already been verified when establishing the business relation in line with Articles 17 to 23 of this Law and the payment services provider acts in line with Article 29 of this Law and there is no doubt of money laundering and terrorism financing.

In case the amount of the transfer of funds, including the value of the payment transactions related thereto, is not higher than 1,000 EUR or dinar counter value thereof, the



provider of the payment services or the payment recipient shall not be bound to verify the accuracy of the collected data on the payment recipient, unless:

- 1) the funds are placed for disposal to the payment recipient in cash or the anonymous electronic money;
- 2) there is basis of doubt as to money laundering or terrorism financing;

In line with risk assessment, the provider of the payment serviced may verify the identity of the payment recipient regardless of the amount of the funds being transferred.

## Missing Information

### Article 13

The provider of payment services of the recipient shall be obliged, using access based on risk assessment, to set up a procedure on actions, in case the transfer of funds does not contain complete information referred to in Article 11 of this Law.

In case the transfer of funds does not contain complete data from Article 11 of this Law, in line with the risk assessment, the payment services provider of the payment recipient shall be bound, by virtue of its acts, to determine when, in such a situation, shall it:

- 1) reject the transfer of funds;
- 2) suspend the execution of the transfer of funds until the reception of the missing data, which it is bound to request from the intermediary of such transfer, i.e. from the payment services provider of the payor;
- 3) execute the transfer of funds and simultaneously or subsequently request from the intermediary involved in such transfer, i.e. from the payment services provider of the payor, the missing data.

In case the provider of the payment services frequently fails to provide accurate and complete data referred to in Article 11 of this Law, the provider of the payment services of the recipient shall be bound to warn and notify him/her within the deadline during which it is required to have its actions harmonized with this Law. Should the payment services provider, even following such a warning and the expiry of the set deadline, fail to harmonize its actions with this Law, the payment services provider of the payment recipient shall be bound to reject future transfers of funds that it receives from this person or to limit or terminate the business cooperation with such person.

In case from paragraph 3 of this Article, the payment services provider of the payment recipient shall be bound to:

- 1) notify the National Bank of Serbia of the payment services provider who frequently fails to provide accurate and complete data in line with Article 11 of this Law, as well as of the measures that it has undertaken against this person in line with paragraph 3 hereof;
- 2) consider whether the lack of accurate and complete data from Article 11 of this Law, along with other circumstances, poses basis of doubt as to money laundering and terrorism financing - whereof it shall notify the Administration if determining that there is basis of doubt as to money laundering and terrorism financing, otherwise, it shall prepare a note, which it shall keep in line with the law.

## Obligations of the Intermediary in the Transfer of Funds

### Article 14

The intermediary in the transfer of funds shall be obliged to ensure that all data on the payor and the payment recipient are kept within the form or the message accompanying the transfer of funds.

The intermediary in the transfer of funds, shall be obliged to, using access based on risk assessment, set up a procedure pertaining to actions in case the electronic message by means of which the funds are transferred, does not contain the data referred to in Article 11 of this Law.

In case the transfer of funds does not contain complete data from Article 11 of this Law, in line with the risk assessment, the intermediary in the transfer of funds, shall be bound, by virtue of its acts, to determine when, in such a situation, shall it:

- 1) reject the transfer of funds;
- 2) suspend the transfer of funds until the reception of the missing data, which it is bound to request from the intermediary of such transfer, i.e. from the payment services provider of the payor;
- 3) execute the further transfer of funds and simultaneously or subsequently request from the intermediary involved in such transfer, i.e. from the payment services provider of the payor, the missing data.

In case the provider of the payment services frequently fails to provide accurate and complete data referred to in Article 11 of this Law, the intermediary of the transfer of funds shall be bound to warn and notify him/her within the deadline during which it is required to have its actions harmonized with this Law. Should the payment services provider, even following such a warning and the expiry of the set deadline, fail to harmonize its actions with this Law, the intermediary of the funds transfer shall be bound to reject future transfers of funds that it receives from this person or to limit or terminate the business cooperation with such person.

In case referred to in paragraph 4 of this Article, the intermediary of the funds transfer shall be bound to:

- 1) notify the National Bank of Serbia of the payment services provider who frequently fails to provide accurate and complete data in line with Article 11 of this Law, as well as of the measures that it has undertaken against this person in line with paragraph 4 hereof;
- 2) consider whether the lack of accurate and complete data from Article 11 of this Law, along with other circumstances, poses basis of doubt as to money laundering and terrorism financing - whereof it shall notify the Administration if determining that there is basis of doubt as to money laundering and terrorism financing, otherwise, it shall prepare a note, which it shall keep in line with the law.

### Exceptions to the Obligation of Collecting Data on the Payor and the Payment Recipient

### Article 15

The provisions from Articles 11 to 14 of this Law shall not apply in the following cases:

- 1) when during the transfer of funds, taxes, fines and other public contributions are paid, and the payment services provider of the payor and the payment services provider of the payment recipient have are seated in the Republic of Serbia;
- 2) when during the transfer of funds, payment towards the payment recipient is executed on the basis of the provided telecommunication services, electrical energy, gas, steam or water supply services, services of collection, treatment and disposal of waste, maintenance services

for residential facilities and other, similar permanent services, and under the following conditions:

- (1) that the amount of the funds transfer is not higher than 60,000 RSD;
- (2) for the collection of payment for services from this item to be executed upon the approval of the payment account of the payment recipient, used solely for such collections of payment,
- (3) for the payment services provider of the payment recipient to be able, through this person, and on the basis of the unique transaction identifier or other data, to monitor the transfer of funds, and to obtain the data on the person having the agreement with payment recipient entered into, for the provision of services referred to in this item,
- (4) that the payment services provider and the payment services provider of the payment recipient are seated in the Republic of Serbia;
- 3) when the transfer of funds is executed solely for the purpose of purchase of the goods and services, and in particular by using a payment card, a payment instrument that serves for disposal of electronic money, a mobile phone or any other digital or information and technological device with similar features, under the condition that the payor and the payment recipient are not natural persons that do not perform the activity and that the number of such card, instrument or device, i.e. the unique identification mark, accompanies this transfer in the manner that allows for the data on the payor to be obtained by virtue of such number or mark;
- 4) when the payor and the payment recipient are payment services providers acting to their own name and on their own behalf;
- 5) when the payor collects cash from his/her account;
- 6) when the conditions from Article 16, paragraph 1 of this Law are met.

#### ***b1) Special Provisions Concerning Transactions Involving Digital Assets \****

##### *Obligations of Digital Assets Service Providers \**

##### *Article 15a \**

*Digital assets service providers shall be obliged to acquire data on all the persons participating in a transaction involving digital assets, and where another digital assets service provider takes part in execution of a transaction involving digital assets, he shall be obliged to ensure that such data is delivered to such other service provider. \**

*Data on persons referred to in paragraph 1 of this Article shall be: \**

*1) the names and surnames, i.e. the names of the persons participating in the transaction involving digital assets, as well as the piece of data on whether they are the initiator or a beneficiary of such transaction; \**

*2) the domicile or residence addresses, i.e. addresses of the seats of the persons participating in the transaction involving digital assets; \**

*3) the address of the digital assets used to execute the transaction involving digital assets, i.e. the relevant unique designation of the transaction involving digital assets. \**

*The initiator of the transaction referred to in paragraph 2, item 1) of this Article shall be the party initiating the transaction involving digital assets with a digital assets service provider. \**

*The beneficiary of the transaction referred to in paragraph 2, item 1) of this Article shall be the person for the benefit of which the transaction referred to in paragraph 3 of this Article is executed. \**

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*Data referred to in paragraph 2 of this Article shall be delivered to another digital assets service provider concurrently with the execution of the transaction involving digital assets and in such a manner as to ensure integrity of such data and protection from unauthorized access to such data.\**

*The digital assets service provider shall be obliged to check the accuracy of data collected on the initiator of the transaction involving digital assets by means of an identity check of that person performed in the manner prescribed in Articles 17 through 23 of this Law.\**

*It shall be considered that the digital assets service provider has checked the accuracy of data collected on the initiator of the transaction involving digital assets if he has previously established a business relationship with such person and has determined and verified the identity of that person in the manner prescribed in Articles 17 through 23 of this Law, except where there are grounds to suspect money laundering or terrorism financing.\**

*According to the risk assessment, the digital assets service provider may at any given moment perform additional accuracy checks of data collected.\**

*The digital assets service provider shall be obliged to draw up procedures for checking completeness of data referred to in this Article.\**

*The digital assets service provider of the transaction initiator shall be obliged to keep the data referred to in this Article in compliance with this Law and to deliver it without any delay at the request of the supervisory authority, Administration or another competent authority.\**

#### *Obligations of Digital Assets Service Providers of the Transaction Beneficiary\**

##### *Article 15b\**

*The digital assets service provider of the transaction beneficiary shall be obliged to check whether data referred to in Article 15a of this Law has been delivered to him.\**

*The service provider referred to in paragraph 1 of this Article shall be obliged to draw up procedures to check completeness of data referred to in paragraph 1 of this Article.\**

*The service provider referred to in paragraph 1 of this Article shall be obliged to check the accuracy of data collected on the transaction beneficiary by verifying the identity of such beneficiary in the manner prescribed in Articles 17 through 23 of this Law.\**

*It shall be considered that the service provider referred to in paragraph 1 of this Article has checked the accuracy of data referred to in paragraph 3 of this Article if he has previously established a business relationship with that person and has determined and verified the identity of that person in the manner prescribed in Articles 17 through 23 of this Law, except where there are reasonable grounds to suspect money laundering or terrorism financing.\**

*According to the risk assessment, the service provider referred to in paragraph 1 of this Article may at any given moment perform additional accuracy checks of data collected on transaction beneficiary.\**

*The digital assets service provider of the transaction beneficiary shall be obliged to keep the data referred to in this Article in compliance with this Law and to deliver it without any delays at the request of the supervisory authority, Administration or another competent authority.\**

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## *Missing Data\**

### *Article 15c\**

*The digital assets service provider of the transaction beneficiary shall be obliged to, by using the access based on risk assessment, draw up procedures for handling cases where accurate and complete data referred to in Article 15a of this Law is not delivered to him.\**

*The service provider referred to in paragraph 1 of this Article shall be obliged to determine by means of his internal acts when, in a case referred to in paragraph 1 of this Article, he shall:\**

*1) refuse to carry out a transaction;\**

*2) suspend carrying out of a transaction until the receipt of missing data, which he shall be obliged to request from the digital assets service provider of the initiator of the transaction.\**

*The digital assets service provider may not carry out a transaction involving digital assets in cases where accurate and complete data referred to in Article 15a of this Law is not delivered to him.\**

*In case that a digital assets service provider of the transaction initiator frequently fails to deliver accurate and complete data in compliance with Article 15a of this Law, the service provider referred to in paragraph 1 of this Article shall be obliged to warn him of that and to notify him of the time limit within which he shall be required to bring his actions in line with this Law. If the digital assets service provider fails to bring his actions in line with this Law after that warning and following the expiry of the time limit left to him, the service provider referred to in paragraph 1 of this Article shall be obliged to refuse to carry out any future transaction of that person or to limit or terminate the business cooperation with that person.\**

*In the case referred to in paragraph 4 of this Article, the service provider referred to in paragraph 1 of this Article shall be obliged to:\**

*1) inform the supervisory authority of the digital assets service provider that frequently fails to deliver accurate and complete data in compliance with Article 15a of this Law, as well as of the measures that he has taken against that person in compliance with paragraph 4 of this Article;\**

*2) consider whether the lack of accurate and complete data referred to in Article 15a of this Law, taken with other circumstances, provide grounds to suspect money laundering or terrorism financing – of which he shall inform the Administration where he has determined that there are grounds to suspect money laundering or terrorism financing, and where that is not the case he shall make a note, which he shall keep in compliance with the Law.\**

### *c) Exception in Customer Due Diligence for Specific Services*

#### *Exception in Electronic Money Issuing\**

### *Article 16*

Issuers of electronic money do not have to perform actions and measures of customer due diligence if, based on the risk analysis it has been estimated that there is a low risk of money laundering or terrorism financing, and if the following conditions have been met:

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1) the amount of electronic money stored on the payment instrument cannot be added to or the maximum monthly payment limit is limited to 150 EUR in RSD equivalent and can be used only in the Republic of Serbia;

2) the maximum amount of stored electronic money does not exceed 150 EUR in RSD equivalent;

3) the money stored on the payment instrument is used exclusively for the purchase of goods or services;

4) the money stored on the payment instrument cannot be used in remote trade for the purpose of the law governing trade for the initiation of the payment transaction via internet or using remote means of communication, in case the amount of the payment transaction exceeds 50 EUR in dinar counter value;

5) the payment instrument cannot be financed by anonymous electronic money;

6) the issuer of electronic money sufficiently monitors transactions or business relationship so that it can detect unusual or suspicious transactions.

The provisions of paragraph 1 of this Article shall not apply if there are grounds for suspicion of money laundering or terrorism financing, as well as in the case of redemption of electronic money for cash or in the case of cash withdrawal in the amount of electronic money, where the redeemed amount exceeds EUR 50 in RSD equivalent.

#### *Exception in Provision of Digital Assets Services\**

##### *Article 16a\**

*The digital assets service provider shall not be obliged to establish a business relationship with the client and/or to perform the actions or due diligence measures relating to such business relationship where it has been assessed, according to a risk analysis, that there is a low risk of money laundering or terrorism financing and where all of the following conditions have been fulfilled: \**

*1) the value of an individual transaction involving digital assets is less than 15,000 Dinars, irrespective of whether it is one or more interrelated transactions, where the value of these transactions of a specific client does not exceed 40,000 Dinars on the monthly level and 120.000 Dinars on the annual level; \**

*2) the digital assets service provider has provided a tested and verified technical solution which enables delivery of a copy and/or a read excerpt of the personal document of the client, the photographs of the client's face and a copy of a document from which the address of the client's domicile and/or residence can be determined, where the client's personal document does not include data on such address (for example, a copy of another official document or a telephone or utility services bill which comprises such data); \**

*3) the digital assets service provider is sufficiently tracking the transactions to be able to detect the unusual or suspicious transactions. \**

*The copy, and/or the read excerpt referred to in paragraph 1, item 2) of this Article shall also be considered to be the digitalized (for example, the scanned or photographed) document referred to in paragraph 1, item 2) of this Article. \**

*The digital assets service provider intending to apply the exception referred to in paragraph 1 of this Article shall be obliged to notify the supervisory authority of that 30 days prior to commencing to apply such exception at the latest and to deliver proof to the supervisory authority with such notice that he has at his disposal the technical solution referred to in paragraph 1, item 2) of this Article. The time limit referred to in this paragraph*

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*shall be calculated from the delivery date of complete documentation referred to in paragraph 1, item 2) of this Article.\**

*Provisions of paragraph 1 of this Article shall not apply where there are grounds relating to a client or a transaction involving digital assets to suspect money laundering or terrorism financing, as well as where there are suspicions of truthfulness or authenticity of data acquired in compliance with paragraph 1, item 2) of this Article.\**

*The digital assets service provider referred to in paragraph 1 of this Article shall be obliged to apply the provisions of Art. 15a, 15b and 15c of this Law, except that the identity of the persons referred to in Art. 15a, 15b and 15c of this Law shall be verified in compliance with the provisions of this Article.\**

*Provisions of this Article shall not apply to a client that is a legal person or an entrepreneur.\**

#### *d) Application of Customer due Diligence Actions and Measures*

##### **d 1) C U S T O M E R I D E N T I F I C A T I O N o f I d e n t i t y**

##### **Identification and Verification of Identity of a Natural Person, Legal Representative and Empowered Representative**

#### **Article 17**

The obligor shall identify and verify the identity of a customer who is a natural person and legal representative of such customer by obtaining the data specified in Article 99, paragraph 1, item 3) of this Law.

Data referred to in paragraph 1 of this Article shall be obtained by inspecting a personal identity document with the mandatory presence of the identified person. If it is not possible to obtain all the specified data from such a document, the missing data shall be obtained from another official document. The data that cannot be obtained for objective reasons in such manner shall be obtained directly from the customer.

Notwithstanding the provisions of paragraph 2 of this Article, the customer who is a natural person may carry out a transaction or establish a business relationship through an empowered representative.

If a transaction is carried out or a business relationship established by an empowered representative or legal agent, on behalf of a customer who is a natural person, the obligor shall, apart from identifying and verifying the identity of the customer, identify and verify the identity of the empowered representative and legal agent, obtain the data referred to in Article 99, paragraph 1, item 3) of this Law, in the manner specified in paragraph 2 of this Article, as well as request the written authorization (power of attorney), or other public document proving the capacity of a legal representative, the copies of which it shall keep in accordance with the law. In the above event, the obligor shall apply the measures specified in Article 39 of this Law.

If the obligor, during the identification and verification of identity of the customer pursuant to this Article, has any doubts about the veracity of the obtained data or the credibility of the documents from which the data was obtained, it shall obtain from the customer a written statement on the veracity and credibility of the data and documents.

During the identification of the person referred to in paragraph 1 and 3 of this Article, the obligor shall obtain a photocopy, i.e. the read excerpt of the personal document of such person.

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A photocopy, i.e. read excerpt of the personal document from this paragraph shall also be the digitalized document from paras. 2 and 4 of this Article. On the photocopy, i.e. read excerpt of the personal document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy, i.e. the read excerpt of the personal document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy, i.e. the read excerpt of the personal document from this paragraph, in hard copy or electronic form in line with the law.

## Identifying and Verifying the Identity of a Natural Person Using a Qualified Electronic Certificate

### Article 18

Notwithstanding the provisions of Article 17, paragraph 2 of this Law, the obligor, may also identify and verify the identity of the customer who is a natural person, i.e. its legal representative, and based on a qualified electronic certificate of the customer, issued by a certification body in the Republic of Serbia, or a foreign electronic certificate which is equivalent to the domestic, in accordance with the law governing electronic operations and electronic signature.

The conditions under which the customer identity may be identified and verified (natural person), i.e. his/her legal representative by means of a qualified electronic certificate, shall be:

1) that the qualified electronic certificate has been issued by the certification body which has been entered into the registry maintained by the competent body in line with the law governing electronic operations and the electronic signature;

2) that the qualified electronic certificate of a customer has not been issued under a pseudonym;

3) that the obligor provides technical and other conditions which enable him/her to verify, at any point of time, whether the qualified electronic certificate of the customer has expired or has been revoked and whether the private cryptographic key is valid and issued in line with item 1) of this paragraph;

4) that the obligor verifies whether the qualified electronic certificate of the customer has any limitations on use of the certificate in regard to the amount of the transaction, manner of operation and similar and that its operation is in compliance with such limitations;

5) the obligor shall be obliged to ensure technical conditions for maintain records on the use of the system by means of a qualified electronic certificate of the customer.

The obligor shall be obliged to notify the Administration and the supervisory body that the identification and verification of the customer identity shall be performed on the basis of a qualified electronic certificate of the customer. During notification, he/she shall be obliged to provide the statement on fulfilment of conditions referred to in paragraph 2, item 3) and 4) of this Article.

In establishing and verifying the identity of a customer, the obligor shall, based on paragraph 1 of this Article, obtain the customer data specified in Article 99, paragraph 1, item 3) of this Law from a qualified electronic certificate. Data that cannot be obtained from such certificate shall be obtained from a photocopy of a personal document, which shall be sent by the customer to the obligor in a printed form or electronically. If it is not possible to obtain all the specified data as described, the missing data shall be obtained directly from the customer.

