

PUBLIC DEBT LAW

I. GENERAL PROVISIONS

1. Subject of the Law

Article 1

This Law regulates conditions, manner and procedure under which the Republic of Serbia (hereinafter referred to as: the Republic) may borrow; manner and procedure under which units of territorial autonomy and local self-government (hereinafter referred to as: local government), Republic Health Fund, Republic Pension and Disability Insurance Fund and Labor Market Agency (hereinafter referred to as: organization for compulsory social insurance), public companies and other domestic legal entities founded by the Republic (hereinafter referred to as: legal entities) may borrow, issuing guaranties of the Republic and manner and procedure for managing public debt and keeping public debt record.

+ **See:**

Art. 1 of the Law - 68/2015-14.

2. Definitions of Terms

Article 2

Certain terms used in this Law have the following meaning:

1. **Debt** is a monetary obligation or liability for borrowed money;
2. **Public Debt of the Republic** is:
 - (1) Debt of the Republic, based on agreements concluded by the Republic;
 - (2) Debt of the Republic based on issuing securities (hereinafter referred to as: government securities);
 - (3) Debt of the Republic based on contracts/agreements according to which obligations of the Republic, pursuant to previously concluded agreements, have been rescheduled;
 - (4) Debt of the Republic, based on the guaranty issued by the Republic (hereinafter referred to as: guaranty);
 - (5) Debt of local government and legal entities indicated in Article 1 hereof for which the Republic has issued guarantees.
3. **Borrowing** is taking loans and issuing government securities for covering budget deficit, liquidity deficit and public debt refinancing and investment project financing; as well as issuing guaranties and counter-guaranties;

4. **Guaranty** is a contingent liability of the Republic to pay due but unpaid financial liability in the event when local government or legal entity has failed to make payment when due;
5. ~~–Erased–~~
6. **Government securities** are short-term and long-term securities issued by the Republic;
7. **Financial institutions**, in the sense of this law, are banks, insurance companies, broker-dealer associations, pension funds and investment funds;
8. **Primary market** is a market on which government securities are initially sold directly or through intermediaries;
9. **Foreign currency** is a currency of a foreign country;
10. **Privileged information** is information which is not publicly available but it is significant for determining price of government securities and the use of which may result in a financial benefit.

+ See:

Art. 2 of the Law - 68/2015-14.

II. BORROWING OF THE REPUBLIC

Borrowing in Country and Abroad

Article 3

The Republic may borrow in the country or abroad, i.e. on domestic or foreign market.

Borrowing in Domestic and Foreign Currency

Article 4

The Republic may borrow in domestic and foreign currency, in accordance with this law.

Borrowing by issuing short-term securities in the country can be done only in domestic currency.

Authority to Borrow

Article 5

The Republic may borrow to finance budget deficit and liquidity deficit, to refinance the outstanding debt, to finance investment projects, to procure financial assets and to make payments on guaranties.

National Assembly of the Republic of Serbia decides on borrowing of the Republic by taking long-term loans, borrowing for investment projects financing, issuing guaranties, and on direct taking over of the liabilities based on issued guaranties.

Government of the Republic of Serbia (hereinafter referred to as: the Government) decides on issuing long-term government securities, unless it is otherwise regulated by Law.

The minister responsible for finance (hereinafter referred to as: the Minister of Finance) decides on taking short-term loans for budget deficit financing, liquidity financing and public debt refinancing, as well as on issuing short-term government securities.

The Minister of Finance is solely authorized, on behalf of the Government and in the name of the Republic, to contract borrowing, conclude loan agreements and/or issue government securities.

Exceptionally from the provisions indicated in paragraph 5 hereof, the Minister of Finance may authorize by decision another appointed person from the ministry responsible for finance (hereinafter referred to as: the Ministry) to conclude loan agreements or issue government securities.

Long-term loans and/or long-term government securities, in the sense of this Law, are loans and/or government securities the redemption of which is extended over the following budget years.

Taking loans and/or issuing government securities indicated in paragraphs 3 and 4 hereof, shall be done within the limit determined by the law regulating the budget of the Republic.

Acts on issuing government securities indicated in paragraphs 3 and 4 hereof shall be published in "Official Gazette of the Republic of Serbia".

+ See:

Art. 1 of the Law - 78/2011-248.

Art. 3 of the Law - 68/2015-14.

Liquidity Borrowing

+ See:

Art. 4 of the Law - 68/2015-14.

Article 6

Liquidity borrowing means taking loans and/or issuing government securities for the purpose of financing imbalances of revenues and expenses of the budget during a budget year.

The total amount of debt based on borrowing indicated in paragraph 1 hereof, must be repaid by December 31 of the current budget year.

During a fiscal year, liquidity borrowing must not exceed 5% of the total realized revenues in the previous budget year.

Borrowing related to Budget Deficit Financing and Refinancing of Due Liabilities based on Public Debt

+ See:

Art. 5 of the Law - 68/2015-14.

Article 7

Borrowing related to budget deficit financing means taking loans and/or issuing government securities. For this borrowing, the amount of debt is carried forward to the following budget years.

The Republic may borrow in order to refinance obligations based on public debt by taking out a loan, that is by issuing government securities, on the condition that the funds related to the mentioned borrowing are used for the payment of unsettled debt amount or the payment based on issued guaranties.

The amount of borrowing for budget deficit financing and refinancing due obligations based on public debt must not exceed the limit determined in the annual law regulating the Republic budget.

+ See:

Art. 5 of the Law - 68/2015-14.

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+ See:

Art. 6 of the Law - 68/2015-14.

Article 8

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+ See:

Art. 6 of the Law - 68/2015-14.

Borrowing for Investment Projects Financing

Article 9

Borrowing for investment projects financing means taking loans and/or issuing government securities for the purpose of financing development projects which would enable improvement, efficiency and effectiveness of the industry and provide for social development of the Republic, provided that the financing lasts longer than a year.

The Government regulates the manner of monitoring the realization of investment projects being financed out of the loans or government securities by the means of a special act.

+ **See:**

Art. 7 of the Law - 68/2015-14.

Borrowing Procedure

Article 10

The Government, at the proposal of the Ministry, determines the proposal of platform for negotiations about borrowing of the Republic by taking loans and decides on members of the delegation for negotiations.

Any negotiations in connection with the borrowing of the Republic shall at all times include a representative of the Ministry.

The Ministry shall submit to the Government report on negotiations, indicated in paragraph 1 hereof, together with draft loan agreement.

III. PUBLIC DEBT MANAGEMENT

Definition and Public Debt Management Strategy

Article 11

The goal of public debt management is to decrease borrowing expenses for the Republic in accordance with a prudent risk level.

Public debt management shall include:

- i) Contractual arrangements for risk management, including reducing or eliminating risk of changes in exchange rate, interest rates and other risks;

- ii) Making decisions on the purchase and sale of foreign exchange;
- iii) Monitoring daily balance of the consolidated treasury account system
- iv) Management of inflows related to public debt, investing and executing other transactions with liquidity surpluses, that is financial assets' funds pertaining to the Republic of Serbia under management.

With the aim of active public debt management, the Government shall designate the Committee for Public Debt Management and Financial Assets' Funds of the Republic of Serbia under management, whose activities are governed by the Minister.

The Minister shall adopt the Regulatory Act on Tasks, Functioning and Organization of the Committee for Public Debt Management and Financial Assets' Funds of the Republic of Serbia under management within 90 days, starting with the day of the entry into force of this Law.

The Minister shall adopt an act defining what financial assets are under management.

The Strategy referred to in paragraph 3 herein shall be an integral part of Fiscal Strategy for the following medium-term period.

+ **See:**

Art. 8 of the Law - 68/2015-14.

Public Debt Proceeds Management

Article 12

The consolidated treasury account shall have sub-accounts in domestic and foreign currency for the purpose of managing public debt proceeds and public debt repayment.

Sub-accounts in foreign currency indicated in paragraph 1 hereof shall be held with the National Bank of Serbia.

If the Minister of Finance, or an appointed person from the Ministry authorized by the Minister, determines that sub-account balance of public debt proceeds is sufficient to permit the purchase of a foreign currency needed for an imminent payment on public debt, he/she is authorized to engage in an exchange, swap, or other transaction to acquire, using such proceeds, the appropriate amount of the foreign currency.

Transactions indicated in paragraph 3 hereof with foreign exchange will be executed by the National Bank of Serbia.

IV. STATUS OF PUBLIC DEBT

Obligation to Repay Public Debt

Article 13

Public debt constitutes an absolute and unconditional obligation of the Republic, regarding the repayment of principal, interest and other borrowing costs.