The certification body, which has issued a qualified electronic certificate to a customer shall, without delay, send to the obligor, at its request, the data about how it identified and verified the identity of the customer who is the bearer of a certificate.



Notwithstanding the provisions of paragraphs 1 and 3 of this Article, the identification and verification of identity of a customer based on a qualified electronic certificate shall not be permitted if there is suspicion that the qualified electronic certificate is misused, or if the obligor establishes that the circumstances substantially affecting the validity of the certificate have changed, and while the certification body has not revoked the certificate.

If the obligor, during the identification and verification of a customer in accordance with this Article, has any doubts as to the veracity of the obtained data or credibility of the documents from which the data was obtained, it shall be obliged to suspend the procedure of identifying and verifying the identity of a natural person by means of a qualified electronic certificate, or to identify and verify the identity based on Article 17 of this Law.

*The authority competent to conduct supervision referred to in Article 104 of this Law may regulate in more detail other methods and conditions for determining and verification of identity of the clients who are natural persons and of the legal representatives of such clients as well, by using the means of electronic communications and without mandatory physical presence of the person being identified in cases of the obligors that are subjects to supervision in compliance with this Law (the video identification procedure).\**

The obligor conducting the procedure from paragraph 8 of this Article, shall conduct the said procedure on the basis of consent of the person whose identity is being determined and verified in the course of such a procedure and shall be bound to keep the video and audio transcript generated in the course of such procedure, in line with the provisions of this Law and the law governing the protection of personal data.

## Identifying and Verifying the Identity of an Entrepreneur

### Article 19

The obligor shall establish and verify the identity of a customer who is an entrepreneur by obtaining the data specified in Article 99, paragraph 1, items 1) and 3) of this Law.

The data referred to in paragraph 1 of this Article shall be obtained by inspecting the original or certified copy of documentation from a register maintained by the competent body of the country where the customer has a registered seat, as well as the entrepreneur's personal documents a copy of which the obligor shall keep in accordance with the Law.

The documentation referred to in paragraph 2 of this Article shall not be older than three months from the date of issue.

The obligor may obtain the data referred to in paragraph 1 of this Article by directly accessing the register maintained by a competent body of state of its seat or any other official public register, in which case it shall be bound to provide a copy of the excerpt from such register, to be kept in line with the law.

A digitalized document referred to in paras. 2 and 4 of this Article shall be deemed a copy of the documentation referred to in paras. 2 and 4 hereof, including the read excerpt of the entrepreneur's personal document. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

If it is not possible to obtain all the data from an official public register, i.e. register maintained by the competent authority of state of its seat, the obligor shall be bound to obtain the missing data from an original or certified copy of a document or other business

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documentation submitted by the customer. If some of the missing data cannot be obtained in the prescribed manner for objective reasons, the obligor shall establish such data by obtaining a written statement from the customer.

*The authority competent to conduct supervision referred to in Article 104 of this Law may regulate in more detail other methods and conditions for determining and verification of identity of the entrepreneurs by using the means of electronic communications and without mandatory physical presence of that person in cases of the obligors that are subjects to supervision in compliance with this Law (the video identification procedure). \**

The obligor conducting the procedure from paragraph 7 of this Article, shall conduct the said procedure on the basis of consent of the person whose identity is being determined and verified in the course of such a procedure and shall be bound to keep the video and audio transcript generated in the course of such procedure, in line with the provisions of this Law and the law governing the protection of personal data.

If the obligor has doubts as to the veracity of the obtained data or the credibility of the presented documentation, it shall obtain a written statement from the customer.

## Identifying and Verifying the Identity of a Legal Entity

### Article 20

The obligor shall establish and verify the identity of a customer who is a legal entity by obtaining the data specified in Article 99, paragraph 1, item 1) of this Law.

The data referred to in paragraph 1 of this Article shall be obtained by inspecting the original or certified copy of documentation from a register maintained by the competent body of the country where the customer has a registered seat, a copy of which the obligor shall keep in accordance with the Law.

The documentation referred to in paragraph 2 of this Article shall not be older than three months from the date of issue.

The obligor may obtain the data referred to in paragraph 1 of this Article by directly accessing the register maintained by a competent body of state of its seat or any other official public register, in which case it shall be bound to provide a copy of the excerpt from such register, to be kept in line with the law.

A digitalized document referred to in paras. 2 and 4 of this Article shall be deemed a copy of the documentation referred to in paras. 2 and 4 hereof. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

If it is not possible to obtain all the data from an official public register, i.e. register maintained by the competent authority of state of its seat, the obligor shall be bound to obtain the missing data from an original or certified copy of a document or other business documentation submitted by the customer. If some of the missing data cannot be obtained in the prescribed manner for objective reasons, the obligor shall establish such data by obtaining a written statement from the customer.

If the obligor has doubts as to the veracity of the obtained data or the credibility of the presented documentation, it shall obtain a written statement from the customer.

In case the customer is a legal entity performing the activity in the Republic of Serbia,

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through its branch, the obligor shall be bound to determine and verify the identity of the foreign legal entity and its branch.

## Identifying and Verifying the Identity of the Representative of a Legal Entity and a Person under Foreign Law

### Article 21

The obligor shall identify the representative of a legal entity by inspecting the original or certified copy of documentation from a register maintained by the competent body of the country where the legal entity has a registered seat, or by direct insight into the official public register, i.e. the act which appoints the person authorized for representation, if such data is unavailable in the registry documentation. The obligor shall keep the copy of the documentation, i.e. the excerpt from the register referred to in this paragraph, in line with the law. A digitalized document referred to in this paragraph shall be deemed a copy of the documentation referred to in this paragraph. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

The verification of the identity of the representative of a legal entity and the collection of data from Article 99, paragraph 1, item 2) of this Law shall be subject to the provisions of Article 17, paras. 2 and 6 of this Law.

If the obligor has doubts as to the veracity of the obtained data when identifying and verifying the identity of the representative of a legal entity, it shall obtain a written statement from the customer.

When identifying and verifying the identity of a representative of a person under foreign law and collecting his/her data, the provisions of paras. 1-3 of this Article shall be duly applied.

If a legal entity is a representative of a legal entity or a person under foreign law, the obligor shall be obliged to identify and verify the identity of the representative in line with Article 20 of this Law.

The obligor shall be under the obligation to apply the provisions of paras. 1-3 of this Article to the identification and verification of identity of the representative of a legal entity representing the legal entity or a person under foreign law.

*The authority competent to conduct supervision referred to in Article 104 of this Law may regulate in more detail other methods and conditions for identity verification of the representative of the legal persons as well, by using the means of electronic communications and without mandatory physical presence of such person in cases of the obligors that are subjects to supervision in compliance with this Law (the video identification procedure). \**

The obligor conducting the video-identification procedure from paragraph 7 of this Article, shall conduct video-identification procedure on the basis of consent of the person whose identity is being verified in the course of such a procedure and shall be bound to keep the video and audio transcript generated in the course of such procedure, in line with the provisions of this Law and the law governing the protection of personal data.

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## Identifying and Verifying the Identity of a Procura Holder and Empowered Representative of a Legal Entity, a Person under Foreign Law and Entrepreneur

### Article 22

If a business relationship is established or a transaction performed by a procura holder or empowered representative, the obligor shall verify their identity by means of a written authorization issued by the representative of a legal entity, the copy of which shall be kept in line with the law.

The verification of the identity of the procura holder or empowered representative and the collection of data from Article 99, paragraph 1, item 2) of this Law shall be subject to the provisions of Article 17, paras. 2 and 6 of this Law.

In case referred to in paragraph 1 of this Article, the obligor shall identify the representative of a legal entity by inspecting the original or certified copy of documentation from a register maintained by the competent body of the country where the legal entity has a registered seat, or by direct insight into the official public register, i.e. the act which appoints the person authorized for representation, if such data is unavailable in the registry documentation. The obligor shall keep the copy of the documentation, i.e. the excerpt from the register referred to in this paragraph, in line with the law.

The obligor shall be bound to obtain the missing data on the representative, referred to in Article 99, paragraph 1, item 2) of this Law, from the copy of the personal document of the representative, kept in line with the law. In case all of the prescribed data cannot be obtained from such a document, the missing data shall be obtained from the written statement of the procura holder or the empowered representative.

A digitalized document referred to in paras. 1 and 3 of this Article shall be deemed a copy of the documentation referred to in paras. 1 and 3 hereof. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

If the obligor has doubts as to the veracity of the obtained data when identifying and verifying the identity of the procura holder or the empowered representative, it shall obtain a written statement thereof.

If a business relationship is established on behalf of an entrepreneur or a person under foreign law, or a transaction is performed by a procura holder or empowered representative, when identifying and verifying the identity of the procura holder or empowered representative, the provisions of paras. 1 to 5 of this Article shall apply.

## Establishing and Verifying the Identity of Persons under Civil Law

### Article 23

If a customer is a person under civil law, the obligor shall be obliged to:

- 1) establish and verify the identity of the person authorized for representation;
- 2) obtain a written authorization for representation;
- 3) obtain the data referred to Article 99, paragraph 1, items 2) and 14) of this Law.

The obligor shall identify the representative of a person under civil law by inspecting the original or certified copy of a written authorization for representation, the copy of which it shall keep in line with the law. The obligor shall verify the identity of the representative of a person under civil law and collect the data referred to in Article 99, paragraph 1, item 2) of this Law,

by inspecting the personal document of the person authorized for representation, in their presence, the copy of which, i.e. the read excerpt, the obligor shall keep in line with the law. If such prescribed data cannot be obtained from the document, the missing data shall be collected from other official document, the copy of which the obligor shall keep in line with the law.

A digitalized document referred to in paras. 2 of this Article shall be deemed a copy of the documentation referred to in paragraph 2 hereof. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

The obligor shall collect the data referred to in Article 99, paragraph 1, item 14) of this Law, from the written authorization filed by the person authorized for representation. If such data cannot be obtained from the written authorization, the missing data shall be obtained directly from the representative.

If the obligor has doubts as to the veracity of the obtained data or the credibility of the presented documentation, it shall obtain a written statement from the person authorized for representation.

## Special Cases of Identifying and Verifying the Identity of a Customer

### Article 24

Whenever a customer enters a casino or whenever a customer or his/her legal representative or empowered representative has access to a safe-deposit box, the organizer of a special game of chance in a casino, or an obligor that provides safe deposit box services, shall establish and verify the identity of the customer and obtain, from the customer or its legal representative or empowered representative, the data referred to in Article 99, paragraph 1, items 4) and 6) of this Law, as well as the written statement by the customer in a gaming facility by virtue of which the customer, under substantive and criminal liability states that he/she takes part in the games of chance on his/her own behalf and to his/her own account.

## d 2) Identifying the Beneficial Owner of a Customer

### Identification of the Beneficial Owner of a Legal Entity and Person under Foreign Law

### Article 25

The obligor shall identify the beneficial owner of a customer who is a legal entity or person under foreign law in line with Article 3, paragraph 1, items 11) and 12) of this Law and to obtain the data from Article 99, paragraph 1, item 13) of this Law.

The obligor shall obtain the data referred to in paragraph 1 of this Article by inspecting the original or certified copy of the documentation from the register, maintained by a competent state authority of the customer's seat, which may not be older than six months from the date of issue, the copy of which it shall keep in line with the law. The data may be also obtained by directly inspecting the official public register in accordance with the provisions of Article 20, paragraphs 4 and 7 of this Law, in which case the obligor shall be bound to ensure a copy of the excerpt from this register, which shall be kept in line with the law. A digitalized document referred to in this paragraph shall be deemed a copy of the documentation referred to in this paragraph. On the photocopy of the document in hard copy, the date, time and personal name of the person having insight into such document, shall be entered. The photocopy of the document

in electronic form shall contain the qualified electronic seal, i.e. qualified electronic signature, in line with the law governing the electronic signature, with the accompanying time stamp. The obligor shall keep the photocopy referred to in this paragraph, in hard copy or electronic form in line with the law.

If it is not possible to obtain all of the data on the beneficial owner of the customer from the official public register, i.e. a register maintained by the competent body of the country where the legal entity has a registered seat, the obligor shall obtain the missing data by inspecting the original or certified copy of a document or other business documentation submitted by a representative, procura holder, or empowered representative of the customer.

If, for objective reasons, the data cannot be collected in the manner set forth in this Article, the obligor may collect them by insight into commercial or other available databases and data sources or from the written statements of the representative, procura holder or empowered representative and the beneficial owner of the customer. During the procedure of identification of the beneficial owner, the obligor may obtain the copy of a personal document of the beneficial owner of the customer, i.e. the read excerpt of such document.

In case the obligor, having undertaken all actions set forth by this Article, is unable to identify the beneficial owner, it shall identify one or several natural persons holding the office of the highest management of the customer. The obligor shall be obliged to document the actions and measures undertaken based on this Article.

The obligor shall undertake all reasonable measures to identify the beneficial owner of the customer, so as to know the ownership and management structures of the customer and to know the beneficial owners of the customer at all times.

If the data on the beneficial owner of the customer are obtained from the record established on the basis of a special law governing the centralized records of the beneficial owners, the obligor shall not be relieved from the obligation of undertaking actions and measures for determining the beneficial owner from this Law, which it shall be obliged to undertake on the basis of risk assessment of the customer.

## Identifying the Life Insurance Policy Beneficiary

### Article 26

The obligor referred to in Article 4, paragraph 1, item 6) of this Law shall, in addition to determining the identity of the customer - the life insurance policyholder, obtain information about the name, i.e. the title of the life insurance beneficiary.

If the beneficiary of life insurance is not specified by name, i.e. title, the obligor shall be obliged to obtain the amount of information that is sufficient to establish his/her identity, i.e. the identity of the beneficial owner of insurance beneficiary at the time of payment of the sum insured, exercising rights under the repurchase, advance payment or pledging of the life insurance policy.

The obligor shall be obliged to verify the identity of life insurance beneficiaries at the time of payment of the sum insured, exercising rights under the repurchase, advance payment or pledging of the insurance policy.

The obligor shall be required to determine whether the insurance beneficiary and the beneficial owner of the insurance beneficiary is an official, and should it determine so, to undertake measures under Article 38 of this Law.

If the beneficiary of life insurance is classified as high risk of money laundering or terrorism financing, the obligor shall be obliged to undertake reasonable measures to establish the beneficial owner of such beneficiary, and no later than at the time of payment of the sum insured, exercising rights under the repurchase, advance payment or pledging of insurance policies.

If in connection with the insurance policy a high risk of money laundering and terrorism financing is established, the obligor shall be obliged, in addition to the actions and measures referred to in Article 7 of this Law, to undertake the following measures: inform the top management before the payment of the sum insured and carry out enhanced actions and measures customer due diligence.

If the obligor cannot determine the identity of the life insurance beneficiary, i.e. the beneficial owner of the life insurance beneficiary, it shall be obliged to prepare a formal note, in written form, as well as to consider whether there are doubts of money laundering or terrorism financing. The obligor shall keep the formal note in line with the law.

d 3) Obtaining Data about the Purpose and Intended Nature of a Business Relationship or Transaction, and other Data under the Provisions of this Law

Data to be Obtained

Article 27

Within the customer due diligence laid down in Article 8, paragraph 1, item 1) of this Law, the obligor shall obtain the data referred to in Article 99, paragraph 1, items 1)-3), 5),6), 13) and 14) of this Law.

Within the customer due diligence laid down in Article 8, paragraph 1, items 2) and 3) and Article 8, paras. 2 and 3 of this Law, the obligor shall obtain the data referred to in Article 99, paragraph 1, items 1)-3), 7)-10), 13) and 14) of this Law.

Within the customer due diligence laid down in Article 8, paragraph 1, items 4) and 5) of this Law, the obligor shall be obliged to obtain the data referred to in Article 99, paragraph 1 of this Law.

Data on Origin of Property

Article 28

The obligor shall be obliged to collect data and information referred to in Article 99, paragraph 1, item 11) of this Law pertaining to the origin of property which is or shall be the subject of a business relation, or transaction when the business relation has not been established, and to assess the credibility of the collected information, if in line with the risk analysis referred to in Article 6 of this Law, it determines that in the relation with the customer there is a high risk of money laundering or terrorism financing.

The obligor shall collect data and information on origin of property from the customer and by undertaking reasonable measures additionally verify them through the available sources of information.

*Data on Address of Digital Assets\**

*Article 28a\**

*The obligor referred to in Article 4, paragraph 1, item 17) of this Law shall be obliged to, within the client due diligence activities and measures also acquire the address of the digital assets that the client uses, and/or has used in carrying out of the transaction involving digital assets, and where the client uses several addresses – all the addresses of the digital assets.\**

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## d 4) Monitoring Customer Business Transactions

### Monitoring Customer Business Transactions with Due Care

#### Article 29

The obligor shall monitor business transactions of the customer with due care.

Monitoring business transactions of the customer referred to in paragraph 1 of this Article shall also include:

1) collection of data referred to in Article 99, paragraph 1, items 7)-10) of this Law on each and every transaction, once the business relation has been established;

2) ensuring that the business transactions of a customer are consistent with the assumed purpose and intended nature of the business relationship that the customer established with the obligor;

3) monitoring and ensuring that the business transactions of a customer are consistent with its normal scope of business transactions;

4) monitoring and updating, i.e. periodic control of the collected information, the data and the documentation on the customer and its business transactions.

The obligor shall apply the actions and measures referred to in paragraph 2, items 2)-4) of this Article to the extent and as frequently as required by the level of risk established in an analysis referred to in Article 6 of this Law.

#### *e) Performing Certain Customer due Diligence Actions and Measures via Third Parties*

### Relying on a Third Party to Perform Certain Customer due Diligence Actions and Measures

#### Article 30

When establishing a business relationship, the obligor may, under the conditions laid down in this Law, rely on a third party to perform the actions and measures set out in Article 7, paragraph 1, items 1)-5) of this Law.

A third party, referred to in paragraph 1 of this Article shall include:

1) the obligor referred to in Article 4, paragraph 1, items 1), 3), 4) 7), 9)–11), 13) and 16) and insurance companies licensed to perform life insurance business and life insurance agents;

2) the person referred to in item 1) of this paragraph from another state, if it is subject to a statutory requirement to register its business, if it perform customer due diligence actions and measures, keeps records in an equal or similar manner as specified in this Law, and if it is supervised in an adequate manner in the execution of prevention and detection of money laundering and terrorism financing;

3) the obligor from Article 4, paragraph 1, item 2) of this Law, only if performing the tasks of a representative in provision of payment services and in relation to such representation.

The obligor shall ensure beforehand that the third party referred to in paragraph 2 of this Article meets all the conditions laid down in this Law.

The obligor may not accept relying on a third party to perform certain customer due diligence actions and measures if such person has identified and verified the identity of a customer without the customer's presence.



By relying on a third party in performing certain customer due diligence actions and measures, the obligor shall not be exempt from responsibility for a proper performance of customer due diligence actions and measures in accordance with this Law.

## Prohibition of Relying

### Article 31

The obligor shall not rely on a third party to perform certain customer due diligence actions and measures, if the customer is an off-shore legal entity or an anonymous company.

The obligor may not rely on a third party to perform certain customer due diligence actions and measures if the third party is from a country which is listed as not complying with the standards against money laundering and terrorism financing

Under no circumstances shall the third party be an off-shore legal entity or a shell bank.

## Obtaining Data and Documentation from a Third Party

### Article 32

A third party relied upon by the obligor to perform certain customer due diligence actions and measures specified in the provisions of this Law, shall submit to the obligor, without delay, the obtained data about the customer that the obligor requires in order to establish a business relationship under this Law.