Obligation to repay public debt, indicated in paragraph 1 hereof, may be expressed in domestic or foreign currency.

Public debt repayment shall have a permanent appropriation in the Republic budget and priority over other public expenditures determined by law regulating the budget of the Republic.

Any provision of the Budget System Law that provides for a temporary suspension of budget execution shall not apply to the public debt repayment.

Amount of Public Debt

Article 14

Amount of public debt is the total amount of debt, expressed in domestic currency, which the Republic is obligated to repay for the liabilities determined in Article 2, point 2), items (1)-(3) of this Law, or for the liabilities indicated in Article 2, point 2), items (4)-(5) of this Law, which become liabilities of the Republic when the terms of the guaranty are met.

If the liability was contracted in a foreign currency, for the purpose of calculating the public debt, it shall be valued in the domestic currency at the official middle dinar exchange rate, defined by the National Bank of Serbia on the day of calculation.

Public Debt Repayment

Article 15

During the Republic budget execution, no changes in plan for depreciation of public debt or in methodology for implementation of that plan can be made, except in case of adjusting these payments to changes in liabilities for public debt.

Terms in the agreements that refer to public debt, cannot be changed unilaterally. The Minister of Finance may conclude an agreement with the National Bank of

Serbia or another state institution relating to the execution of certain operations in connection with public debt repayment.

+ **See:**

Art. 9 of the Law - 68/2015-14.

V. ISSUING GUARANTIES

Authority to Issue Guaranties

Article 16

The Republic may issue guaranty for servicing debt of local authorities and legal entities referred to in Article 1 herein (hereinafter referred to as: Debtor).

The Republic may issue guaranties referred to in paragraph 1 herein, in accordance with the law regulating the budget of the Republic for current year.

The Republic may issue guaranties referred to in paragraph 1 herein only if capital investments of debtors are financed by the loan funds for which the guarantee is issued.

The Republic may not issue guarantees referred to in paragraph 1 herein if current business activities of debtors that is liquidity needs of debtors are financed by the loan funds for which the guarantee is issued.

The guaranties indicated in paragraph 1 hereof are issued in the form of a law.

+ **See:**

Art. 10 of the Law - 68/2015-14.

Volume of Funds for Issuing Guaranties

Article 17

The Republic may issue guaranty for long-term borrowing of the Debtors under conditions indicated in Article 16, paragraph 2 hereof, for the volume of funds determined pursuant to law and loan agreement.

+ **See:**

Art. 11 of the Law - 68/2015-14.

Conditions for Issuing Guaranty

Article 18

A fee may be charged for issuing guarantees.

The Minister of Finance shall more closely regulate conditions that must be met by the Debtors, if they want the Republic to issue them a guaranty, as well as the procedure of submitting request for getting a guaranty, contents of the request, terms of security instruments, and amount of the fee indicated in paragraph 1 hereof.

Special Account

Article 19

The Minister of Finance shall open special account for depositing foreign loan proceeds in foreign currency (hereinafter referred to as: special account), with the National Bank of Serbia, for the loans of the Debtors, for which guaranty has been issued, if it is not regulated otherwise by the loan agreement.

The Minister of Finance, or an appointed person from the Ministry authorized by the Minister, shall give an order for transferring funds from special account to loan beneficiary's account.

Repayment of Liabilities

Article 20

Debtors shall repay liabilities for which the Republic has issued a guaranty.

Repayment of Liabilities Based on Issued Guaranty

Article 21

Repayment of liabilities, based on issued guaranty, shall be contingent liability of the Republic.

The Republic shall service due but not paid liability, indicated in paragraph 1 hereof, if Debtor does not pay its liability on time, in accordance with conditions defined in the loan agreement.

Right of Recovery

Article 22

The obligation of the Debtor to pay the Republic on account of the issued guaranty, which the latter has made to the creditor, shall be unqualified and absolute.

If the Republic has fulfilled that obligation instead of the Debtor, based on the issued guaranty, or in the case that the Republic directly took over the liabilities, it has the right of recovery of principal, interest and other costs arisen due to default or untimely fulfilment of the liabilities, up to the amount of the liability paid and it also has the right to collect calculated legal late interest.