A third party shall, at the request of the obligor, deliver without delay copies of identity papers and other documentation based on which it performed the customer due diligence actions and measures and obtained the requested data about a customer. The obtained copies of the identity papers and documentation shall be kept by the obligor in accordance with this Law.

If the obligor doubts the credibility of the performed customer due diligence actions and measures, or the veracity of data and documentation obtained about a customer, it shall undertake additional measures for the removal of reasons for doubts of the credibility of documentation.

In the event that despite the additional measures referred in paragraph 3 of this Article, the obligor doubts the credibility of the documentation, it shall be obliged to consider whether there is doubt regarding money laundering or terrorism financing.

The obligor shall make an official record of the undertaken measures referred to in this Article. The obligor shall keep the official record in line with the law.

In the event that, apart from the undertaken additional measures, doubt of credibility of documentation has not been eliminated, as well as of money laundering and terrorism financing, the obligor shall consider whether it shall rely on this third party for further performance of customer due diligence actions and measures. The obligor shall be obliged to make an official record of the undertaken measures referred to in this paragraph. The obligor shall keep the official record in line with the law.

## Prohibition of Establishing a Business Relationship

### Article 33

The obligor may not establish a business relationship if:

- 1) the customer due diligence actions and measures was performed by a person other than the third party referred to in Article 30, paragraph 2 of this Law;
- 2) if the third party identified and verified the identity of the customer in its absence;
- 3) if it has not previously obtained the data referred to in Article 32, paragraph 1 of this Law from the third party;
- 4) if it has not previously obtained the copies of identification documents and other documentation about the customer from the third party;
- 5) if it doubted the credibility of the performed customer due diligence action and measure or the veracity of the obtained customer data and documentation, and undertaken additional measures have not eliminated doubt.

### *f) Special Forms of Customer due Diligence Actions and Measures*

### Article 34

Apart from the general customer due diligence actions and measures performed in accordance with the provisions of Article 7, paragraph 1 of this Law, in the cases prescribed by this Law the following special forms of customer due diligence measures shall also be performed:

- 1) enhanced actions and measures;
- 2) simplified actions and measures;

### f 1) Enhanced Customer due Diligence Actions and Measures

#### General Provisions

### Article 35

Enhanced customer due diligence actions and measures, besides the actions and measures laid down in Article 7, paragraph 1 of this Law, shall also include additional actions and measures laid down in this Law and shall be applied by the obligor in the following circumstances:

- 1) when establishing a loro correspondent relationship with a bank or a similar institution of other states;
- 2) when applying new technological breakthroughs and new services, and all in line with the risk assessment;
- 3) when establishing a business relationship referred to in Article 8, paragraph 1, item 1) of this Law or execution of transaction referred to in Article 8, paragraph 1, items 2) and 3) of this Law with a customer who is an official;
- 4) when the customer is not physically present at the identification and verification of the identity.
- 5) when the customer or a legal entity who appears in the ownership structure of the customer, is an off-shore legal entity;

6) when establishing a business relation or executing a transaction with a customer from a state which have strategic gaps in the system for the prevention of money laundering and terrorism financing.

Notwithstanding the cases specified in paragraph 1 of this Article, the obligor shall perform enhanced customer due diligence actions and measures in cases where, in accordance with the provisions of Article 6 of this Law, it assesses that due to the nature of the business relationship, form or manner of execution of a transaction, customer's business profile, i.e. other circumstances related to a customer there exist or there may exist a high level of money laundering or terrorism financing risk. The obligor shall, by means of its internal act define which enhanced actions and measures, in which scope, shall be applied in this specific case.

#### Loro Correspondent Relationship with Banks and other Similar Institutions from Foreign Countries

##### Article 36

When establishing a correspondent relationship with a respondent - the bank or any other similar institution having its seat in a foreign country, the obligor shall also obtain, apart from the actions and measures of customer due diligence, in line with the risk assessment, collect also the following data, information, and/or documentation:

1) date of issue and period of validity of the license for the discharge of banking activities and the name and seat of the competent body of the foreign country which issued the license;

2) description of conducting internal procedures concerning the prevention and detection of money laundering and terrorism financing, and particularly the procedures regarding customer due diligence, sending of data on suspicious transactions and persons to the competent bodies, record keeping, internal control, and other procedures adopted by the bank or any other similar institution in relation to the prevention and detection of money laundering and terrorism financing;

3) description of the system for the prevention and detection of money laundering and terrorism financing in the country of the seat, or the country where the bank or other similar institution has been registered;

4) a written statement of the responsible person in a bank stating that the bank or other similar institution in the country of the seat or in the country of registration is under supervision of the competent state body and that it is required to apply the regulations of such state concerning the prevention and detection of money laundering and terrorism financing;

5) collect additional data so as to: understand the nature and the purpose of the correspondent relationship being established, to determine the quality of supervision, to determine whether reputational risk exists, to determine whether criminal proceedings are administered for money laundering and terrorism financing or whether the bank or other financial institution was punished for severe violations of regulations for the prevention of money laundering and terrorism financing, to determine whether the bank or other similar institution is perhaps operating as a shell bank, that it does not have an established business relationship and that it is not performing transactions with a shell bank.

Prior to establishing a correspondent relationship with the respondent, the obligor shall obtain a written authorization by the highest management in the obligor, referred to in Article 52, paragraph 3 of this Law, whereas if such relationship has been established, it may not be continued without a written authorization by the highest management in an obligor.

The obligor shall obtain the data referred to in paragraph 1, items 1)-4) of this Article by inspecting the identity documents and business documentation submitted to the obligor by a

bank or similar institution with the seat in a foreign country, as well as the data referred to in paragraph 1, item 5) of this Article by insight into public or other available sources.

The obligor shall not establish or continue a correspondent relationship with a bank or similar institution whose seat is located in a foreign country if:

- 1) if it has not previously obtained the data referred to in paragraph 1 of this Article;
- 2) if the employed person in the obligor who is responsible for establishing a correspondent relationship has not previously obtained a written authorization of the highest management in the obligor, referred to in Article 52, paragraph 3 of this Law;
- 3) if a bank or any other similar institution with the seat located in a foreign country has not established a system for the prevention and detection of money laundering and terrorism financing or is not required to apply the regulations in the area of prevention and detection of money laundering and terrorism financing in accordance with the regulations of the foreign country in which it has its seat, or where it is registered or if the obligor assessed that the actions and the measures that the respondent is applying and which are in relation to prevention of money laundering and terrorism financing, are not suitable;
- 4) if a bank or any other similar institution with its seat located in a foreign country operates as a shell bank, or if it establishes correspondent or other business relationships, or if it carries out transactions with shell banks.

In the contract establishing a correspondent relationship, the obligor shall lay down and document particularly the duties of contracting parties in connection with prevention and detection of money laundering and terrorism financing. . The obligor shall keep such contract in accordance with law.

The obligor may not establish a correspondent relationship with a foreign bank or other similar institution, on the basis of which the institution concerned could use the account with the obligor by making it possible for his/her customers to use such account directly.

## New Technological Breakthroughs and New Services

### Article 37

The obligor shall estimate the risk of money laundering and terrorism financing in relation to the new service it provides within its operations, the new business practice, as well as the manners of providing new services, and prior to introducing a new service.

The obligor shall assess the risk of using contemporary technologies in the provision of existing or new services.

The obligor shall undertake additional measures which shall mitigate the risks and shall manage the risks of money laundering and terrorism financing referred to in paras. 1 and 2 of this Article.

### Official

### Article 38

The obligor shall establish a procedure for determining whether a customer or beneficial owner of a customer is an official. Such procedure shall be laid down in an internal document of the obligor, in line with the guidelines adopted by the body referred to in Article 104 of this Law that is competent for the supervision of the implementation of this Law with the obligor.

If a customer or beneficial owner of a customer is an official, the obligor shall, apart from the actions and measures referred to in Article 7, paragraph 1 of this Law:

- 1) obtain data on the origin of property which is or which shall be the subject matter of

the business relationship or transaction from the documents and other documentation which shall be submitted by the customer. If it is not possible to obtain such data as described, the obligor shall obtain a written statement on its origin directly from the customer;

2) obtain data on the entire property owned by the official, from the publicly available and other sources, as well as directly from the customer;

3) ensure that the employee in the obligor who carries out the procedure for establishing a business relationship with an official shall, before establishing such relationship, obtain a written consent of a member of the highest management from Article 52, paragraph 3 of this Law;

4) monitor, with due care, transactions and other business activities of an official for the period of duration of the business relationship.

If the obligor establishes that a customer or a beneficial owner of a customer became an official during the business relationship it shall apply the actions and measures referred to in paragraph 2, items 1), 2) and 4) of this Article, whereas for the continuation of a the business relationship with such person a written consent of a member of the highest management from Article 52, paragraph 3 of this Law shall be obtained.

The provisions of paras. 1-3 of this Article shall apply in regard to the member of the immediate family of the official, as well as the close associate of the official.

#### Identification and Verification of Identity without the Customer's Physical Presence

##### Article 39

If, in the course of identification and verification of identity, a customer or legal representative, i.e. person authorized for representation of a legal entity or a person under foreign law, is not physically present in the obligor, the obligor shall, apart from the actions and measures referred to in Article 7, paragraph 1, items 1)-5) of this Law, apply one or more of the following additional measures, and in particular:

1) obtaining additional documents, data or information, based on which it shall identify a customer;

2) conducting additional inspection of submitted identity documents or additional verification of customer data;

3) ensuring that the first payment to the account opened by such customer with the obligor is performed from the account of such customer, opened with a bank or similar institution in accordance with Article 17, paragraphs 1 and 2 of this Law, and before the execution of other customer transactions with the obligor;

4) obtaining data on the reasons of absence of a customer;

5) other measures laid down by the body referred to in Article 104 of this Law.

#### Off-shore Legal Entity

##### Article 40

The obligor shall establish a procedure based on which it shall determine whether a customer or a legal entity which appears in the ownership structure of the customer, is an off-shore legal entity. Should it determine that it is, the obligor shall, apart from the actions and measures referred to in Article 7, paragraph 1, items 1)-5) of this Law, undertake additional measures, and in particular:

1) determine the reasons for establishing a business relationship, i.e. performance of transaction in the amount of EUR 15,000 or more, in case when the business relationship has not been established, in the Republic of Serbia;

2) conduct additional verification of data on the ownership structure of a legal entity.

In case the customer referred to in paragraph 1 of this Article is a legal entity with a complex ownership structure, the obligor shall be obliged to obtain a written statement on the reasons of such structure, from the beneficial owner of the customer or the customer's representative.

In case referred to in paragraph 2 of this Article, the obligor shall consider whether there is basis for doubt of money laundering and terrorism financing, as well as to make an official note thereof, which it shall keep in line with the law.

#### Countries which do not Apply International Standards in the Area of Prevention of Money Laundering and Terrorism Financing

#### Article 41

The obligor shall, when establishing a business relationship or performing transactions when such business relationship has not been established, with the customer from the country having strategic drawback in the system for fight against money laundering and terrorism financing, apply enhanced actions and measures referred to in paragraph 2 of this Article. The strategic drawback shall in particular refer to:

1) the legal and institutional framework of the country, and in particular the incrimination of criminal offences of money laundering and terrorism financing, the measures of customer due diligence, provisions pertaining to storage of data, provisions pertaining to the reporting of suspicious transactions, availability of accurate and credible information on beneficial owners of legal entities and persons under foreign law;

2) authorizations and procedures of the competent bodies of such countries, in relation to money laundering and terrorism financing;

3) the efficiency of the system for fight against money laundering and terrorism financing, in the removal of risks of money laundering and terrorism financing.

In case referred to in paragraph 1 of this Article, the obligor shall:

1) apply actions and measures referred to in Article 35, paragraph 2 of this Law in the manner and scope suitable for high-risk operations with such customer;

2) obtain additional information on the beneficial owner of the customer;

3) obtain data on the origin of property which is subject of the business relationship or transaction;

4) collect additional information on the purpose and intent of the business relationship or transaction;

5) additionally verify the submitted documentation;

6) obtain the approval of a member of the top management referred to in Article 52, paragraph 3 of this Law, for the establishment or continuation of the business relationship;

7) monitor, with due care, the transactions and other business activities of the customer, in the course of duration of the business relationship;

8) undertake other adequate measures for the purpose of risk removal.

The Ministry competent for financial operations, the National Bank of Serbia and the Securities Commission, may independently or at the request of the competent international organization, determine whether the operations with the country having strategic gaps in the

system for fight against money laundering and terrorism financing, are particularly risky and can apply the following measures:

1) to prohibit the financial institutions for whose registration they are competent, to incorporate branches and business units in such countries;

2) to prohibit the incorporation of branches and business units of the financial institutions of such countries in the Republic of Serbia;

3) to restrict the financial transactions and business relations with the customers of such country;

4) to request from the financial institutions to assess, amend and when necessary, terminate the correspondent or similar relations with the financial institutions of such countries;

5) other adequate measures proportionate to the defined risks and gaps in the system for the fight against money laundering and terrorism financing.

In case the business relation has already been established, the obligor shall apply measures from paragraph 1 of this Article.

At the proposal of the Administration, the Minister shall prepare the list of states which have strategic gaps, considering the list of relevant international institutions, as well as the reports on assessment of national systems for fight against money laundering and terrorism financing, by international institutions.

## f 2) Simplified Customer due Diligence Actions and Measures

### General Provisions

#### Article 42

The obligor may perform simplified customer due diligence actions and measures in the cases referred to in Article 8, paragraph 1, items 1)-3) of this Law, except where there are reasons for suspicion of money laundering or terrorism financing with respect to a customer or transaction, if a customer is:

1) the obligor referred to in Article 4, paragraph 1, items 1)-7), 10), 11) and 16) of this Law, except for insurance brokers and insurance agents;

2) person from Article 4, paragraph 1, items 1)-7), 10), 11) and 16) of this Law, except for insurance brokers and agents from a foreign country listed as non-complying with international standards against money laundering and terrorism financing at the European Union level or higher;

3) a state body, body of an autonomous province, body of a local self-government unit, public enterprises, a public agency, public service, public fund, public institute or chamber;

4) a company whose issued securities are included in an organized securities market located in the Republic of Serbia or in the state where the international standards applied regarding the submission of reports and delivery of data to the competent regulatory body are at the European Union level or higher;

5) a person for whom is, on the basis of Article 6, paragraph 5 of this Law, determined that there is a low risk of money laundering or terrorism financing.

Except in cases referred to in paragraph 1 of this Article, the obligor may perform simplified actions and measures of customer due diligence when it finds, in keeping with the provisions of Article 6 of this Law, that due to the nature of the business relationship, the form and manner of performing the transaction, the customer's business profile, i.e. other

circumstances associated with the customer, there is an insignificant or low risk of money laundering or terrorism financing.

When applying simplified customer due diligence actions and measures, the obligor shall establish an adequate level of monitoring the customer's operations, so that it may be able to detect unusual and suspicious transactions.

At the proposal of the Administration, the Minister shall more closely define the manner and the reasons on the basis of which the obligor shall classify the customer, the business relation, the service it provides within its scope or the transaction, into a category of low risk of money laundering or terrorism financing, in line with the results of Risk Assessment against money laundering and Risk Assessment against terrorism financing, and on the basis of which it undertakes simplified actions and measures.

## Customer Data Obtained and Verified

### Article 43

In cases where, based on this Law, simplified customer due diligence actions and measures are performed, the obligor shall obtain the following data:

1) when establishing the business relationship referred to in Article 8, paragraph 1, item 1) of this Law:

(1) data referred to in Article 99, paragraph 1, items 1), 2), 5), 6) and 14) of this Law,

(2) data referred to in Article 99, paragraph 1, item 13) of this Law, except in case referred to in Article 42, paragraph 1, items 3) and 4) of this Law;

2) when performing transactions referred to in Article 8, paragraph 1, items 2) and 3) of this Law:

(1) data referred to in Article 99, paragraph 1, items 1), 2) and 7)-10) of this Law,

(2) data referred to in Article 99, paragraph 1, item 13) of this Law, except in case referred to in Article 42, paragraph 1, items 3) and 4) of this Law.

For a customer who is a natural person, the obligor shall, when establishing a business relationship referred to in Article 8, paragraph 1, item 1) of this Law, and when performing a transaction referred to in Article 8, paragraph 1, items 2) and 3) of this Law, collect data from Article 99, paragraph 1, items 3), 5)–10) and 13) of this Law.

### *g) Restriction of Business Transactions with Customers*

#### Prohibition of Provision of Services Allowing for Concealment of the Customer's Identity

### Article 44

The obligor must not open, issue or maintain anonymous accounts, coded or bearer savings books, anonymous safe deposit boxes for customers, i.e. provide any other services that directly or indirectly allow for concealing the customer identity.

*Provision of services involving the digital assets which indirectly or directly enables concealing of client's identity, as well as carrying out of transactions involving such digital assets shall be prohibited.\**

\* Published in the *Službeni glasnik RS*, No. 153/20 of 21 December 2020.



*Issuing of the digital assets referred to in paragraph 2 of this Article shall be prohibited.\**

*Digital assets issuers and digital assets service providers may not use the information system resources (software components, hardware components and information resources) enabling and/or facilitating concealing client's identity and/or disabling and/or hindering tracking of transactions involving digital assets.\**

*Provisions of this Article shall be without prejudice to application of measures and activities for the purpose of information systems' security protection in compliance with regulations.\**

#### Prohibition of Business Transactions with Shell Banks

##### Article 45

The obligor must not enter into or continue a loro correspondent relationship with a bank which operates or which may operate as a shell bank, or with any other similar institution which can reasonably be assumed that it may allow a shell bank to use its accounts.

#### Restriction of Cash Transactions

##### Article 46

A person selling goods and immovable property or rendering services in the Republic of Serbia must not accept cash from a customer or third party for their payment in the amount of EUR 10,000 or more in the RSD equivalent.

The restriction laid down in paragraph 1 of this Article shall also apply if the payment of goods or a service is carried out in more than one connected cash transactions, in the total amount of EUR 10,000 or more in the RSD equivalent.

### **3. Sending Information, Data, and Documentation to the Administration**

#### *Reporting Obligation and Deadlines*

##### Article 47

The obligor shall furnish the Administration with the data laid down in Article 99, paragraph 1, items 1)-3) and 7)-10) of this Law in case of any cash transaction amounting to the RSD equivalent of EUR 15,000 or more, immediately after such transaction has been carried out, and no later than three days following the day of transaction.

The obligor shall furnish the Administration with the data laid down in Article 99, paragraph 1 of this Law whenever there are reasons for suspicion of money laundering or terrorism financing with respect to a transaction or customer, before the transaction, and shall indicate, in the report, the time when the transaction is to be carried out. In a case of urgency, such report may be delivered also by telephone, in which case it shall consequently be sent to the Administration in writing, no later than the next business day.

The reporting obligation for transactions referred to in paragraph 2 of this Article shall also apply to a planned transaction, irrespective of whether or not it has been carried out.

An auditing company and an independent auditor, entrepreneurs and legal entities providing accounting services and tax advisors shall, whenever a customer seeks advice concerning money laundering or terrorism financing, inform the Administration promptly, and no later than three days following the day when the customer requested advice.

\* Published in the *Službeni glasnik RS*, No. 153/20 of 21 December 2020.

If, in cases referred to in paragraphs 2 and 3 of this Article, due to the nature of a transaction, because a transaction has not been carried out, possibility to hinder thereby the collection and verification of information on the beneficial owner or for any other justified reason, the obligor is unable act in accordance with paragraph 2 of this Article, it shall deliver the data to the Administration as soon as possible, but not later than immediately after it has learned of the reasons for suspicion of money laundering or terrorism financing. The obligor shall make a written statement of the reasons why it did not act in the prescribed manner.

The obligor shall deliver the data referred to in paragraphs 1-4 of this Article in the manner prescribed by the Minister.

The Minister shall closely lay down the manner and reasons under which the obligor shall not be required to report cash transaction referred to in paragraph 1 of this Article.

#### **4. Application of Actions and Measures in Business Units and Obligor's Majority-owned Subsidiaries of a Legal Entity**

##### *Obligation of Applying Actions and Measures in Business Units and Obligor's Majority-Owned Subsidiaries of a Legal Entity*

##### Article 48

The obligor shall ensure that the actions and measures for the prevention and detection of money laundering and terrorism financing, equal to those prescribed by this Law, are applied to the same extent in its business units and subsidiaries of a legal entity, m – in its majority ownership, regardless of whether their place of operations is in the Republic of Serbia or in foreign countries.

The obligor who is part of an international group shall apply programmes and procedures which are valid for the entire group, including the procedures for the exchange of information required for customer due diligence, mitigation and elimination of risk of money laundering and terrorism financing, procedures for managing the compliance of operations in relation to these risks at the level of the group, the procedure for determining and verifying the conditions when employed with the obligor, in order to ensure high-standards upon employment, the procedure for implementation of regular professional education, training and development of the employees in line with the programme of the annual professional education, training and development of the employees for prevention and detection of money laundering and terrorism financing, the obligation of implementing the regular internal control and organizing independent audit in line with the law, as well as other actions and measures for the purpose of preventing money laundering and terrorism financing.

The body from Article 104 of this Law, supervising the obligors who are financial institutions, may more closely define the contents of the programme from paragraph 2 hereof.

The obligor who is a member of the financial group, whose top, parent company is seated abroad, may apply the programme of this group, only if this programme ensures the fulfilment of all of its obligations in line with this Law, other regulations and international standards in the area of prevention of money laundering and terrorism financing and if such program is not contrary to the regulations of the Republic of Serbia.

The obligor who is a member of the financial group, may, with other members of such group, exchange data and information on transactions and persons for whom basis of doubt exist as to money laundering and terrorism financing, and which as such, have been reported to the Administration, unless the Administration requires other actions.

The data and information from paragraph 5 of this Article shall refer to the information, as well as to the data and analysis on the transactions and activities which seem unusual (if

analysis have been prepared), reports of suspicious transactions, information and data which pose basis for the report of suspicious transactions and information as to whether such transaction has already been reported to the competent authority as suspicious.

In case the business unit or the subordinate company of a legal entity is located in the country which does not apply the international standards in the area of prevention of money laundering and terrorism financing, the obligor shall be obliged to ensure reinforced control of implementation of actions and measures referred to in paragraph 1 of this Article.

In case certain measures specified in paragraph 7 of this Article are insufficient, and in particular in justified cases, the body referred to in Article 104 of this Law and the Administration, shall decide on the application of special measures of supervision.

The body from Article 104 of this Law may more closely define the special measures from paragraph 8 of this Article.

If the regulations of a foreign country do not permit the application of actions and measures for the prevention and detection of money laundering or terrorism financing to the extent laid down in this Law, the obligor shall immediately inform the Administration thereof and the body referred to in Article 104 of this Law, so as to adopt appropriate measures to eliminate the risk of money laundering or terrorism financing.

The relevant measures from paragraph 10 of this Article shall also include the measures by virtue of which the obligor is ordered to ensure additional control of the business units and majority-owned subordinate companies of such obligor that operate abroad, as well as the partial or complete termination of activities through such business unit or the subordinate company.

The obligor shall introduce its branches or majority-owned subsidiaries of a legal entity in a foreign country, in a timely and regular manner, on the procedures concerning the prevention and detection of money laundering and terrorism financing, and particularly in the part concerning customer due diligence actions and measures, delivering data to the Administration, record keeping, internal control, and other circumstances related to the prevention and detection of money laundering or terrorism financing.

By means of its internal acts, the obligor shall prescribe the manner of implementing control of the application of procedures for the prevention of money laundering and terrorism financing, in the business units and the majority-owned subordinate companies of such obligor.

The provisions of this Article shall be duly applied to the obligor as well, who is a member of the non-financial group, for the purpose of the law governing the activity of such obligor.

## **5. Compliance Officer, Training and Internal Control**

### *a) Compliance Officer*

#### Appointment of the Compliance Officer and his/her Deputy

#### Article 49

The obligor shall appoint a compliance officer and his/her deputy to carry out certain actions and measures for the prevention and detection of money laundering and terrorism financing, in accordance with this Law and regulations enacted based on this Law.

If the obligor has one employee, such employee shall be deemed a compliance officer.

## Requirements to be met by a Compliance Officer

### Article 50

The compliance officer referred to in Article 49 of this Article, may be a person that meets the following requirements:

- 1) be employed in the obligor in a position with powers allowing such person an effective, efficient and quality performance of all tasks laid down in this Law;
- 2) not be sentenced by a final court decision or subject to any criminal proceedings for criminal offences prosecuted *ex officio*, making him/her thus unfit for the performance of tasks of the compliance officer;
- 3) be professionally qualified for the tasks of prevention and detection of money laundering and terrorism financing;
- 4) be familiar with the nature of the obligor business in the areas sensitive to money laundering and terrorism financing;
- 5) to have the license for the performance of tasks of the authorized persons, if the obligor, in line with the regulation from paragraph 3 of this Article, shall be bound to ensure that its authorized person has this license.

Deputy compliance officer must meet the same requirements as the person referred to in paragraph 1 of this Article.

The administration shall issue a license to the authorized persons and the deputy of the authorized person. The license shall be issued on the basis of the result of the license exam. The Minister shall, at the proposal of the Administration director, and on the basis of the previously obtained opinion of the body competent for the performance of supervision from Article 104 of this Law, prescribe the contents and the manner of passing the license exam, as well as the criteria on the basis of which it is determined whether the obligor shall be bound to ensure that its authorized person and the deputy have a license for the performance of tasks of an authorized persons.

## Responsibilities of the Compliance Officer

### Article 51

The compliance officer shall carry out the following tasks in preventing and detecting money laundering and terrorism financing:

- 1) ensures that a system for the prevention and detection of money laundering and terrorism financing is established, functioning and further developed, and initiates and recommends to the management appropriate measures for its improvement;
- 2) ensures an appropriate and timely delivery of data to the Administration under this Law;
- 3) participates in the development of internal documents;
- 4) participates in the development of internal control guidelines;
- 5) participates in the setting up and development of the IT support;
- 6) participates in the development of professional education, training and professional development programmes for employees in the obligor;

Deputy compliance officer shall replace the compliance officer in his/her absence and shall perform other tasks in accordance with the internal regulations of the obligor.

The compliance officer shall be independent in carrying out his/her tasks and shall be directly responsible to the top management.

## Responsibilities of the Obligor

### Article 52

The obligor shall provide the compliance officer with the following:

- 1) unrestricted access to data, information, and documentation required to perform his/her tasks;
- 2) appropriate human, material, IT, and other work resources;
- 3) adequate office space and technical conditions for an appropriate level of protection of confidential data accessible to the compliance officer;
- 4) continuous professional training;
- 5) replacement during absence;
- 6) protection with respect to disclosure of data about him/her to unauthorised persons, as well as protection of other procedures which may affect an uninterrupted performance of his/her duties.

Internal organizational units, including the highest management in the obligor, shall provide assistance and support to the compliance officer in the carrying-out of his/her tasks, as well as to advise him/her regularly about facts which are, or which may be, linked to money laundering or terrorism financing. The obligor shall set out a cooperation procedure between the compliance officer and other organizational units.

The obligor shall send to the Administration the data concerning the personal name and the name of the position of the compliance officer and his/her deputy, as well as data on the personal name and the name of the position of the member of the highest management responsible for the application of this Law, as well as any changes of such data, no later than 15 days from the date of the appointment.

### *b) Education, Training and Improvement*

#### Regular Training Obligation

### Article 53

The obligor shall provide for a regular professional education, training and professional development of employees carrying out the tasks of prevention and detection of money laundering and terrorism financing.

Professional education, training and professional development shall include familiarizing with the provisions of the law and the regulations adopted thereof and internal acts, including reference books on the prevention and detection of money laundering and terrorism financing, including the list of indicators for identifying customers and transactions in relation to which there are reasons for suspicion of money laundering or terrorism financing, as well as to the provisions of regulations governing the limitation of disposal of property for the purpose of prevention of terrorism and expansion of weapons of mass destruction and regulations governing the personal data protection.

The obligor shall develop annual professional education, training and improvement programmes for the employees in the area of prevention and detection of money laundering and terrorism financing, no later than until the end of March for the current year.

*c) Internal Control, Internal Audit and Employees Integrity*

Internal Control and Internal Audit

Article 54

Within the activities which it undertakes for the purpose of efficient risk management against money laundering and terrorism financing, the obligor shall conduct a regular internal control of the performance of tasks aimed at prevention and detection of money laundering and terrorism financing. The obligor shall conduct the internal control in line with the determined risk against money laundering and terrorism financing.

The obligor from Article 4 of this Law shall organize an independent internal audit within the scope of which shall be the regular assessment of adequacy, reliability and efficiency of the risk management system against money laundering and terrorism financing, when the law governing the activities of the obligors prescribes the obligation of existence of an independent internal audit, or when the obligor establishes that, bearing in mind the size and the nature of work, an independent internal audit is necessary for the purpose of this Law.

Employees Integrity

Article 55

The obligor shall determine a procedure by which is when establishing employment relationship checked whether an applicant for a workplace to which the provisions of this Law and the regulations enacted on the basis of it apply, has been convicted for criminal acts conducive to the acquisition of illicit proprietary benefits or criminal acts associated with terrorism.

Also other criteria confirming that the applicant for a workplace referred to in paragraph 1 of this Article has high professional and moral qualities shall also be checked on in the procedure referred to in paragraph 1 of this Article.

*d) By-laws for the Execution of Certain Obligor Tasks*

Methodology for Execution of Tasks in the Obligor

Article 56

The Minister shall, at the proposal of the Administration, specify the procedure for executing internal controls, data keeping and protection, record keeping and professional education, training and improvement of employees in the obligor under this Law.

III ACTIONS AND MEASURES UNDERTAKEN BY LAWYERS, I.E. PUBLIC NOTARIES

**Identifying and Verifying the Identity of a Customer**

Article 57

When identifying and verifying the identity of a customer in the event referred to in Article 8, paragraph 1, item 1) of this Law, the lawyer, the public notary shall obtain the data referred to in Article 103, items 1)-5) of this Law.

When identifying and verifying the identity of a customer in the event referred to in Article 8, paragraph 1, item 2) of this Law, the lawyer, the public notary shall obtain the data referred to in Article 103, items 1)-3) and items 6)-9) of this Law.

When identifying and verifying the identity of a customer in the event referred to in Article 8, paragraph 1, items 4) and 5) of this Law, the lawyer shall obtain the data referred to in Article 103 of this Law.

The lawyer shall identify and verify the identity of a customer or its representative, procura holder or empowered representative and obtain the data referred to in Article 103, items 1) and 2) of this Law by inspecting a personal identity document of such persons in their presence, or the original or certified copy of the documentation from an official public register, which shall be issued no earlier than three months before its submission to the lawyer, or by directly accessing an official public register or by virtue of the electronic exchange of data.

The lawyer shall identify and verify the identity of a beneficial owner of a customer that is a legal entity or person under foreign law, or any other legal arrangement, by obtaining the data referred to in Article 103, item 3) of this Law, by means of inspecting the original or certified copy of the documentation from an official public register which shall not be older than six months from the day of issue. If it is not possible to obtain the required data from such sources, the data shall be obtained by inspecting the original or certified copy of a document or other business documentation submitted by a representative, procura holder or empowered representative of the legal entity.

The lawyer shall obtain other data referred to in Article 103 of this Law by inspecting the original or certified copy of an identity document or other business documentation or by virtue of electronic identification in line with the law.

The lawyer, i.e. the public notary shall obtain a written statement from the customer concerning any missing data, other than the data referred to in Article 103, items 11)-13) of this Law.

The lawyer, i.e. the public notary shall be bound to use the data, information, documentation obtained on the basis of this Law, solely for the purposes set forth by the law.

### **Other Actions and Measures Undertaken by the Lawyer, i.e. Public Notary**

#### Article 57a

The lawyer, i.e. public notary, shall be obliged, in line with the provisions of this Law, to prepare and regularly update the risk analysis, determine the procedure on the basis of which it is determined whether a party or the beneficial owner is an official, whether a customer or a legal entity, that appear in the ownership structure of the off shore legal entity customer, apply the reinforced actions and measures when establishing a business relation with the customer from the country having strategic gaps in the system for the fight against money laundering and terrorism financing, as well as to assess the risk of new technological achievements and new services.

### **Reporting to the Administration on Persons and Transactions with Respect to which there are Reasons for Suspicion of Money Laundering or Terrorism Financing**

#### Article 58

If the lawyer, i.e. public notary when carrying out tasks referred to in Article 4, paras. 2 and 3 of this Law, establishes that there are reasons for suspicion of money laundering or terrorism financing regarding a person or transaction, he/she shall inform the Administration accordingly, before carrying out of the transaction, and indicate in the report the time when the

transaction should be executed. In a case of urgency, such report may be delivered also by telephone, in which case it shall consequently be delivered to the Administration in writing, but no later than the next business day.

The reporting obligation referred to in paragraph 1 of this Article shall also apply to a planned transaction, irrespective of whether or not the transaction was later carried out.

If the lawyer, i.e. public notary is unable act in accordance with paragraphs 1 and 2 of this Article, either due to the nature of a transaction, or because a transaction has not been carried out, or for any other justified reasons, it shall deliver the data to the Administration as soon as possible, but no later than immediately after he/she has learned of the reasons for suspicion of money laundering or terrorism financing. The lawyer, i.e. public notary shall make a written statement explaining the reasons why he/she did not act as prescribed.

The lawyer, i.e. public notary shall be obliged, where a customer requests advice from him/her concerning money laundering or terrorism financing, to report it to the Administration promptly, and no later than three days after the day when the customer requested the advice.

The lawyer, i.e. public notary shall inform the Administration in electronic form, by means of registered mail or through a courier. In case of urgency, such notification may be served by phone, with the obligation of prior electronic notification, registered mail or through a courier, by the following business day at the latest.

### **Seeking Data from Lawyer, i.e. Public Notary**

#### Article 59

Should the Administration establish that in regard to certain transactions or persons there are doubts regarding money laundering or terrorism financing, it may request from the lawyer, i.e. public notary the data, information and documentation required for the detection and proving of money laundering or terrorism financing.

The administration may request from the lawyer, i.e. public notary the data and information referred to in paragraph 1 of this Article as well, which refer to persons who have participated or cooperated in transactions or operations of persons for which there are doubts, when it comes to money laundering or terrorism financing.

The lawyer, i.e. public notary shall furnish the Administration with the data, information and documentation, without delay, and within eight days at the latest from the date of reception of the request. The Administration may request a shorter period for the submission of data, information and documentation, if this is necessary for the purpose of rendering a decision on temporary suspension of execution of transaction or in other urgent cases.

The Administration may, due to the volume of the documentation or for other justified reasons, set a longer deadline to the lawyer, i.e. public notary for the submission of documentation.

### **Exemptions**

#### Article 60

The lawyer shall not be required to act as laid down in the provisions of Article 58, paragraphs 1 and 2 of this Law, in relation to any data which he/she obtains from a customer or about a customer when ascertaining its legal position or when representing it in court proceedings, or in relation to court proceedings, including any advice provided concerning the initiation or evasion of such proceedings, irrespective of whether such data has been obtained before, during, or after the court proceedings.



Under the conditions specified in paragraph 1 of this Article the lawyer shall not be obliged to deliver data, information or documentation at the Administration request referred to in Article 59 of this Law. In this case he/she shall send a written report to the Administration, stating the reasons why he/she did not act according to the Administration's request, without delay and no later than within 15 days from the date of receipt of such request.

### **Prohibition of Alarming**

#### Article 60a

The lawyer, i.e. the public notary, i.e. his/her employees, as well as other persons to whom data from Article 103 of this Law are available, cannot disclose to the customer or third party the following:

- 1) that data have been submitted or that they are in the process of submission to the Administration, as well as the information and documentation on the customer or on the transaction for which doubt exists as to money laundering and terrorism financing;
- 2) that the Administration, on the basis of Article 75 and 82 of this Law, issued a warrant for temporary suspension of execution of transaction, including access to the safe deposit box;
- 3) that the Administration, on the basis of Article 76 of this Law, issued a warrant for monitoring the financial operations of the customer;
- 4) that proceedings have been launched against the customer or a third party, or that proceedings could be launched in relation to money laundering and terrorism financing.

The prohibition from paragraph 1 of this Article shall not refer to the following cases:

- 1) when the data, information and documentation, which are line with this Law are collected and maintained by the obligor, are required for determining facts in criminal proceedings, and if such data are required by the competent court in line with the law;
- 2) if the data from item 1 of this paragraph are required by the body from Article 104 of this Law, in the process of supervision of the application of the provisions of this Law.

### **Obligation to Develop and Apply a List of Indicators**

#### Article 61

The lawyer, i.e. public notary shall develop a list of indicators to recognize persons and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing.

When developing the list referred to in paragraph 1 of this Article, the obligor and lawyer, i.e. public notary shall take into account the complexity and extent of executed transactions, unusual transaction execution patterns, value of or links between transactions which have no justifiable purpose in economic or legal terms, or transactions which are inconsistent or disproportionate to a normal, or expected, business operations of the customer, as well as other circumstances linked to the status or any other characteristics of the customer.

When determining whether there are reasons for suspicion of money laundering and terrorism financing and other related circumstances, the lawyer, i.e. public notary shall apply the list of indicators referred to in paragraph 1 of this Article and shall also consider other circumstances which indicate to the existence of doubt regarding money laundering and terrorism financing.

When preparing the list of indicators referred to in paragraph 1 of this Article, the lawyer, i.e. public notary shall enter the indicators which have been posted on the official web page of the Administration.

### **Record Keeping**

#### Article 62

The lawyer, i.e. public notary shall keep a record of data:

- 1) on customers, as well as business relations and transactions referred to in Article 8 of this Law in line with Article 103 of this Law;
- 2) submitted to the administration in line with Article 58 of this Law.

#### IV. DELETED

##### **Titles of Art. 63-67 – deleted**

Art. 63 – 67

Deleted.

#### V. INDICATORS TO RECOGNIZE REASONS FOR SUSPICION

##### **Cooperation in the Development of a List of Indicators**

#### Article 68

Bodies referred to in Article 104 of this Law shall take part in the development of a list of indicators for recognition of persons and transactions for which there are doubts regarding money laundering and terrorism financing, which are published on the web site of the Administration.

Other persons may also participate in the development of a list of indicators if requested.

##### **Obligation to Develop and Apply a List of Indicators**

#### Article 69

The obligor shall develop a list of indicators to recognize persons and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing. When developing the list of indicators, the obligor shall enter the indicators which have been prepared by the bodies referred to in Article 104 of this Law, in line with Article 68 of this Law.

When developing the list referred to in paragraph 1 of this Article, the obligor shall take into account the complexity and extent of executed transactions, unusual transaction execution patterns, value of or links between transactions which have no justifiable purpose in economic or legal terms, or transactions which are inconsistent or disproportionate to a normal, or

expected, business operations of the customer, as well as other circumstances linked to the status or any other characteristics of the customer.