Right of recovery of funds indicated in paragraph 1 hereof, the Republic shall acquire by decreasing funds in determined budget appropriations and subsidies for the Debtors, at the amount that is equal to the amount of liability paid indicated in paragraph 2 hereof.

If the Debtor is not a Republic budget beneficiary, the Republic shall initiate collection from the Debtor's account, based on authorization received from the Debtor or other security instruments and pursuant to law and regulations relating to payment system, at the amount that is equal to the liability paid, indicated in paragraph 2 hereof, increased for calculated late interest, indicated in paragraph 2 hereof.

The Minister of Finance shall more closely regulate procedures and terms for transfer of funds, indicated in paragraphs 3 and 4 hereof.

Cessation of Guaranty Validity

Article 23

A guaranty shall cease to be valid when:

- 1) Debtor completely repays the loan to which the guaranty relates;
- 2) Term of guaranty validity has elapsed;
- 3) Payment on guaranty has been made pursuant to the issued guaranty.

Procedure for Issuing Guaranties

Article 24

The Government, at the proposal of the Ministry, determines the proposal of platform for issuing guaranties.

Any negotiations related to the borrowing of the local governments and legal entities, when guaranty of the Republic is requested, shall at all times include a representative of the Ministry.

Together with draft loan agreement, The Ministry shall submit to the Government the report on negotiations, indicated in paragraph 2 hereof.

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+ See:

Art. 12 of the Law - 68/2015-14.

Article 25

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+ See:

Art. 12 of the Law - 68/2015-14.

VI. GOVERNMENT SECURITIES

Issuing and Trading Government Securities

+ See:

Art. 13 of the Law - 68/2015-14.

Article 26

The Government regulates general terms for issuance and sale of government securities on the primary market and other elements of the primary market.

Government securities shall be issued in a dematerialized form.

The Minister of Finance may conclude an agreement with the National Bank of Serbia or Central Registry, Depository and Clearing of Securities Ltd. Belgrade (hereinafter referred to as: the Central Registry) for execution of certain operations related to government securities.

+ **See:**

Art. 13 of the Law - 68/2015-14.

Buyers of Government Securities

Article 27

Government securities can be bought by all domestic legal entities and individuals.

Foreign legal entities and individuals can buy government securities under the conditions determined by the Government.

Clearing and Settlement

Article 28

The Minister of Finance, or an appointed person from the Ministry authorized by the Minister, shall decide on clearing and settlement of primary issue of government securities that can be traded on international financial market.

Clearing and settlement of government securities issued on domestic market shall be performed by the Central Registry.

+ **See:**

Art. 14 of the Law - 68/2015-14.

Redemption of Government Securities

Article 29

Government securities shall be redeemed on the maturity date defined in the act on the specific issue.

In the event the redemption date of government securities occurs on other than a customary business day, then such redemption will be made on the first following business day.

Government securities may be redeemed at the option of the Minister of Finance, or an appointed person from the Ministry authorized by the Minister, before maturity date, only if such a provision is included in the act on the specific issue.

The Republic may repurchase government securities before maturity date providing that all investors are allowed to participate in repurchase of government securities before the maturity.

The Minister of Finance, or an appointed person from the Ministry authorized by the Minister, decides on the repurchase of government securities.

The Ministry announces public invitation for repurchase of government securities before their maturity.

Banning on Use of Privileged Information

Article 30

Nobody can buy government securities by using privileged information.

Banning on the use of privileged information shall especially refer to persons who have privileged information, such as:

1) Issuer's employees, as well as employees' spouses or partners, cousins, relatives and extended family members and all other legal entities and individuals for which it can be justified that they are connected to the employees or that they have mutual interests with the employees;

2) All persons who gain knowledge of privileged information during the course of their work;

3) All persons who knew or could know that they obtained privileged information.

The persons indicated in paragraph 2 of this Article, who have access to privileged information, must not reveal it to other persons nor they can advise other persons to trade government securities on the basis of privileged information.

Announcing Measures

Article 31

Participant on the primary market (hereinafter referred to as: the participant) may be banned to participate in purchase of government securities on the primary market.

The participant shall be banned to participate in the purchase of government securities for the period of one year up to three years if:

1) It breaks this Law and/or other acts regulating issue and primary sale of government securities;

2) It does not fulfil its obligation on the basis of submitted bid for purchase of government securities;

3) It colludes with other participants on the primary market with the intention to affect the price level of government securities;

4) It buys government securities on the basis of privileged information.