When determining whether there are reasons for suspicion of money laundering or terrorism financing, the lawyer shall apply the list of indicators referred to in paragraph 1 of this Article, and shall also consider other circumstances which indicate to the existence of doubt regarding money laundering or terrorism financing.

## VI. COOPERATION OF COMPETENT BODIES, RISK ASSESSMENT AT A NATIONAL LEVEL AND ANALYSIS OF EFFICIENCY AND EFFECTIVENESS OF THE SYSTEM

### **Cooperation of Competent Bodies and Risk Assessment at a National Level**

#### Article 70

The Government shall establish a coordinating body in order to achieve effective cooperation and coordination of activities of the competent bodies for the purpose of preventing money laundering and terrorism financing.

Risk assessment of money laundering and terrorism financing at the national level shall be made in writing and updated at least once every three years.

The summary of the risk assessment from paragraph 2 hereof shall be placed at disposal to the public and cannot contain confidential information.

### **Analysis of Efficiency and System Effectiveness**

#### Article 71

Analysis of the efficiency and effectiveness of systems for preventing and detecting money laundering and terrorism financing shall be carried out at least once a year.

In order to perform the activities referred to in paragraph 1 of this Article, the Administration shall keep the following records:

- 1) on persons and transactions referred to in Article 47 of this Law;
- 2) on issued orders to suspend the execution of the transaction referred to in Article 75 and 82 of this Law;
- 3) on issued orders to monitor the financial operations of the customers referred to in Article 76 of this Law;
- 4) on the received initiatives referred to in Article 77 of this Law;
- 5) on the data transmitted to the competent national authorities in accordance with Article 78 of this Law;
- 6) on the information received and submitted in accordance with Article 80 and 81 of this Law;
- 7) on data pertaining to breaches, economic offenses and offenses relating to money laundering and terrorism financing;
- 8) about the shortcomings, unlawful activities and supervision measures imposed under Article 104 of this Law;
- 9) of the notices referred to in Article 112 of this Law.

The bodies referred to in Article 104 of this Law, the ministry responsible for internal affairs, the ministry in charge of justice, public prosecutors and courts are required to furnish

the Administration, for the purpose of convergence of data and analysis referred to in paragraph 1 of this Article, with data and information on the procedures in relation to breaches, economic offenses and offenses relating to money laundering and financing of terrorism, their perpetrators, as well as the confiscation of property acquired through the commission of the offense.

The bodies referred to in Article 104 of this Law and the ministry responsible for internal affairs shall be obliged to provide the Administration with the following information:

- 1) the date of filing of the application or request for initiating criminal proceedings;
- 2) the name, surname, date and place of birth, unique personal identification number (hereinafter: UPIN) or business name and seat of the person against whom the application is submitted, i.e. request;
- 3) legal qualification of the offense and place, time and manner of committing offense;
- 4) legal qualification of previous offense and the place, time and manner of committing the offense.

The Republic Prosecutor's Office and other competent prosecutor's office, shall be obliged to submit the following information to the Administration:

- 1) the date of filing of the indictment;
- 2) the name, surname, date and place of birth, UPIN, or business name and seat of the accused person;
- 3) legal qualification of the offense, place, time and manner of committing offense;
- 4) legal qualification of previous offense, place, time and manner of committing the offense.

The courts shall be obliged to provide the Administration with the following information:

- 1) name, surname, date and place of birth, UPIN, or business name and seat of the person against whom proceedings have been initiated;
- 2) the legal qualification of the offense, the type and amount of the temporarily or permanently confiscated property gain;
- 3) the type and level of fines;
- 4) the final decision made in the process at the time of reporting;
- 5) of the received and sent letters rogatory in respect of the criminal offenses referred to in paragraph 3 of this Article or previous offenses;
- 6) of all received and sent requests for temporary or permanent confiscation of property gain, regardless of the type of criminal offense.

Ministry in charge of justice shall be obliged to provide the Administration with data on received and sent requests for international legal assistance in connection with criminal offenses referred to in paragraph 3 of this Article, as well as information on the temporarily and permanently confiscated property.

The competent state bodies where the Administration submitted a notification under Article 78 of this Law, shall be obliged to provide the Administration with information on actions undertaken and decisions made.

The bodies referred to in paragraph 3 of this Article shall be obliged to furnish the Administration with the data from paras. 4-7 of this Article once a year, and no later than the end of February of the current year for the previous year, as well as at its request.

The manner of submission of data and information referred to in paragraph 3 of this Article shall be governed by the Minister at the proposal of the Administration.

## VII. ADMINISTRATION FOR THE PREVENTION OF MONEY LAUNDERING

### 1. General Provisions

#### Article 72

The Administration for the Prevention of Money Laundering shall be established as an administrative body within the ministry competent for finance.

The Administration shall perform the following financial-information tasks: collection, processing, analysing and forwarding to competent bodies the information, data and documentation obtained in accordance with this Law and perform other tasks relating to the prevention and detection of money laundering and terrorism financing in accordance with law.

### 2. Detection of Money Laundering and Terrorism Financing

#### *Requesting Data from the Obligor*

#### Article 73

If the Administration assesses that there are reasons to suspect money laundering or terrorism financing in certain transactions or persons, it may request the following from the obligor:

- 1) data from the customer and transaction records kept by the obligor based on Article 99, paragraph 1 of this Law;
- 2) data on money and property of a customer in the obligor;
- 3) data on transactions of money or property of a customer in the obligor;
- 4) data about other business relations of a customer established in the obligor;
- 5) other data and information needed in order to detect and prove money laundering or terrorism financing.

The Administration may also request from the obligor data and information referred to in paragraph 1 of this Article concerning the persons that have participated or cooperated in transactions or business activities of a person with respect to which there are reasons for suspicion of money laundering or terrorism financing.

In the cases referred to in paragraphs 1 and 2 of this Article, the obligor shall deliver all the required documentation to the Administration at its request.

The obligor shall deliver the data, information and documentation referred to in this Article to the Administration without delay, and no later than eight days from the date of receipt of the request, or provide the Administration with a direct electronic access to such data, information or documentation, without any fees. The Administration may also set in its request a shorter deadline for delivery of data, information and documentation if that is necessary in order to decide on a temporary suspension of a transaction or in other urgent cases.

The Administration may, due to extensiveness of documentation or for any other justified reasons, set a longer period for sending the documentation, or inspect the documentation at the obligor. The employee of the Administration inspecting such documentation shall identify himself/herself using an official identity card and official identity badge with special identity number.

The form of official identification and the appearance of the official badge shall be prescribed by the Minister.

The data, information and documentation in this Article shall be submitted in the manner prescribed by the Minister, at the proposal of the Administration.

*Requesting Data from the Competent State Bodies  
and Public Authority Holders*

Article 74

In order to assess whether there are reasons for suspicion of money laundering or terrorism financing in relation to certain transactions or certain persons, the Administration may request data, information and documentation required to detect and prove money laundering or terrorism financing from the state bodies, organizations and persons entrusted with public authorities.

The Administration may request from the bodies and organizations referred to in paragraph 1 of this Article to send data, information, and documentation required to detect and prove money laundering or terrorism financing, and in relation to persons that have participated or cooperated in transactions or business operations of persons in relation to which there are reasons for suspicion of money laundering or terrorism financing.

The bodies and organizations referred to in paragraph 1 of this Article shall deliver the requested data to the Administration in writing, within eight days from the date of receipt of the request or provide to the Administration a direct electronic access to the data and information, without fees.

In urgent cases, the Administration may request the data to be sent within a time limit shorter than the time limit referred to in paragraph 3 of this Article.

*Temporary Suspension of Transaction Execution*

Article 75

The Administration may issue a written order to the obligor for a temporary suspension of a transaction, including access to the safe deposit box, if it assesses that there are reasonable grounds for suspicion of money laundering or terrorism financing with respect to a transaction or person carrying out the transaction, of which it shall inform the competent bodies in order to take measures within their competence.

The Administration director may, in urgent cases, issue an oral order temporarily suspending a transaction execution, including access to the safe deposit box, which must be confirmed in writing no later than the next business day.

A temporary suspension of transaction including access to the safe deposit box pursuant to paragraphs 1 and 2 of this Article may last for 72 hours following the moment of the temporary suspension of transaction execution. Should the deadline referred to in this paragraph fall on non-business days, the Administration may issue an order for such deadline to be extended for additional 48 hours.

During the course of the temporary suspension of transaction execution including access to the safe deposit box the obligor shall abide by the Administration's orders concerning such transaction or person that carries out such transaction.

The competent bodies referred to in paragraph 1 of this Article shall undertake without delay the measures within their competence of which they shall inform the Administration promptly.

If the Administration establishes within the time deadline to in paragraph 3 of this Article that there are no reasonable grounds to suspect money laundering or terrorism financing, it shall inform the obligor that it may carry out the transaction including access to the safe deposit box.

If the Administration does not inform the obligor on the results of the conducted actions, within the deadline referred to in paragraph 3 of this Article, the obligor shall be considered to have the permission to execute the transaction including access to the safe deposit box.

The obligor may temporarily suspend a transaction execution including access to the safe deposit box, for a maximum of 72 hours, if it has reasonable grounds to suspect money laundering or terrorism financing in a transaction or person which carries out the transaction or for which the transaction is being carried out, and if that is required for a timely execution of obligations laid down in this Law.

### *Monitoring of Customer Financial Transactions*

#### Article 76

If the Administration assesses that there are reasons for suspicion of money laundering or terrorism financing with respect to certain transactions or persons, it may issue a written order to the obligor to monitor all transactions and business operations of such persons carried out in the obligor.

The Administration may issue the order referred to in paragraph 1 of this Article in relation to persons that have participated or cooperated in transactions or business activities of a person with respect to which there are reasons for suspicion of money laundering or terrorism financing.

The obligor shall inform the Administration of each transaction or business operation within the deadlines specified in the order referred to in paragraph 1 of this Article.

Unless otherwise provided in the order, the obligor shall report each transaction or business operation to the Administration before the execution of the transaction or business operation, as well as indicate in the report the deadline when the transaction or business is to be carried out.

If the obligor, either due to the nature of a transaction or business or for any other justified reasons, cannot act as laid down in paragraph 4 of this Article, it shall inform the Administration of the transaction or business immediately after their execution, but no later than the next business day. The obligor shall state the reasons in the report as to why it did not act as laid down in paragraph 4 of this Article.

The measure referred to in paragraph 1 of this Article shall last for three months from the day when the order was issued. This measure may be extended by one month, but for a maximum of six months from the date when the order was issued.

### *The Initiative to Commence Procedure in the Administration*

#### Article 77

If there are reasons for suspicion of money laundering or terrorism financing in relation to certain transactions or persons, the Administration may initiate a procedure to collect data, information and documentation as provided for in this Law, as well as carry out other actions and measures within its competence also upon a written and grounded initiative by a court, public prosecutor, police, Security Information Agency, Military Intelligence Agency, Military Security Agency, Tax Administration, Customs Administration, National Bank of Serbia, Securities Commission, competent inspectorates and state bodies competent for state auditing and fight against corruption.

If in connection with certain transactions, there are grounds for suspicion of money laundering, terrorism financing or previous offense, the state body referred to in paragraph 1 of this Article may request the Administration the data and information necessary to prove these crimes.

The Administration shall refuse to initiate the procedure based on the initiative referred to in paragraph 1 of this Article or the request referred to in paragraph 2 of this Article if it does not contain reasons for suspicion of money laundering or terrorism financing, as well as in circumstances when it is obvious that such reasons for suspicion do not exist.

In the event referred to in paragraph 3 of this Article, the Administration shall inform the initiator in writing of the reasons why it did not commence a procedure based on such initiative.

### *Dissemination of Data to Competent Bodies*

#### Article 78

If the Administration assesses, based on the obtained data, information and documentation, that there are reasons for suspicion of money laundering or terrorism financing in relation to a transaction or person, it shall inform the competent state bodies thereof in writing, in order that they may undertake measures within their competence, and send them the obtained documentation.

### *Feedback*

#### Article 79

The Administration shall inform the obligor and the bodies competent for supervision referred to in Article 104 of this Law, who have reported to the Administration a person or transaction, with respect to which there are reasons for suspicion of money laundering or terrorism financing, of the results brought about by their reporting.

The reporting referred to in paragraph 1 of this Article shall apply to:

- 1) data on the number of the sent reports on transactions or persons in relation to which there are reasons for suspicion of money laundering or terrorism financing;
- 2) results brought about by such reporting;
- 3) information held by Administration on money laundering and terrorism financing techniques and trends in the area;
- 4) description of cases from the practice of the Administration and other competent state bodies.

## **3. International Cooperation**

### *Requesting Data from Foreign Countries*

#### Article 80

The Administration may request data, information and documentation required for the prevention and detection of money laundering or terrorism financing from the competent bodies of foreign countries.

The Administration may use the data, information and documentation, obtained based on paragraph 1 of this Article, only for the purposes set out in this Law.



The Administration may not disseminate the data, information and documentation obtained based on paragraph 1 of this Article to other state bodies without a prior consent of the state body of the foreign country that is competent for the prevention and detection of money laundering and terrorism financing, which has sent such data to the Administration.

The Administration may not use the data, information and documentation, obtained based on paragraph 1 of this Article, in contravention to the conditions and restrictions imposed by the state body of the foreign country that has sent such data to the Administration.

#### *Dissemination of Data to the Competent State Bodies of Foreign Countries*

##### Article 81

The Administration may send data, information and documentation regarding transactions or persons with respect to which there are reasons for suspicion of money laundering or terrorism financing to state bodies of foreign countries competent for the prevention and detection of money laundering and terrorism financing at their written and grounded request or on its own initiative.

The Administration may refuse to respond to the request referred to in paragraph 1 of this Article if submission of such data would jeopardize or may jeopardize the course of criminal proceedings in the Republic of Serbia.

The Administration shall inform in writing the state body of the foreign country that requested data, information or documentation of the refusal of the request, and shall indicate in the notification the reasons why it refused the request.

The administration may set conditions and restrictions under which a body of a foreign country may use the data, information and documentation referred to in paragraph 1 of this Article, and further forwarding of the collected information to another body of a foreign state cannot be carried out without prior consent of the Administration.

#### *Temporary Suspension of a Transaction at the Request of the Competent Body of a Foreign Country*

##### Article 82

The Administration may issue a written order temporarily suspending the execution of a transaction, under the conditions laid down in this Law and under conditions of reciprocity, and on the basis of a written and grounded request of a state body of a foreign country competent for the prevention and detection of money laundering and terrorism financing.

The provisions of Article 75 of this Law shall apply as appropriate to the temporary suspension of execution of transaction referred to in paragraph 1 of this Article.

The Administration may refuse to carry out the request referred to in paragraph 1 of this Article if submission of such data would jeopardize or may jeopardize the course of criminal proceedings in the Republic of Serbia, of which it shall inform in writing the competent requesting body of the foreign country, stating the reasons for the refusal.

*Requesting a Temporary Suspension of a Transaction from the Competent Body  
of a Foreign Country*

Article 83

The Administration may request from the body of a foreign country that is competent for the prevention and detection of money laundering and terrorism financing to order a temporary suspension of a transaction if there are reasonable grounds for suspicion of money laundering or terrorism financing in relation to a transaction or person.

**4. Prevention of Money Laundering and Terrorism Financing**

Article 84

The Administration shall undertake the following tasks in the prevention of money laundering and terrorism financing:

1) supervise of the implementation of the provisions of this Law and undertake actions and measures within its competence in order to remove observed irregularities;

2) take part in the development of initial basis for the improvement of the legal framework in the area of prevention and detection of money laundering and terrorism financing;

3) take part in the development of the list of indicators for the identification of transactions and persons with respect to which there are reasons for suspicion of money laundering or terrorism financing;

4) make drafts and give opinions on the application of this Law and regulations adopted based on this Law;

5) prepare and issue recommendations for a uniform application of this Law and regulations made under this Law in the obligor;

6) develop plans and implement training of Administration's employees and cooperates in matters of professional education, training and improvement of employees in the obligor, in relation to the implementation of regulations in the area of the prevention of money laundering and terrorism financing;

7) initiate procedures to conclude cooperation agreements with the competent state bodies, competent bodies of foreign countries and international organizations;

8) enters into cooperation agreements with state authorities to carry out state administration in the field of civil engineering, as well as other areas that are exposed to the risks of money laundering and financing of terrorism, and with which it jointly develops guidelines and recommendations related to the prevention and detection of money laundering and terrorism financing for legal entities and entrepreneurs engaged in activities in these areas;

9) take part in international cooperation in the area of detection and prevention of money laundering and terrorism financing;

10) publish statistical data in relation to money laundering and terrorism financing;

11) provide information to the public on the money laundering and terrorism financing manifestations;

12) perform other tasks in accordance with the law.

## **5. Other Responsibilities**

### *Progress Reports*

#### Article 85

The Administration shall submit a progress report to the Government, no later than until 31 March of the current year for the previous year.

The report referred to in paragraph 1 of this Article shall include statistical data, data on the occurring forms of money laundering or terrorism financing, money laundering or terrorism financing trends, as well as the data on the Administration's activity.

## **VIII. CONTROL OF THE CROSS-BORDER TRANSPORTATION OF PHYSICALLY TRANSFERABLE PAYMENT INSTRUMENTS**

### **Declaring Physically Transferable Payment Instruments**

#### Article 86

Any natural person crossing the state border carrying physically transferable payment instruments amounting to EUR 10,000 or more either in RSD or foreign currency, shall declare it to the competent customs body.

The declaration referred to in paragraph 1 of this Article shall contain the data referred to in Article 100, paragraph 1 of this Article.

The Minister shall prescribe the form and content of the declaration, procedure to lodge and fill out the declaration, as well as the manner to inform natural persons crossing the state border of this obligation.

### **Customs Control**

#### Article 87

The competent customs body, when conducting customs control in accordance with the law, shall control the fulfilling of the requirement referred to in Article 86 of this Law.

The competent customs authority controls whether physically transferable instruments are in the mail or shipment of goods (cargo).

### **Reasons for Suspicion of Money Laundering or Terrorism Financing**

#### Article 88

If the competent customs body establishes that a natural person is transferring, across the state border, physically transferable payments instruments in the amount lower than the amount referred to in Article 86, paragraph 1 of this Law, or if such funds are found in mail or shipment of goods (cargo) and there are reasons for suspicion of money laundering or terrorism financing, it shall obtain the data referred to in Article 100, paragraph 2 of this Law.

The competent customs body shall temporarily detain the physically transferable payment instruments that have not been declared as well as when it assesses that there is

reasonable doubt for such funds, regardless of their amount, to be related to money laundering or terrorism financing. The competent customs authority shall be bound to have the temporarily detained payment instruments in a foreign currency deposited to the account of the National Bank of Serbia or in the deposit of the National Bank of Serbia, and dinars - to the account of the National Bank of Serbia, within two business days from the date of their seizure. A certificate shall be issued on the detained physically transferable payment instruments.

### **Submitting Data to the Administration**

#### Article 89

The competent customs authority shall provide the Administration with the data referred to in Article 100, paragraph 1 of this Law on any reported or unreported funds transfer, physically transferred across the state border payments, within three days from the day of the transfer, and if there are reasonable grounds to believe that money laundering or terrorism financing is concerned, it shall state the reasons for suspicion.

The competent customs authority shall provide the Administration with the data referred to in Article 100, paragraph 2 of this Law within the period referred to in paragraph 1 of this Article in case of transfer of physically transferable means of payment across the state border, in the amount lower than the amount referred to in Article 86, paragraph 1 of this Article if there are grounds for suspicion of money laundering or terrorism financing.

## IX. PROTECTION AND KEEPING OF DATA AND RECORD KEEPING

### **1. Data Protection**

#### *Prohibition of Disclosure*

#### Article 90

The obligor, i.e. its employees, including the members of the governing, supervisory or other managing bodies, or any other person having access to the data referred to in Article 99 of this Law shall not disclose to the customer or any other person the following:

- 1) that data, information and documentation on a customer or transaction with respect to which there is suspicion of money laundering or terrorism financing have been or are being sent to the Administration;
- 2) that the Administration has issued, based on Articles 75 and 82 of this Law, an order for a temporary suspension of transaction, including access to the safe deposit box;
- 3) that the Administration has issued, based on Article 76 of this Law, an order to monitor financial operations of the customer;
- 4) that proceedings against a customer or a third party have been initiated or may be initiated in relation to money laundering or terrorism financing.

The prohibition referred to in paragraph 1 of this Article shall not apply to cases:

- 1) when the data, information and documentation obtained and maintained by the obligor in accordance with this Law are required to establish facts in criminal proceedings and if such data is required by the competent court in accordance with law.
- 2) if the data referred to in item 1) of this paragraph is requested by the body referred to in Article 104 of this Law in the supervision of the implementation of the provisions of this Law;

3) if the auditing company, licensed auditor, legal entity or natural person offering accounting services or the services of tax advising attempt to dissuade a customer from illegal activities;

4) when the obligor acts in accordance with Article 48, paragraph 2 of this Law;

5) during the exchange of information between two or more obligors in such cases as referring to the same party, and of the same transaction, provided that the obligors are from the Republic of Serbia or a third state, which defines the obligations in relation to prevention of money laundering and terrorism financing that are equivalent obligations prescribed by this Law, to deal with the same activity, and subject to the obligations of professional secrecy and personal data.

### *Secrecy of Data*

#### Article 91

Data, information and documentation obtained by the Administration under this Law shall be considered secret data in accordance with this Law, governing the definition and protection of secret data.

Dissemination of data, information and documentation referred to in paragraph 1 of this Article to the competent state bodies and the foreign state bodies competent for the prevention and detection of money laundering and terrorism financing shall be carried out in line with the provisions of this Law, governing the definition and protection of confidential data and regulations adopted based on such law.

When the obligor submits data, information and documentation to the Administration, to the correspondent bank in accordance with Article 36 of this Law, *in compliance with Art. 11-15c of this Law\**, and the third party in accordance with Articles 30-32 of this Law, the business units and the majority-owned subsidiaries of a legal entity, or when data, information or documentation are exchanged within the group in line with Article 48 of this Law, it shall not be deemed to have violated the obligation of business, banking or professional secret.

When exchanging data from paragraph 3 of this Article, the obligor shall, in particular be bound to ensure the implementation of prohibition of disclosure referred to in Article 90 of this Law.

The obligor shall apply the provisions of this Law, regardless of the obligation of professional secrecy.

### *Exemption from Responsibility*

#### Article 92

The obligor, i.e. its employees shall not be held liable for any damage done to customers or third parties unless it has been proven that such damage was caused intentionally or through gross negligence when, under this Law, they:

1) obtain and process data, information and documentation about customers;

2) send to the Administration data, information and documentation about their customers;

3) execute the order of the Administration to temporarily suspend the execution of a transaction or to monitor the financial transactions of a customer;

4) temporarily suspend a transaction, under the provision of Article 75, paragraph 8 of

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this Law.

The obligor, i.e. its employees shall not be held liable, either disciplinary or criminally, for any breach of the obligation to keep a business, banking or professional secrets, in the following circumstances:

1) when they send data, information and documentation to the Administration in accordance with this Law;

2) when they process data, information and documentation in order to examine customers and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing.

### *Protecting the Integrity of the Compliance Officer and Staff*

#### Article 93

The obligor shall take the necessary measures to protect the compliance officer and the employees who carry out the provisions of this Law by acts of violence aimed at their physical and mental integrity.

### *Use of Data, Information and Documentation*

#### Article 94

The Administration, other competent state bodies or holder of public authority, obligor and its employees may use the data, information and documentation, obtained under this Law, only for the purposes laid down in the law.

## **2. Keeping of Data**

### *Period for Keeping the Data in the Obligor*

#### Article 95

The obligor shall keep the data and documentation that are obtained under this Law concerning a customer, established business relationships with a customer, conducted analysis and executed transactions for a period of ten years at least from the date of the termination of the business relationship, executed transaction, i.e. the latest access to a safe deposit box or entrance into a casino.

Within the deadline referred to in paragraph 1 of this Article, the obligor shall be bound to also keep the video and audio record of determining and verifying the identity, generated in the process of video-identification in line with regulation from Article 18, paragraph 8, Article 19, paragraph 7 and Article 21, paragraph 7 of this Law.

The obligor shall keep the data and documentation about the compliance officer, deputy compliance officer, professional training of employees and executed internal controls for a period of at least five years from the date of termination of the duty of the compliance officer, implemented professional training or conducted internal control.

Upon expiry of the deadline from paras. 1 and 3 of this Article, the obligor shall be bound to handle the data from paras.1-3 of this Article, in line with the law governing personal data protection, under the condition that it is not a case of data used by the competent state authorities, for special purposes.

*Period for Keeping Data in the Competent Customs Body*

Article 96

The competent customs body shall keep the data obtained in accordance with this Law for a period of at least ten years from the date at which it was obtained.

*Period for Keeping Data in the Administration*

Article 97

The Administration shall keep the data from the records it maintains under this Law for a period of at least ten years from the date at which it was obtained.

**3. Records**

*Record Keeping*

Article 98

The obligor shall keep the following records of data:

1) concerning the customers, as well as business relationships and transactions referred to in Article 8 of this Law;

2) that was sent to the Administration pursuant to Article 47 of this Law.

The competent customs body shall keep records on:

1) the declared and non-declared cross-border transportation of physically transferable payment instruments amounting to EUR 10,000 or more in RSD or foreign currency;

2) cross-border transportation or an attempt at cross-border transportation of physically transferable payment instruments in the amount lower than EUR 10,000 in RSD or in foreign currency if there are reasons for suspicion of money laundering or terrorism financing.

*Content of Records Maintained by the Obligor*

Article 99

Records of data on customers, business relationships and transactions referred to in Article 98, paragraph 1, item 1) of this Law shall contain:

1) business name, address, seat, registry number, and tax identification number (hereinafter referred to as: TIN) of the legal entity or entrepreneur establishing a business relationship or carrying out a transaction, i.e. for which a business relationship is established or transaction executed;

2) name and surname, date and place of birth, place of permanent or temporary residence, unique personal identification number (hereinafter referred to as: UPIN), of the representative, empowered representative or procura holder who establishes a business relationship or executes a transaction on behalf of and for the account of a customer - a legal entity, person under foreign law, entrepreneur, trust or a person under civil law, establishing a business relationship or executing a transaction, as well as the type and number of the personal document, date and

place of issue;

3) name and surname, date and place of birth, place of permanent or temporary residence and UPIN of the natural person, his/her legal representative and empowered representative, as well as of the entrepreneur establishing a business relationship or carrying out a transaction, i.e. for whom a business relationship is established or transaction executed, as well as the type and number of personal document, name of the issuer, and the date and place of issue.

4) name and surname, date and place of birth and place of permanent or temporary residence of a natural person entering a casino or accessing a safe-deposit box;

5) purpose and intended nature of a business relationship, as well as information on the type of business and business activities of a customer;

6) date of establishing of a business relationship, i.e. date and time of entrance into a casino or access to a safe-deposit box;

7) date and time of transaction execution;

8) the amount of the transaction and the currency in which the transaction was executed;

9) the intended purpose of the transaction, name and surname as well as the place of permanent residence, or the business name and seat of the intended recipient of the transaction;

10) manner in which a transaction is executed;

11) data and information on the origin of property which was the subject matter or which shall be the subject matter of a business relationship or transaction;

12) information on existence of reasons for suspicion of money laundering or terrorism financing;

13) name, surname, date and place of birth, and place of permanent or temporary residence of the beneficial owner of a customer;

14) name of the person under civil law;\*

15) *address of the digital assets.*\*

The records of data sent to the Administration in accordance with Article 47 of this Law shall contain the data referred to in paragraph 1 of this Article.

The records of data from paragraph 1 of this Article, shall contain the video and audio record generated in the process of video-identification in line with regulation from Article 18, paragraph 8, Article 19, paragraph 7 and Article 21, paragraph 7 of this Law.

### *Contents of Records maintained by the Competent Customs Body*

#### Article 100

Records of registered and unregistered transfer of physically transferable means of payment in the amount of 10,000 EUR or more in dinars and foreign currency across the border shall contain the following:

1) name and surname, place of residence, date and place of birth and citizenship of the person transferring the instruments, as well as the passport number including the date and place of issue;

2) business name, address and seat of the legal entity, i.e. name, surname, place of permanent or temporary residence, date and place of birth and citizenship of the owner if such instruments or the person for whom the cross-border transportation is being carried out, as well as the passport number, including the date and place of issue;

3) business name, address and seat of the legal entity, i.e. name, surname, place of

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permanent or temporary residence, date and place of birth and citizenship of the recipient of such instruments;

- 4) type of the physically transferred payment instruments;
- 5) amount and currency of the physically transferable payment instruments transferred;
- 6) origin of the physically transferable payment instruments transferred;
- 7) purpose for which the instruments shall be used;
- 8) place, date and time of the crossing of the state border;
- 9) means of transportation used to transfer the instruments;

10) route (country of departure and date of departure, transit country, country of destination and date of arrival), transport company and reference number (e.g. flight number);

11) data on whether or not the physically transferable payment instruments have been declared;

Records on cross-border transportation of physically transferable payment instruments in the amount lower than EUR 10,000 in RSD or in foreign currency if there are reasons for suspicion of money laundering or terrorism financing shall contain:

1) name, surname, place of permanent residence, date and place of birth and citizenship of the person declaring or not declaring such instruments;

2) business name and seat of the legal entity, i.e. name, surname, place of permanent residence and citizenship of the owner of such instruments, or of the person for which the cross-border transportation of such instruments is being carried out;

3) business name, address and seat of the legal entity, i.e. name, surname, place of permanent or temporary residence, date and place of birth and citizenship of the recipient of such instruments;

- 4) type of physically transferable payment instruments;
- 5) amount and currency of the physically transferable payment instruments transferred;
- 6) origin of the physically transferable payment instruments transferred;
- 7) purpose for which the instruments shall be used;
- 8) place, date and time of the crossing of the state border;
- 9) means of transportation used to transfer the instruments;
- 10) reasons for suspicion of money laundering or terrorism financing.

### *Contents of Records Maintained by the Administration*

#### Article 101

The records of orders for a temporary suspension of execution of a transaction shall contain:

- 1) business name of the obligor to which the order applies;
- 2) date and time of issue of the order;
- 3) amount and currency of the transaction execution of which is temporarily suspended;
- 4) name and surname, place of permanent or temporary residence, date and place of birth and UPIN of the natural person requesting the transaction which has been temporarily suspended;

5) name and surname, place of permanent or temporary residence, date and place of birth and UPIN of the natural person, or the business name, address and seat of the legal entity which is the recipient of the instruments, or the data about the account to which such instruments are

transferred;

6) data about the state body which was informed on the temporary suspension of a transaction.

The records of the issued orders for the monitoring of financial transactions of a customer shall contain:

- 1) business name of the obligor to which the order applies;
- 2) date and time of issue of the order;
- 3) name and surname, place of permanent or temporary residence, date and place of birth and UPIN of the natural person, or the business name, address and seat of the legal entity to which the order applies.

Records on the initiatives referred to in Article 77 of this Law shall contain:

- 1) name and surname, place of permanent or temporary residence and UPIN of the natural person, or the business name seat, registry number and TIN of the legal entity with respect to which there are reasons for suspicion of money laundering or terrorism financing;
- 2) the data on the transaction for which there are reasons for suspicion of money laundering or terrorism financing (amount, currency and date of transaction, or the period of the execution of transaction);
- 3) information on existence of reasons for suspicion of money laundering or terrorism financing.

The records of data transferred to the competent state bodies in accordance with Article 78 of this Law shall contain:

- 1) name and surname, date and place of birth, place of permanent or temporary residence and UPIN of the natural person, or the business name, seat, registry number and TIN of the legal entity in with respect to which the Administration has sent the data, information and documentation to the competent state body;
- 2) the data on the transaction for which there are reasons for suspicion of money laundering or terrorism financing (amount, currency and date of transaction, or the time of the execution of transaction);
- 3) information on existence of reasons for suspicion of money laundering or terrorism financing;
- 4) data on the body to which the data were sent.

The records of data received and sent in accordance with Articles 80 and 81 of this Law shall contain:

- 1) name of the country or body to which the Administration sends or from which it requests data, information and documentation;
- 2) data on the transactions or persons concerning which the Administration sends or requests the data referred to in paragraph 1 of this Article.

#### *Content of Records Maintained by Competent State Bodies*

#### Article 102

The records of data on minor offences, economic offences, and criminal offences referred to in Article 71, paras. 4-7 of this Law shall contain:

- 1) date of report, indictment, or initiation of proceedings;
- 2) name, surname, date and place of birth, or the business name and seat of the reported

or charged person, or the person against whom the proceedings have been initiated;

3) legal qualification of the offence, as well as the place, time and manner of commission of the offence;

4) legal qualification of the predicate offence, as well as the place, time and manner of commission of such offence;

5) type and amount of the seized or confiscated proceeds from a criminal offence, economic offence or minor offence;

6) type and amount of punishment;

7) last court decision passed in the proceedings at the time of reporting;

8) data on the letters rogatory received and sent in relation to the criminal offences of money laundering and terrorism financing or predicate offences;

9) data on the received and sent requests for seizure or confiscation of illegal proceeds regardless of the type of criminal offence, economic offence, or minor offence.

10) data on the received and sent extradition requests in relation to the criminal offences of money laundering or terrorism financing.

Records of minor offences and measures imposed in the supervision referred to in Article 104 of this Law shall contain:

1) name, surname, date and place of birth, place of permanent or temporary residence, citizenship and UPIN of the natural person, as well as, with respect to the responsible person and compliance officer in a legal entity, work position and tasks performed;

2) business name, address, seat, registry number and TIN of the legal entity;

3) description of the minor offence or deficiency;

4) data on the imposed measures.

The records of the reports referred to in Art. 112 and 112a of this Law shall contain:

1) name and surname, date and place of birth, place of permanent or temporary residence and UPIN of the natural person, or the business name, seat, registry number and TIN of the legal entity to which the facts, which are linked or which might be linked with money laundering or terrorism financing, apply;

2) data on the transaction to which the facts which are linked or which may be linked to money laundering or terrorism financing apply (amount, currency, date, or the time of transaction);

3) description of the facts which are linked or which may be linked to money laundering or terrorism financing.

#### *Content of Records Maintained by a Lawyer, i.e. Public Notary*

#### Article 103

Records of data on customers, business relationships and transactions maintained by a lawyer, i.e. public notary pursuant to Article 62 of this Law, shall contain the following:

1) name and surname, date and place of birth, place of permanent or temporary residence and UPIN, type, number, place and date of issue of identity document of the natural person and entrepreneur, or business name, address, address, registration number and TIN of the legal entities and entrepreneurs that lawyer provides services for;

2) name and surname, date and place of birth, place of permanent or temporary residence and UPIN, type, number, place and date of issue of identity document of the representative of a legal entity or the empowered representative of a natural person, who on

behalf of or to the account of the legal entity or natural person, establishes a business relationship or executes a transaction;

3) name, surname, date and place of birth, and permanent or temporary place of residence of the beneficial owner of the customer, for which the lawyer, i.e. the public notary is providing services, as well as the statement of the customer that he/she is acting on his/her own behalf;

4) intention and purpose of the business relationship as well as information on the activities of the customer;

5) date of establishing a business relationship;

6) the date of the transaction;

7) the amount of the transaction and currency in which the transaction was executed;

8) the purpose of the transaction, as well as the name and surname and address or business name and seat of the person to whom the transaction is intended;

9) the method of the transaction;

10) data and information about the origin of property that is the subject or to be subject of the business relationship or transaction;

11) the name, date and place of birth, permanent or temporary place of residence and UPIN of a natural person and entrepreneur, or business name, address and residence, identification number and tax identification number of legal entities and entrepreneurs for which there are grounds for suspicion of money laundering or financing terrorism;

12) information about the transaction in connection with which there are grounds for suspicion of money laundering or terrorism financing (amount and currency in which the transaction is executed, date and time of the transaction);

13) information on the existence of grounds for suspicion of money laundering or terrorism financing.

#### **4. Registers**

##### *Unique Register of Safe Deposit Boxes*

##### Article 103a

*The National Bank of Serbia shall maintain the Unique Register of Safe Deposit Boxes in electronic form.*

The Unique Register of Safe Deposit Boxes shall contain the following data on the safe deposit box user, being a natural person:

1) the date of conclusion and termination of the safe deposit box agreement, as well as for the period for which such agreement was entered into;

2) name and surname of the safe deposit box user;

3) unique personal identification number, i.e. relevant identification mark for the user not having the citizenship of the Republic of Serbia (e.g. passport number or record number determining the competent state authority);

4) permanent, i.e. temporary place of resident of the safe deposit box user;

5) data from items 2)-4) of this paragraph on persons authorized to access the user's safe deposit box.

The Unique Register of Safe Deposit Boxes shall contain the following data on the safe deposit box user, being a legal entity:

1) the date of conclusion and termination of the safe deposit box agreement, as well as for the period for which such agreement was entered into;

2) the business name or the abbreviated business name of the safe deposit box user;

3) address of the seat of the safe deposit box user;

- 4) registration number of the safe deposit box user;
- 5) tax identification number of the safe deposit box user;
- 6) other data prescribed by the National Bank of Serbia.

The banks which place at disposal the safe deposit boxes to their users, shall be bound to regularly supply the National Bank of Serbia with the data from paras. 2 and 3 of this Article and shall be responsible for the accuracy of such data.

The National Bank of Serbia shall be responsible for the concordance of the data from paragraph 4 of this Article with the data in the Unique Register of Safe Deposit Boxes.

The data from the Unique Register of Safe Deposit Boxes shall not be publicly available and shall be subject to the regulations governing the bank secret and the personal data protection.

The National Bank of Serbia shall more closely define the conditions and the manner of maintaining the Unique Register of Safe Deposit Boxes, the manner and the deadline for submission of the data maintained in such register, as well as the manner of gaining insight into such data.

#### *Unique Register of the Money Remittance Users*

##### Article 103b

The National Bank of Serbia shall maintain the Unique Register of the Money Remittance Payment Service Users in electronic form (hereinafter referred to as: the Unique Register of the Money Remittance Users).

The Unique Register of the Money Remittance Users shall contain the following data on the money remittance payment service user (hereinafter referred to as: the money remittance user):

- 1) name and surname of the safe deposit box user;
- 2) unique personal identification number, i.e. relevant identification mark for the money remittance user not having the citizenship of the Republic of Serbia (e.g. passport number or record number determining the competent state authority);
- 3) permanent, i.e. temporary place of resident of the money remittance user.

Banks and other persons, who, in line with the law, provide the money remittance payment service shall be bound to regularly supply the National Bank of Serbia with the data from paragraph 2 of this Article and shall be responsible for the accuracy of such data.

The National Bank of Serbia shall be responsible for the concordance of the data from paragraph 3 of this Article with the data in the Unique Register of Money Remittance Users.