The Minister of Finance shall issue a decision on banning participation in purchase of government securities on the primary market.

The decision indicated in paragraph 3 hereof shall be final and it can be subject to administrative procedure.

The decision indicated in paragraph 4 hereof shall be published in “Official Gazette of the Republic of Serbia”.

Fee

Article 32

If the participant submits bid for purchase of government securities, such a bid shall be final and obligatory.

The Ministry shall calculate and charge a fee at the amount of 20% of nominal value of the submitted bid, to the participant which failed to fulfil its obligations on the basis of the submitted bid for purchase of government securities.

The Minister of Finance shall issue a decision on charging the fee indicated in paragraph 2 hereof.

The decision indicated in paragraph 3 hereof shall be final and it can be subject to administrative procedure.

The participant is obliged to pay the fee indicated in paragraph 2 hereof within 14 days from the day when it has received the decision on the account of Republic budget execution.

The decision indicated in paragraph 4 hereof shall be published in “Official Gazette of the Republic of Serbia”.

VII. LOCAL GOVERNMENT BORROWING

Authority for Local Government Borrowings

Article 33

A competent local government body makes decision on local government borrowing, after it has obtained opinion of the Ministry.

The opinion indicated in paragraph 1 hereof the Ministry shall issue within fifteen days from the day when the request for opinion has been delivered.

If the Ministry does not respond to the request for opinion within the term indicated in paragraph 2 hereof, it will be considered that the opinion is positive.

+ **Case law**

Local Government Borrowing

Article 34

Local government can borrow in country and abroad, i.e. on domestic and foreign market.

Local government can borrow in domestic currency and foreign currency, in accordance with this Law.

Local government cannot issue guarantees to legal entities which they have founded or any other legal entities.

+ **See:**

Art. 15 of the Law - 68/2015-14.

Local Government Liquidity Borrowing

+ **See:**

Art. 16 of the Law - 68/2015-14.

Article 35

Local governments may borrow to finance liquidity, due to imbalances in public revenues and public expenditures.

Total amount of borrowing indicated in paragraph 1 hereof must be repaid before the end of the budget year in which it has been issued and it cannot be subject to refinancing or other extension beyond the end of the budget year.

During a fiscal year, liquidity borrowing must not exceed 5% of total recurring realized local government budget revenues in the previous year.

+ **See:**

Art. 16 of the Law - 68/2015-14.

Local Government Long-Term Borrowing

Article 36

Local government cannot borrow long-term except to finance or refinance capital investments that are included in an approved local government budget.

Amount of outstanding long-term borrowing for capital investment expenditures, indicated in paragraph 1 hereof, cannot be higher than 50% of total realized budget revenues of local government in the previous year.

Exceptionally from the provisions indicated in paragraph 2 hereof, the amount of outstanding long-term borrowing for capital investment expenditures indicated in paragraph 1 hereof may be higher than 50% of total realized current budget revenues of local government in the previous year, in cases related to long-term borrowing with the repayment period, excluding the inactivity period, of at least five years.

Amount of principal and interest due in any future year on all outstanding long-term borrowing for financing capital investment expenditures, indicated in paragraph 1 hereof, cannot exceed 15% of the total local government budget revenues amount achieved in the previous year.

Exceptionally from the provisions indicated in paragraph 4 hereof, as for the long-term borrowing indicated in paragraph 3 hereof, the amount of principal and interest due every year on all outstanding long-term borrowing may exceed 15%, if two thirds of the current surplus compared to total realized current revenues shall compose the share higher than 15%.

Exceptionally from the provisions indicated in paragraph 1 hereof, territorial autonomy unit may borrow by issuing long-term securities in order to finance investment, development and priority programs and projects, inclusive of financing investment projects and the procurement of financial assets.

Restrictions referred to in paragraphs 2-4 hereof shall not be related to the borrowings referred to in paragraph 6 hereof.

+ **See:**

Art. 1 of the Law - 107/2009-181.

Art. 2 of the Law - 78/2011-248.

Article 36a

If the territorial autonomy unit does not service debt in accordance with agreed dynamics or if it informs the Ministry on the impossibility to execute obligations based on borrowing, the Minister of Finance shall suspend the transmitting of transferring funds from the budget of the Republic of Serbia up to the amount of due but unpaid liabilities.

+ See:

Art. 3 of the Law - 78/2011-248.

Manner of Local Government Investment and Borrowing

Article 37

For the purpose of reducing borrowing costs and in accordance with prudent risk level, local government shall invest funds or execute other transactions with available cash after the regular local government budget execution, at interest rate that is not lower than the reference key rate of the National Bank of Serbia.

Local governments may borrow by taking loans or issuing long-term securities (municipal bonds) that may be purchased by domestic and foreign legal entities and individuals, in accordance with the Law regulating the capital market.

Local governments shall submit to the Ministry monthly the data by the type of borrowing, amount and repayment of the borrowing, value and level of interest rates.

The Minister of Finance shall regulate in detail the manner of reporting of local government on the borrowing referred to in paragraph 3 hereof

+ See:

Art. 4 of the Law - 78/2011-248.

Art. 17 of the Law - 68/2015-14.

Right of Recovery

Article 38

If the Republic has fulfilled the obligation instead of the local government, based on the issued guarantee or in the case that the Republic directly took over the liabilities, it has the right of recovery of principal, interest and other costs arisen due to default or untimely fulfilment of the liabilities and to collect legal late interest from local governments.

The Republic shall accomplish its right of recovery, indicated in paragraph 1 hereof, by limiting rights of municipalities, cities and the city of Belgrade to participate in share of taxes, collected by the Republic in their names or by activating other security instruments, up to the amount of the liabilities paid and calculated late interest till the day when the liability has been paid.

+ See:

Art. 18 of the Law - 68/2015-14

VIII. ORGANIZATIONS FOR COMPULSORY SOCIAL INSURANCE

BORROWING

Organizations for Compulsory Social Insurance Borrowing

Article 39

The organizations for compulsory social insurance cannot borrow, except in the capital investment part of their financial plans, except in case of the Republic Health Insurance Fund that can borrow for purchase of medications.

Organizations for compulsory social insurance cannot issue guarantees. Organizations for compulsory social insurance can borrow with domestic and foreign creditors for financing of capital investment expenditures that have to be in accordance with criteria regulated by the Government.

The provisions of paragraph 3 of this Article shall apply to the borrowing for purchase of medications referred to in paragraph 1 of this Article.

The decision on borrowing referred to in paragraph 3 of this Article shall be enacted by a competent body of an organization for compulsory social insurance.

The amount of borrowing referred to in paragraph 3 of this Article shall be determined in accordance with capabilities of the organization for compulsory social insurance to finance the repayment of principle and interest from its own revenues.

Should a short term liquidity deficit occur during the fiscal year, due to unbalanced movement of revenues and expenditures, its financing can be done only through borrowing from the budget of the Republic, on the basis of criteria set forth by the Government.

The total amount of the short term borrowing from the budget of the Republic, during one fiscal year must be repaid no later than November 30 of the year in which it is received.

The amount of borrowing, either short term or long term for capital investments, and/or medications, cannot exceed 20% of the total revenues of the financial plan of organization for compulsory social insurance, collected in the previous year.

IX. MONITORING IMPLEMENTATION, CONTROL, RECORD AND REPORTING

+ See:

[Art. 19](#) of the Law - 68/2015-14.

Monitoring Implementation and Control

Article 40

Monitoring implementation, controlling and reporting with regard to technical and financial provisions in loan agreements for financing investment projects, shall be performed by project implementation unit (hereinafter referred to as: PIU), established within loan beneficiary.

Every three months, PIU shall submit to the Agency and the line ministry report on the project implementation, indicated in paragraph 1 hereof.

The Minister of Finance shall regulate the form and contents of the report on the implementation of loan agreement for financing investment projects referred to in paragraph 2 herein, as well as conditions for loan cancelling and fines for loan beneficiaries due to unsuccessful implementation of project loans.

+ See:

[Art. 19](#) of the Law - 68/2015-14.

Record and Reporting

Article 41

The Ministry keeps public debt record.

The record, indicated in paragraph 1 hereof, especially contains data about amount and repayment of public debt, issued guaranty, value, level of interest rates and fees for issued guaranties.

Once a year, the Ministry shall submit to the Government a report with information from the record, indicated in paragraph 1 hereof.

The Government shall submit to the National Assembly of the Republic of Serbia a report on all the data related to the public debt stock once a year.

The Minister of Finance may conclude an agreement with the National Bank of Serbia for execution of certain operations in connection with keeping of the public debt record.