The data from the Unique Register of Money Remittance Users shall not be publicly available and shall be subject to the provisions of the law governing the provision of payment services that refer to the bank secret, as well as the provisions of regulations governing the personal data protection.

The National Bank of Serbia shall more closely define the conditions and the manner of maintaining the Unique Register of Money Remittance Users, the manner and the deadline for submission of the data maintained in such register, as well as the manner of gaining insight into such data.

## X SUPERVISION

### 1. Bodies Competent for Supervision

#### *Bodies Competent for Supervision and their Powers*

##### Article 104

The supervision of the implementation of this Law by the obligor, lawyer and public notaries shall be conducted by the following, within their respective competences:

- 1) Administration;
- 2) National Bank of Serbia;
- 3) Securities Commission;
- 4) The body in charge of supervision in the area of tax counselling;
- 4a) The body in charge of supervision in the area of games of chance;
- 5) Ministry competent for inspection supervision in the trade area;
- 6) Bar Association of Serbia;
- 7) Ministry competent for postal traffic affairs;
- 8) Chamber of Public Notaries.

If the body referred to in paragraph 1 of this Article, when conducting supervision, establishes irregularities or illegal acts in the implementation of this Law, it shall, in accordance with the law governing its supervising powers, act as follows:

- 1) demand that the irregularities and deficiencies be removed in the period which it sets itself;
- 2) lodge a request to the competent body for the initiation of an adequate procedure;
- 3) undertake other measures and actions for which it is authorized in the law.

The body referred to in paragraph 1 of this Article, if under the law grants licenses for the work of the obligor, i.e. the authorizations for the discharge of the obligor's tasks, may temporarily or permanently prohibit the performance of activities of obligors, i.e. revoke the obligor's license or authorization for the discharge of tasks, in particularly justified cases.

The body referred to in paragraph 1 of this Article during supervision, shall implement the approach based on risk assessment. During supervision, the body referred to in paragraph 1 of this Article shall:

- 1) have a clear picture of the risks of money laundering and terrorism financing in the Republic of Serbia;
- 2) have direct and indirect access to all relevant information about specific domestic and international risks related to customer service and that of the obligor;
- 3) adapt to the dynamics of supervision and measures undertaken to supervise the risk of money laundering and terrorism financing in the obligor, as well as the estimated risk in the Republic of Serbia.

The estimated risk of money laundering and terrorism financing in the obligor referred to in paragraph 4 of this Article, including the risk of non-implementation of the actions and measures under this Law and the law governing the limitation of disposal of property for the purpose of prevention of terrorism and expansion of weapons of mass destruction, the body referred to in paragraph 1 of this Article shall review periodically, as well as whenever the obligor reaches a significant change management or organizational structure or mode of operation of the obligors.

## *Administration Competence in Supervision*

### Article 105

The Administration shall conduct direct and indirect supervision over the implementation of this Law by obligors from Article 4, paragraph 1, items 9), 13) and 14) of this Law.

While supervising the Administration staff who is engaged in supervision, shall identify themselves by the official identification card and badge.

Indirect supervision shall be implemented by controlling the documentation which the obligors submit to the Administration on its request immediately, and no later than 15 days from the date of request.

Direct supervision shall be initiated and conducted *ex officio*, and it shall be conducted by examining the business records and other documentation of obligors, which is to be performed by the Administration staff.

For the purpose of performing supervision, the Administration shall prepare checklists published on the official website of the Administration. The content of the checklist is reviewed at least twice a year.

In the process of direct supervision, the law governing inspection supervision, shall be duly applied.

### *Indirect Supervision*

### Article 106

The obligor shall be obliged to furnish the Administration with the data, information and documentation necessary for supervision immediately, and no later than 15 days from the date of request.

In order to carry out the activities referred to in paragraph 1 of this Article, a conclusion may be rendered.

An appeal may not be filed against the conclusion referred to in paragraph 2 of this Article.

### *Direct Supervision*

### Article 107

Direct supervision shall be carried out based on the monitoring plan, which is compiled annually. The monitoring plan shall be marked with a degree of secrecy.

The Administration Director or the person he/she appoints, based on the annual supervision plan, to issue a written order. The supervision commences upon the handover of the order for supervision to the supervised entity, or person who is present.

If the supervised entity, or the person present refuses the serving of the order, it is considered that the supervision commences once the order has been shown and its contents presented to the supervised entity, or the person present.

When the order has not been issued in accordance with the law, the supervision shall commence upon the first action of the employee in the Administration, aimed at this purpose.

Employees in the Administration can inform the obligor of their arrival.

The employees in the Administration shall be obliged to prepare a report on the executed direct supervision within 15 days from completion of an inspection and submit it to the obligor. The minutes shall contain findings and proposed or imposed measures.

The obligor may submit to the Administration objections to the record referred to in paragraph 6 of this Article within 15 days from receipt of the record.

If an employee in the Administration determines that the objections to the record are justified, he/she shall then prepare the amendment to the minutes.

The amendment of the minutes shall be given to the obligor who has the right to, within eight days from receipt of the minutes of the amendments to furnish the Administration with its remarks.

### *Conclusion*

#### Article 108

In case when the obligor obstructs the execution of direct supervision, the Administration employees shall reach the conclusion ordering the obligor to immediately allow for the execution of the supervision, and no later than three days from the receipt of the conclusion thereof.

Preventing direct supervision implies:

- 1) preventing insight into the documentation;
- 2) sending incorrect data either intentionally or by gross negligence;
- 3) failing to provide the Administration employee with the conditions required for direct supervision;
- 4) failure to submit the required data and documentation, within the specified deadline, which the obligor is under the obligation to dispose of.

### *Competence of the National Bank of Serbia in Supervision*

#### Article 109

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 1) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the operations of banks.

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 2) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the foreign currency operations.

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 4) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the voluntary pension funds.

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 5) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the activities of the financial leasing.

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 6) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the insurance activities.

Supervision of the implementation of this Law by the obligors, referred to under Article 4, paragraph 1, item 10), 11) and 16) of this Law shall be carried out by the National Bank of Serbia in accordance with the law governing the provision of payment services.



*Supervision of the application of this Law by the obligors referred to under Article 4, paragraph 1, item 17) of this Law providing services related to virtual currencies shall be conducted by the National Bank of Serbia in accordance with the law governing digital assets.\**

*(Deleted)\**

*(Deleted)\**

### *Special Authorization of Supervisory Bodies*

#### Article 109a

The body in charge of supervision referred to in Article 104 of this Law, if under the law grants licenses for the work of the obligors, i.e. authorizations to obligors for the purpose of verifying the fulfilment of the prescribed conditions for granting the work licenses, i.e. authorizations to obligors or acquiring share with obligors, as well as the conditions for the discharge of the function of a member of the body of the obligor, in line with the regulations - may, at any time, obtain criminal record data, i.e. no criminal record data on the persons whose fulfilment of such conditions is being verified and their associates from the criminal records, maintained in line with the law.

The term of the associate from paragraph 1 of this Article, for certain categories of obligors from paragraph 1 of this Article, shall have the meaning set forth in the law governing the operations of such obligors or the regulation passed on the basis of the law governing the operations of such obligor.

The body in charge of supervision referred to in Article 104 of this Law may use the data from paragraph 1 of this Article solely for the purposes for which they have been obtained and can neither disclose them nor make them available to third parties.

### *Other Bodies Competent for Supervision*

#### Article 110

The Securities Commission shall supervise the implementation of this Law by the obligors referred to under Article 4, paragraph 1, item 1) of this Law, when it comes to custody and transactions by authorized banks, Article 4, paragraph 1, item 3) and 7) of this Law, in accordance with the law governing the capital market, the law governing the takeover of joint stock companies and the law governing the operations of investment funds, *Article 4, paragraph 1, item 9) of this Law, in compliance with the law governing the activity of the auditor and Article 4, paragraph 1, item 17) of this Law which provides services related to digital tokens, in compliance with the law governing digital assets\*.*

The body in charge of supervision in the area of tax counselling shall supervise the implementation of this Law by the obligor referred to in Article 4, paragraph 1, item 15) of this Law, in line with the law governing competence and organization of such bodies.

The body in charge of supervision in the area of games of chance shall supervise the implementation of this Law by the obligor referred to in Article 4, paragraph 1, item 8) of this Law, in line with the law governing competence and organization of such bodies.

The ministry responsible for inspection supervision in the field of trade shall supervise the implementation of this Law by the obligors under Article 4, paragraph 1, item 12) of this Law, in accordance with the law governing the inspection supervision.

The Bar Association of Serbia shall supervise the implementation of this Law by a lawyer.

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The ministry responsible for inspection supervision in the field of trade shall supervise the implementation of the provisions of Article 46 of this Law.

The ministry responsible for postal services shall supervise the implementation of this Law by the obligors from Article 4, paragraph 1, item 16a) of this Law.

The Chamber of Public Notaries shall supervise the implementation of this Law by public notaries.

(Deleted)

## **2. Informing the Administration Concerning Supervision**

### *Information on the Supervision Measures Undertaken*

#### Article 111

The bodies referred to in Article 104 of this Law shall promptly inform the Administration in writing of all the measures undertaken in the implemented supervision, any irregularities or illegalities found as well as any other relevant facts in relation to the supervision, immediately, in written form, and shall send a copy of the document that they enact.

The report referred to in paragraph 1 of this Article shall contain the data referred to in Article 102, paragraph 2 of this Law.

The body that has found irregularities and illegalities shall inform other bodies referred to in Article 104, if that is relevant for their work.

The bodies in charge of supervision shall be bound to supply one another, upon request with all of the data and information required for supervision of implementation of this Law.

### *Informing the Administration of the Facts Linked to Money Laundering and Terrorism Financing*

#### Article 112

The bodies responsible for supervision shall be obliged to inform in writing the Administration, should they determined during the performance of activities within its scope or discover facts that are or could be related to money laundering or terrorism financing.

(Deleted)

(Deleted)

### *International Cooperation of Bodies in Charge of Supervision*

#### Article 112a

The body in charge of supervision from Article 104 of this Law, may, at its own initiative or on the basis of written and justified request by the body of a foreign stat, in charge of supervision, exchange data, information and documentation relating to:

- 1) the regulations in the area in which the obligor operates, over which such body is exercising supervision, as well as other relevant regulations, for supervision;
- 2) the sector in which the obligor is operating, over which such body is exercising supervision;
- 3) the exercise of supervision over the obligor;

4) the transactions or persons for which basis of doubt exist as to money laundering and terrorism financing or other criminal act on the basis of which income was acquired, which may be used for money laundering and terrorism financing.

The bodies referred to in paragraph 1 of this Article may define the manner of submission of data, information and documentation, by virtue of mutual entry into an agreement.

The bodies in charge of exercising supervision referred to in paragraph 1 of this Article, may, in line with the principle of reciprocity and safekeeping of confidential information, mutually require assistance, to be able to, within the scope of their authorizations to implement supervision over the obligor who is part of the group, and who is operating in the country from which assistance is sought.

The bodies from paragraph 1 of this Article shall use the data, information and documentation solely:

1) for the performance of its duties in line with this Law;

2) in case of complaint or other legal remedies lodged against the decision of the body in charge of supervision, including court proceedings.

The body in charge of supervision from paragraph 1 of this Article, determining irregularities and illegalities from Article 111, paragraph 1 of this Law, shall inform thereof other bodies as well, referred to in Article 104 of this Law, if such irregularities, i.e. illegalities are significant for their work.

The body responsible for supervision from paragraph 1 of this Article, can neither disclose or exchange with third parties, the data, information and documentation obtained in the course of cooperation referred to in this Article, without the explicit consent of the body in charge of supervision, which supplied it with such information, data or documentation, nor can it use it for any other purpose except for the one which such body gave its consent to - except in justified circumstances in line with the law, whereas it shall immediately inform this body.

The obligation of keeping a professional secret, i.e. data confidentiality in line with the provisions of special regulations governing authorizations and functions of the body responsible for supervision from paragraph 1 of this Article, shall be applied to all persons working or who have working in such a body.

### *Reporting on Violations of the Provisions of this Law*

#### Article 113

The body referred to in Article 104 of this Law shall be obliged to establish a mechanism that encourages the reporting to such authority of violations of the provisions of this Law by the obligor, or the employees of the obligor.

The mechanism referred to in paragraph 1 of this Article shall include at least the following:

1) the procedure for receiving reports of violations of the provisions of this Law and undertaking action in relation to these applications;

2) adequate protection of the obligor's employee who reports violation of the provisions of this Law;

3) adequate protection of the employee who has been reported for violation of the provisions of this Law;

4) the protection of personal data of the employee who reports a violation of the provisions of this Law and the employee who has been reported for violation of the provisions of this Law;

5) rules that ensure confidentiality in relation to the employee who reports a violation of the provisions of this Law, unless it is necessary for the investigation or the court proceedings.

By means of this by-law, the obligor shall be obliged to prescribe the procedure for internal reporting of violation of the provisions of this Law through special and anonymous communication channel, in accordance with the size of the obligor and nature of its operations.

### 3. Issuing Recommendations and Guidelines

#### Article 114

The body referred to in Article 104 of this Law may, independently or in cooperation with other bodies, issue recommendations, and/or guidelines for the implementation of the provisions of this Law.

## XI. PENAL PROVISIONS

#### Article 115

The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 1) of this Law in accordance with the law governing the operations of banks.

The National Bank of Serbia shall impose measures upon the obligor from Article 4, paragraph 1, item 2) of this Law, in line with the law governing foreign currency operations.

The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 4) of this Law in accordance with the law governing the operations of voluntary pensions funds.

The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 5) of this Law in accordance with the law governing the activities of financial leasing.

The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 6) of this Law in accordance with the law governing the insurance activities.

The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 10), 11) and 16) of this Law in accordance with the law governing the provision of payment services.

*The National Bank of Serbia shall impose measures and penalties on the obligor referred to in Article 4, paragraph 1, item 17) of this Law providing services related to virtual currencies in accordance with the law governing digital assets.\**

*In addition to the measures and penalties that the National Bank of Serbia may impose against the obligors referred to in paras. 1 - 7 of this Article for the breaches of this Law and the by-laws passed on the basis of this Law, as well as against the members of their bodies, the National Bank of Serbia may also impose the measure and/or a fine against the authorized person and/or their deputy with the obligor referred to in paragraph 1 and paras. 3 - 7 of this*

\* Published in the *Službeni glasnik RS*, No. 153/20 of 21 December 2020.

*Article for the breaches of the law referred to in Art. 117 - 120 of this Law, as well as for other actions which are contrary to the provisions of this Law or the by-laws passed on the basis of this Law – by means of mutatis mutandis application of the provisions of the special law regulating business operations of these obligors which are related to taking measures and imposing of fines against the members of the bodies of these obligors.\**

#### *Article 115a\**

*Securities Commission shall impose measures and penalties on the obligors referred to in Article 4, paragraph 1, item 17) of this Law providing digital token related services in accordance with the law governing digital assets.\**

#### Article 116

Penalties prescribed in Articles 117-120 of this Law shall be imposed on the violation of the provisions of this Law by the obligor under Article 4, paragraph 1, item 1) of this Law relating to custody and transactions by authorized banks, *Article 4, paragraph 1, items 2), 3), 7)-9), 12)-15) and 16a) of this Law\** and Article 4, paragraphs 2 and 3 of this Law.

### **Economic Offences**

#### Article 117

A legal entity shall be punished for an economic offence with a fine amounting from RSD 1,000,000 to RSD 3,000,000, if it:

- 1) fails to identify the beneficial owner of a customer (Article 25, paragraph 1);
- 2) fails to inform the Administration of cases where there are reasons for suspicion of money laundering or terrorism financing with respect to a transaction or customer, or when a customer requests advice in relation to money laundering or terrorism financing, or fails to inform it within the required deadlines and in the required manner (Article 47, paragraphs 2-6);
- 3) fails to appoint the compliance officer or the deputy in order to perform the tasks laid down in this Law (Article 52, paras. 1 and 2);
- 4) fails to send to the Administration, at its request, the requested data, information and documentation, and/or fails to send it by the set deadlines and in the prescribed manner (Article 73);
- 5) fails to suspend the transaction temporarily based on an order of the Administration or fails to obey the orders of the Administration, during the period of the suspension of the transaction, relating to such transaction or person carrying out such transaction (Article 75);
- 6) fails to act in accordance with the order by the Administration to monitor the financial transactions of the customer, fails to inform the Administration on all transactions and tasks carried out by the customer and/or fails to inform it within the set time (Article 76);
- 7) the obligor, i.e. its employees, including the members of the management, supervisory or other managerial body, violate the prohibition of disclosure (Article 90);
- 8) does not keep the data and documentation obtained in accordance with this Law at least 10 years from the date of termination of a business relationship, execution of transaction or the latest access to a safe-deposit box or entrance into a casino (Article 95);

A fine amounting from RSD 50,000 to 200,000 shall be imposed for an economic offence and the responsible person of the legal entity.