+ See:

[Art. 20](#) of the Law - 68/2015-14.

X. PUBLIC DEBT AGENCY

Establishment and Organization

Article 42

Public Debt Agency (hereinafter referred to as: the Agency) shall be established as a body within the Ministry and its jurisdiction and organization shall be regulated.

Organizational units shall be established for executing tasks within the jurisdiction of the Agency.

Manner of establishment, organizational structure and responsibilities of the organizational units indicated in paragraph 1 hereof, shall be regulated by the Minister of Finance act, at the proposal of the director of the Agency.

Management

Article 43

The agency shall be managed by a director.

The director of the Agency shall be appointed by the Government, at the proposal of the Minister of Finance.

Jurisdiction

Article 44

The Agency shall conduct operations in connection with public debt that refer to:

1. Monitoring negotiations on borrowing;
2. Government securities;
3. Managing public debt proceeds; investing and performing other transactions related to liquidity surpluses that is financial assets funds of the Republic of Serbia that are being managed;
4. Risk reduction;
5. Monitoring and analysing conditions and changes on domestic and foreign financial markets;
6. Preparing debt management strategy;
7. Monitoring local government borrowing;
8. Monitoring legal entities borrowing in the case when the guarantee is required;
9. Keeping records and accounting books on public debt;
10. Financial information system management;
11. Proposing ban on participation in purchase of government securities on the primary market;
12. Other operations, in accordance with law.

+ See:

Art. 21 of the Law - 68/2015-14.

Providing Other Financial Services

Article 45

The Agency may provide other financial services and execute other operations in accordance with a contract, on the basis of which it charges a fee that represents Republic budget revenue.

The amount of fee for providing services indicated in paragraph 1 hereof, shall be determined by the Government at the proposal of the Minister of Finance.

Operating Funds

Article 46

Operating funds for the Agency shall be provided in the Republic budget.

XI. PENALTIES

Commercial Offence

Article 47

The Participant (legal entity) shall be charged from 300.000 to 3.000.000 dinars for commercial offence if it does not make payments on submitted bids for the purchase of government securities (Article 31, paragraph 2, point 2 hereof).

A responsible person of the Participant shall be charged from 50.000 to 200.000 dinars for the commercial offence, indicated in paragraph 1 of this Article.

Article 48

The Participant (legal entity) shall be charged from 300.000 to 3.000.000 dinars for commercial offence if it colludes with other participants on the primary market before primary

sale, with the intention to affect price of government securities (Article 31, paragraph 2, point 3 hereof).

A responsible person of the Participant shall be charged from 50.000 to 200.000 dinars for the offence indicated in paragraph 1 hereof.

Responsible Person Offence

Article 49

The responsible person of a budget user, organization of compulsory social insurance or legal entity shall be charged from 10.000 to 50.000 dinars if he/she borrows in a way contrary to the provision of this law.

Individual Offence

Article 50

The Buyer – individual shall be charged from 10.000 to 50.000 dinars if he/she colludes with other participants on the primary market before primary sale, with the intention to affect the price of government securities (Article 29, paragraph 2, point 3 hereof).

XII. TRANSITIONAL AND FINAL PROVISIONS

Fulfilling Obligations based on Borrowing Concluded before this Law Has Come in Effect

Article 51

Loan agreements that the Republic has concluded and acts on issuing securities which were issued before this Law has come in effect, shall remain valid under conditions defined in those loan agreements and/or acts on issuing securities.

Guaranties that the Republic issued before this Law has come in effect shall represent obligation of the Republic in accordance with the issued guaranty.

Procedures for Concluding Agreements that Have Already Started

Article 52

Procedures for contracting loan agreements and procedures for requesting guaranties of the Republic that started before this Law has come in effect, shall be continued pursuant to the provisions of this Law.

Validity Cessation of the Provisions of Certain Laws

Article 53

On the day when this Law comes in effect, the Articles 52, 53, 56, 57, 58, 59 and 60 and Article 73, paragraph 1, point 4 of the Budget System Law (“Official Gazette of the Republic of Serbia”, No. 9/02 and 87/02) shall cease to be valid.

If the provisions of other laws that are valid on the day when this Law comes in effect are contrary to this Law, the provision of this Law shall prevail.

The Ministry – Treasury Department shall execute the functions indicated in Article 44 hereof until the Agency starts functioning.

Coming in Effect

Article 54

This Law shall come in effect on the eight day from the day when it has been published in “Official Gazette of the Republic Serbia”.

AMENDMENTS

Under Article 112, paragraph 1, point 2 of the Constitution of the Republic of Serbia, Decree on the Promulgation of the Law on the Amendments of the Public Debt Law shall be adopted.

The Law on the Amendments of the Public Debt Law shall be hereby promulgated, adopted by the National Assembly of the Republic of Serbia at the sixth sitting of the Second Regular Session in the year 2009, on 21 December 2009.

PR No. 244

In Belgrade, 23 December 2009

President of the Republic of Serbia,
Boris Tadic

The Law on the Amendments of the Public Debt Law

The Law was published in the "Official Gazette of the Republic Serbia", No. 107/2009 of 23 December 2009.

Article 1

New paragraph 3 shall be added after paragraph 2 of Article 36 of the Public Debt Law ("Official Gazette of the Republic Serbia", No. 61/05), as follows:

"Exceptionally from the provisions indicated in paragraph 2 hereof, the amount of outstanding long-term borrowing for capital investment expenditures indicated in paragraph 1 hereof may be higher than 50% of total realized current budget revenues of local government in the previous year, in cases related to long-term borrowing with the repayment period, excluding the inactivity period, of at least five years."

Former paragraph 3 shall become paragraph 4.

Paragraph 5 shall be added after paragraph 4, as follows:

"Exceptionally from the provisions indicated in paragraph 4 hereof, as for the long-term borrowing indicated in paragraph 3 hereof, the amount of principal and interest due every year on all outstanding long-term borrowing may exceed 15%, if two thirds of the current surplus compared to total realized current revenues shall compose the share higher than 15%."

Article 2

This Law shall come into effect on the eight day from the day when it has been published in the "Official Gazette of the Republic Serbia".

Under Article 112, paragraph 1, point 2 of the Constitution of the Republic of Serbia, Decree on the Promulgation of the Law on the Amendments of the Public Debt Law shall be adopted.

The Law on the Amendments of the Public Debt Law shall be hereby promulgated, adopted by the National Assembly of the Republic of Serbia at the first sitting of the Second Regular Session in the year 2011, on 18 October 2011.

PR No. 95

In Belgrade, 19 October 2011

President of the Republic of Serbia,

Boris Tadic

The Law on the Amendments of the Public Debt Law

The Law was published in the "Official Gazette of the Republic Serbia", No. 78/2011 of 19 October 2011.

Article 1

Paragraph 1, Article 5 of the Public Debt Law ("Official Gazette of the Republic Serbia", No. 61/05 and 107/09) shall be amended as follows:

"The Republic may borrow to finance budget deficit and liquidity deficit, to refinance the outstanding debt, to finance investment projects and procurement of financial assets and to make payments on guaranties."

Article 2

Paragraphs 6 and 7 shall be added after paragraph 5 of Article 36, as follows:

"Exceptionally from the provisions indicated in paragraph 1 hereof, territorial autonomy unit may borrow by issuing long-term securities in order to finance investment, development and priority programs and projects, inclusive of financing investment projects and procurement of financial assets.

Limitations indicated in paragraphs 2-4 hereof shall not be related to borrowings indicated in paragraph 6 hereof."

Article 3

Article 36a shall be added after Article 36, as follows:

"Article 36a"

If the territorial autonomy unit does not service debt in accordance with agreed dynamics or if it informs the Ministry on the impossibility to execute obligations based on borrowing, the Minister of Finance shall suspend the transmitting of transferring funds from the budget of the Republic of Serbia up to the amount of due but unpaid liabilities."

Article 4

Paragraph 2 of Article 37 shall be amended as follows:

"Local governments may borrow by taking loans or issuing long-term securities (municipal bonds) that may be purchased by domestic and foreign legal entities and individuals, in accordance with the Law regulating the capital market."

In paragraph 3, the word: "semi-annually" shall be replaced by the word: "monthly".

Paragraph 4 shall be added after paragraph 3, as follows:

"The Minister of Finance shall regulate in detail the manner of reporting of local government on the borrowing referred to in paragraph 3 hereof."

Article 5

This Law shall come into effect on the eight day from the day when it has been published in the "Official Gazette of the Republic Serbia".