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## Article 118

A legal entity shall be punished for an economic offence with a fine amounting from RSD 100,000 to RSD 2,000,000, if it:

- 1) fails to develop a money laundering and terrorism financing risk analysis (Article 6);
- 2) establishes a business relationship with the customer without having previously undertaken the required actions and measures, or where a business relationship has been established, it fails to terminate it (Article 7 and 9)
- 3) carries out a transaction without having undertaken the required measures (Article 7 and 10);
- 4) fails to collect data on the payor and the payment recipient and include them in the form or the message accompanying the transfer of funds throughout the entire payment chain (Article 11, paragraph 1):
- 5) fails to verify the accuracy of the collected data, in the manner prescribed in Article 17-23 of this Law, prior to the transfer of funds (Article 11, paragraph 7);
- 6) fails to check whether the information on the payer and the recipient of payments have been included in the form or a message accompanying the transfer of funds (Article 12, paragraph 1);
- 7) fails to set up procedures for checking the completeness of data referred to in Article 11 of this Law (Article 12, paragraph 2);
- 8) does not verify the accuracy of the collected data on the payment recipient (Article 12, paras. 3 and 4);
- 9) fails to set up procedures for handling in case the transfer of funds does not contain the full information referred to in Article 11 hereof (Article 13, paragraph 1);
- 10) if failing to inform the National Bank of Serbia of the payment services provider who frequently fails to submit accurate and complete data in line with Article 11 of this Law, as well as of the measures it has undertaken towards this person; failing to consider whether the lack of accurate and complete data from Article 11 of this Law, together with the other circumstances, poses basis for suspicion as to money laundering and terrorism financing, and fails to inform the Administration thereof; failing to make an official note, which it shall keep in line with the law (Article 13, paragraph 4);
- 11) fails to ensure that all information on the payer and the recipient of the payment is kept in a form or message that accompanies the transfer of funds (Article 14, paragraph 1);
- 12) fails to prepare, using an approach based on risk assessment procedures for handling in case that the electronic message is transmitted funds does not contain the data referred to in Article 11 of this Law (Article 14, paragraph 2);
- 13) fails to reject the transfer of funds, not temporarily suspend the transfer of funds and does not require from the payor's payment service provider the data referred to in Article 11 of this Law, which are missing in the electronic message which is transmitting the funds, executes further transfer of the monetary funds and concurrently or subsequently fails to request from the other intermediary in such transfer, i.e. from the payor's payment service provider the missing data (Article 14, paragraph 3);
- 13a) *does not acquire data on all the persons participating in a transaction involving digital assets, and if in carrying out a transaction involving digital assets in which another digital assets service provider participates as well they fail to ensure that such data is delivered to such other service provider in compliance with Article 15a of this Law (Article 15a, paragraph 1);\**

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13b) does not check the accuracy of collected data on the initiator of the transaction involving digital assets by checking the identity of such person in the manner prescribed in Art. 17 - 23 of this Law (Article 15a, paras. 6 and 7);\*

13c) does not draw up the procedures for verification of completeness of data referred to in Article 15a of this Law (Article 15a, paragraph 9);\*

13d) does not check whether data referred to in Article 15a of this Law has been delivered to him (Article 15b, paragraph 1);\*

13e) does not draw up procedures to verify completeness of data referred to in Article 15a of this Law (Article 15b, paragraph 2);\*

13f) does not check accuracy of data collected on the transaction beneficiary by means of an identity check of such beneficiary in the manner prescribed in Art. 17 - 23 of this Law (Article 15b, paras. 3 and 4);\*

13g) does not draw up procedures for action in case that accurate and complete data referred to in Article 15a of this Law has not been delivered to him (Article 15c, paragraph 1);\*

13h) does not notify the supervisory authority of the digital assets service provider which frequently fails to provide accurate and complete data in compliance with Article 15a of this Law as well as of the measures that he has taken vis-à-vis that person in compliance with Article 15c of this Law, does not consider whether the lack of accurate and complete data referred to in Article 15a of this Law, taken with other circumstances, provides grounds to suspect money laundering or terrorism financing and/or fails to notify the Administration thereof if he determines that there are grounds to suspect money laundering or terrorism financing, and/or fails to make a records thereof (Article 15c, paragraph 5);\*

14) does not establish and verify the identity of the customer who is a natural person, legal representative of that customer, empowered representative of a customer who is a natural person and does not obtain the required data or does not obtain them in the prescribed manner (Article 17);

15) identify and verify the identity of customers on the basis of a qualified electronic certificate contrary to the provisions of Article 18 of this Law (Article 18, paragraph 1);

16) does not identify and verify the identity of the customer who is an entrepreneur (Article 19, paragraph 1);

17) does not identify and verify the identity of the customer which is a legal entity (Article 20, paragraph 1);

18) does not identify and verify the identity of the representative of the legal entity and person under foreign law (Article 21, paragraph 1);

19) fails to identify and verify the identity of the procura holder of empowered representative of a legal entity, person under foreign law and entrepreneurs (Article 22);

20) fails to identify and verify the identity of persons under civil law, the authorized representative of that other person or does not obtain all of the necessary information (Article 23);

21) fails to identify and verify the identity of the customer in accordance with Article 24 of this Law (Article 24);

22) fails to obtain information on the beneficial owner in line with Article 3, paragraph 1, items 11) and 12) of this Law and to obtain data on the beneficial owner in the prescribed manner (Article 25);

23) fails to verify the identity of the beneficial owner of the customer (Article 25, paragraph 6);

24) fails to identify insurance beneficiaries (Article 26);

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25) fails to determine whether the insurance beneficiary and the beneficial owner of the insurance is an official (Article 26, paragraph 4);

26) fails to inform a member of the top management before the payment of the sum insured and does not carry out the enhanced customer due diligence actions and measures (Article 26, paragraph 6);

27) fails to collect data and information about the origin of property (Article 28);

28) fails to entrust certain actions and measures of customer due diligence to a third party from a country which the competent international institutions have marked as a country who is failing to apply or failing to apply in an adequate manner, the international standards in the area of prevention of money laundering and terrorism financing (Article 31, paragraph 2);

29) establishes a business relationship with a customer contrary to the provisions of Article 33 of this Law (Article 33);

30) fails to enhance the customer due diligence actions and measures referred to in Articles 35-41 of this Law when in keeping with the provisions of Article 6 of this Law, he/she finds that because of the nature of business relationship, form and way of conducting the transaction, customer's business profile and other circumstances associated with the customer, there is or there could be a high risk of money laundering or terrorism financing (Article 35, paragraph 2);

31) when establishing a loro correspondent relationship with the bank or other similar institution, which has its seat in a foreign country, which is not on the list of countries applying international standards in the area of preventing money laundering and terrorism financing, which are at the level of standard of the European Union or higher, fails to obtain the prescribed data, information and documentation, i.e. fails to obtain them in the prescribed manner (Article 36, paras. 1 and 3);

32) fails to lay down and document in the loro correspondent contract the duties of each contracting party in connection with prevention and detection of money laundering and terrorism financing and to keep that contract in accordance with law (Article 36, paragraph 5);

33) establishes a loro correspondent relationship with a foreign bank or some other similar institution, on the basis of which that foreign institution can use the account with the obligor for direct business with its customers (Article 36, paragraph 6);

34) fails to set up a procedure to establish whether a customer or beneficial owner of a customer is a foreign official (Article 38, paragraph 1);

35) fails to execute measures and actions prescribed by Article 38, paras. 2 and 3 if the customer or beneficial owner of the customer is an official (Article 38, paras. 2 and 3);

36) establish a business relationship without the physical presence of the customers, and without having committed the prescribed additional measures (Article 39);

37) establishes the procedure for determining whether the customer or legal entity that appears in the ownership structure of the customer is an off-shore legal entity (Article 40, paragraph 1);

38) fails to undertake additional measures if the customer or the beneficial owner of the customer is from an off-shore country (Article 40);

39) fails to apply additional measures when establishing a business relationship or executes transactions with a customer from a country which the competent international institutions have marked as a country who is failing to apply or failing to apply in an adequate manner, the international standards in the area of prevention of money laundering and terrorism financing (Article 41, paragraph 1);

40) applies simplified due diligence measures contrary to the conditions set out in Article 42 of this Law (Article 42);

41) opens, issues or maintains an anonymous account, coded or bearer savings book,



anonymous safe deposit boxes, or provides other services that directly or indirectly allow for concealing the customer identity (Article 44);

42) establishes or continues correspondent relations with a bank operating or which may operate as a shell bank or with any other similar institution that can reasonably be assumed that it may allow a shell bank to use its accounts (Article 45);

43) accepts cash for the payment of goods and immovable property or services amounting to the RSD equivalent of EUR 10,000, regardless of whether the payment is carried out in a single or in more than one linked cash transactions (Article 46);

44) fails to inform the Administration of each and every cash transaction amounting to the RSD equivalent of EUR 15,000 or more (Article 47, paragraph 1);

45) does not ensure that the measures for the prevention and detection of money laundering or terrorism financing laid down in this Law, are implemented to the equal extent in its business units and majority-owned subsidiaries of a legal entity (Article 48);

46) fails to appoint the compliance officer or the deputy in order to perform the tasks laid down in this Law (Article 49);

47) fails to arrange for the tasks of the compliance officer and deputy compliance officer referred to in Article 49 of this Law to be carried out by persons who are up to the requirements referred to in Article 50 of this Law (Article 50);

48) fails to prepare a list of indicators for the recognition of persons and transactions for which there are grounds for suspicion of money laundering and terrorism financing (Article 69, paragraph 1);

49) fails to apply a list of indicators for the identification of persons and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing (Article 69, paragraph 3);

50) fails to include in the list of indicators the indicators the inclusion of which is obligatory according to law and the by-laws enacted on the basis of this Law (Article 69, paragraph 1);

51) if it uses the data, information and documentation, obtained in line with this Law, for purposes other than those set forth by the law (Article 94);

52) does not maintain records of data in line with this Law (Article 98, paragraph 1);

53) if the records it maintains under this Law do not contain all the required data (Article 99, paragraphs 1).

A responsible person in legal entity shall be punished for any action referred to in paragraph 1 of this Article with a fine amounting from RSD 10,000 to RSD 150,000.

#### Article 119

A legal entity shall be punished for an economic offence with a fine amounting from RSD 50,000 to RSD 1,000,000, if it:

1) fails to develop a money laundering and terrorism financing risk analysis in line with the guidelines set out by the competent body referred to in Article 104 of this Law that is competent for the supervision of the implementation of this Law in that legal entity, and/or if such analysis does not contain a risk assessment for each group or type of customer, business relationship, service rendered within its business or transaction (Article 6, paragraphs 1 and 2);

2) fails to take an official note or does not keep it in accordance with law in the cases in which he/she cannot carry out the actions and measures referred to in Article 7, paragraph 1, items 1) - 4) of this Law (Article 7, paragraph 3);

3) fails to obtain all of the prescribed data or fails to obtain them in the prescribed manner when identifying the customer who is a legal entity (Article 20, paras. 2-6);

- 4) fails to obtain a written statement from the customer, if in doubt of the authenticity of the collected data and credibility of the presented documentation (Article 20, paragraph 7);
- 5) fails to obtain all data in the prescribed manner when identifying the customer's representative who is a legal entity (Article 21);
- 6) fails to obtain all data on the person authorized for representation of a person under civil law, in the prescribed manner (Article 23);
- 7) does not obtain the required data or fails to obtain them in the prescribed manner when identifying the customer or its legal representative of empowered representative, at the moment of entry of such person into a casino or accessing a safe-deposit box, as well as the written statement by the customer in a gaming facility by virtue of which the customer, under substantive and criminal liability states that he/she takes part in the games of chance on his/her own behalf and to his/her own account (Article 24);
- 8) does not monitor customer business transactions with due care to the extent and as frequently as required by the level of risk established in Article 6 of this Law (Article 29);
- 9) rely on a third party to perform customer due diligence measures without having checked whether such third person meets the requirements laid down in this Law or if such third person established and verified the identity of a customer without its presence (Article 30, paragraphs 3 and 4);
- 10) to rely on a third party for the performance of customer due diligence measures, when the customer is an offshore legal entity or an anonymous company or the customer of offshore legal entity or a shell-bank (Article 31, paras. 1 and 3);
- 11) fails to take additional measures and actions to eliminate the reasons for suspicion of the authenticity of the documentation submitted by a third party and fails to make an official note on the measures and actions undertaken (Article 32, paras. 3-5).
- 12) if it fails to consider that in the future it shall entrust the execution of actions and measures of customer due diligence and do not make an official report on the measures undertaken (Article 32, paragraph 6);
- 13) establishes or continues correspondent relations with a bank or other similar institution the seat of which is in a foreign country contrary to provisions of Article 36, paras. 2 and 4 of this Law (Article 36, paras. 2 and 4);
- 14) fails to assess the risk of money laundering or terrorism financing in accordance with Article 37, paras. 1 and 2 and to take additional measures to mitigate the assessed risks and manage these risks (Article 37);
- 15) fails to inform the Administration of the personal name and position of the compliance officer and his/her deputy, personal name and position of the member of the top management in charge for application of this Law, as well as any changes in such data by the set deadlines (Article 52, paragraph 3);
- 16) fails to provide for a regular professional education, training and professional development of the employees carrying out tasks of prevention and detection of money laundering and terrorism financing (Article 53, paras. 1 and 2);
- 17) fails to develop the annual programme for professional education, training and improvement of the employees and/or fails to develop it by the set deadlines (Article 53, paragraph 3);
- 18) fails to provide for regular internal checking on the performance of the duties to do with prevention and detection of money laundering and terrorism financing (Article 54);
- 19) fails to establish a procedure for checking whether an applicant for a work place to which the provisions of this Law and the regulations enacted on the basis of it apply, has been convicted for criminal acts conducive to the acquisition of illicit proprietary benefits or criminal acts associated with terrorism, or is not applying such procedure (Article 55);

20) fails to undertake the necessary measures to protect the compliance officer and the employees who carry out the provisions of this Law against acts violence aimed at their physical and mental integrity (Article 93).

A responsible person in a legal entity shall be punished for any action referred to in paragraph 1 of this Article with a fine amounting from RSD 10,000 to RSD 100,000.

## **Minor Offences**

### **Article 120**

An entrepreneur shall be punished for a minor offence with a fine amounting from RSD 50,000 to RSD 500,000 if he/she commits any of the acts referred to in Article 117 of this Law.

An entrepreneur shall be punished for minor offence with a fine amounting from RSD 30,000 to RSD 300,000 if he/she commits any of the acts referred to in Article 118 of this Law.

An entrepreneur shall be punished for minor offence with a fine amounting from RSD 20,000 to RSD 200,000 if he/she commits any of the acts referred to in Article 119 of this Law.

Any natural person who commits any of the acts referred to in Articles 117 and 118 of this Law shall be fined RSD 5,000 to 150,000 for minor offence.

Any natural person not declaring to the competent customs body a cross-border transportation of physically transferable payment instruments amounting to EUR 10,000 or more in RSD or foreign currency shall be punished for minor offence with a fine amounting from RSD 5,000 to RSD 50,000 (Article 86, paragraph 1).

If the declaration referred to in Article 86 of this Law does not contain all the required data, the natural person shall be punished for minor offence with a fine amounting from RSD 5,000 to RSD 50,000 (Article 86, paragraph 2).

## **Offences for which the Lawyer, i.e. Public Notary shall be held Liable**

### **Article 121**

A lawyer, i.e. public notary shall be punished for an offence with a fine amounting from RSD 10,000 to RSD 150,000 if it:

1) fails to prepare and apply the list of indicators for the recognition of persons and transactions for which basis for suspicion exists as to money laundering and terrorism financing (Article 61);

2) fails to keep a record of data in line with this Law (Article 62);

3) fails to prepare a risk analysis against money laundering and terrorism financing, fails to determine the procedure according to which it is determined whether a party or the beneficial owner is an official, whether a customer or a legal entity, that appear in the ownership structure of the off shore legal entity customer, apply the reinforced actions and measures when establishing a business relation with the customer from the country having strategic gaps in the system for the fight against money laundering and terrorism financing, as well as to assess the risk of new technological achievements and new services (Article 57a);

4) fails to inform the Administration of the casa when in relation to a transaction or a customer there is basis of suspicion as to money laundering and terrorism financing, or when a customer seeks advice in relation to money laundering and terrorism financing, i.e. fails to inform thereof, within the prescribed deadlines and in the prescribed manner (Article 58);

5) fails to supply the Administration, at its request, with the requested data, information and documentation, i.e. fails to provide them in the prescribed deadlines and in the prescribed manner (Article 59);

- 6) violates the prohibition of disclosure (Article 60a);
- 7) fails to use the data, information and documentation, obtained on the basis of this Law, solely for the purposes set forth by the law (Article 57, paragraph 8);
- 8) fails to conduct the regular internal control and fails to organize an independent internal audit in line with Article 54, paragraph 2 of this Law.

**(Deleted)**

Article 122

**(Deleted)**

### **Notification of Decision Imposing a Fine or Other Measure**

Article 123

The body referred to in Article 104 of this Law shall on its official website publish a notice of the final decision imposing a fine or other measure to the obligor for violation of the provisions of this Law, immediately after the person who has been imposed a fine or other measure, has been notified of the decision.

The notice referred to in paragraph 1 of this Article shall contain information on the type and nature of the violations of the provisions of this Law, as well as the identity of the person to whom the fine or other measures, have been imposed.

If the body referred to in paragraph 1 of this Article estimates that the rate of disclosing the identity of the person against whom the fine or other measures have been imposed or his/her personal data, is disproportionate to the gravity of the violations of the provisions of this Law, or if publication would endanger the stability of the financial market of the Republic of Serbia or of the investigation which is in due course, the supervisory authority shall:

1) postpone the publication of the notice referred to in paragraph 1 of this Article, by the time the reasons set out in this paragraph have ceased to exist;

2) publish the notice referred to in paragraph 1 of this Article without giving personal information about the person to whom the fine or other measures have been imposed, in which case the disclosure of personal information may be deferred for a reasonable period of time, provided that it is anticipated that in that period the reasons for not including personal data, cease to exist;

3) not publish a notice referred to in paragraph 1 of this Article, if it estimates that the conduct referred to in items 1) and 2) of this paragraph is not enough to ensure the stability of financial markets, as well as when the assessment that the publication of this notice is disproportionate to the severity of the fine or other measures that have been imposed.

The notification referred to in paragraph 1 of this Article must be available on the official website, for a period of five years, from the moment of notification. The period in which personal data shall be available on the official website shall be one year from the date of publication.

## XII. TRANSITIONAL AND FINAL PROVISIONS

### Article 124

The obligor shall apply the actions and measures referred to in Article 5 and 6 of this Law with respect to customers with which it established business relationship before the entering into force of this Law, within one year from the date of entry into force of this Law.

The obligor shall adopt the internal acts referred to in Article 5, paragraph 3, Article 6, paragraph 6, Article 11, paragraph 7, Article 12, paragraph 2, Article 13, paragraph 1, Article 14, paragraph 2, Article 35, paragraph 2, Article 38, paragraph 1, Article 48, paragraph 7 and Article 113, paragraph 3 of this Law, within three months from the date of entry into force of this Law.

### Article 125

The Minister shall adopt regulations referred to in Article 6, paragraph 7, Article 41, paragraph 5, Article 47, paras. 6 and 7, Article 56, Article 71, paragraph 10, Article 73, paras. 6 and 7 and Article 86, paragraph 3, within four months from the date of entry into force of this Law.

The regulations adopted based on the Law on Prevention of Money Laundering and Terrorism Financing (Službeni glasnik RS, Nos. 20/09, 72/09, 91/10 and 139/14) shall be applied until the adoption of the regulations based on this Law, unless contrary to this Law.

### Article 126

On the date of commencement of application of this Law, the Law on Prevention of Money Laundering and Terrorism Financing (Službeni glasnik RS, Nos. 20/09, 72/09, 91/10 and 139/14) shall cease to be valid.

### Article 127

The Administration for the Prevention of Money Laundering as established in the Law on the Prevention of Money Laundering (Službeni glasnik RS, No. 107/05) shall continue operating in accordance with the powers laid down in this Law.

### Article 128

This Law shall enter into force on the eighth day upon its publication in the Službeni glasnik Republike Srbije, and shall be applied as of 1 April 2018.

\* \* \*

**ARTICLES NOT INCLUDED IN THE FINAL TEXT**  
**LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON THE PREVENTION OF**  
**MONEY LAUNDERING AND FINANCING OF TERRORISM**  
(Službeni glasnik RS, No. 91/19)

Article 70

The obligor shall be bound to have its internal acts harmonized with this Law by 1 May 2020 at the latest.

Article 71

The minister of finance shall pass by-laws referred to in Article 30 and 34 of this Law, within four months from the date of entry into force of this Law.

Article 72

The license issued to the authorized person and the deputy of the authorized person, and under the Law on Prevention of Money Laundering and Financing of Terrorism (Službeni glasnik RS, Nos. 20/09, 72/09, 91/10 and 139/14) shall be valid until the expiry of the deadline for which it has been issued.

The provisions from Article 34 of this Law, shall be applied as of 1 January 2021, and the provisions of Article 56 of this Law, shall be applied as of 1 June 2020.

Article 73

This Law shall enter into force on the eighth day upon its publication in the Službeni glasnik Republike Srbije.

\* \* \*

**ARTICLES NOT INCLUDED IN THE FINAL TEXT**  
**LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON THE PREVENTION OF**  
**MONEY LAUNDERING AND FINANCING OF TERRORISM**  
(Službeni glasnik RS, No. 153/20)

Article 19

*Regulations passed based on the Law on the Prevention of Money Laundering and Financing of Terrorism (Službeni glasnik RS, Nos. 113/17 and 91/19) shall be brought in line with the provisions of this Law within three months from the date of entry into force of this Law.*

Article 20

*This Law shall enter into force on the eighth day from the date of its publication in the Službeni glasnik Republike Srbije, and it shall be applied upon expiry of six months from the date of entry into force of this Law.*

*The provisions of Art. 6, 7 and 8 of this Law shall be applied as of the date of entry into force of this Law.*