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EVALUATION OF ANTI-MONEY  
LAUNDERING MEASURES AND THE  
FINANCING OF TERRORISM  
(MONEYVAL)

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# Serbia

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# **1. Annex I. Amended Law on the Prevention of Money Laundering and the Financing of Terrorism**

Note: amendments<sup>1</sup> are integrated in the text

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

### **I BASIC PROVISIONS**

#### **Subject matter**

##### **Article 1**

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

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

#### **Money laundering and terrorism financing**

##### **Article 2**

(1) 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;

(2) For the purposes 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, in full or in part:

- 1) in order to carry out a terrorist act;
- 2) by terrorists;
- 3) by terrorist organizations.

The financing of terrorism shall mean inciting and 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.

(3) For the purposes of this Law, a terrorist act shall be taken to 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.

(4) For the purposes of this Law, a terrorist shall mean a person who individually or together with other persons willfully:

- 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, a group acting with a common purpose.

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<sup>1</sup> Law amending the AML/CFT Law (dated 30/11/2010, published on the Official Gazette on 3/12/2010), which shall enter into force 8 days after its publication.

(5) For the purposes of this Law, a terrorist organization shall be taken to mean a group of terrorists which:

- 1) attempts or commits an act of terrorism in any way, directly or indirectly;
- 2) incites and 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**

(1) Certain terms used in this Law shall have the following meanings:

- 1) 'Property' – assets, money, rights, securities, and other documents in any form, whose right of ownership and other rights can be established;
- 2) 'Money' – cash (domestic or foreign), funds in accounts (RSD or foreign currency), as well as other instruments of payment;
- 3) 'Bearer negotiable instruments' – cash, cheques, promissory notes, and other bearer negotiable instruments that are in bearer form.
- 4) 'Customer' – a natural person, entrepreneur, legal person, or a person under civil law that carries out a transaction or establishes a business relation with the obligor.
- 5) 'Transaction' – the acceptance, provision, conversion, keeping, disposal of or other dealing with property in the obligor.
- 6) 'Cash transaction' shall mean the physical acceptance or provision of cash to a customer.
- 8) 'Money remitters' – persons performing the following money transfer services by: receiving cash, cheques, or other instruments of payment in one location and then, by networking, informing, transferring, or using a network in order to transfer money or value, paying the appropriate amount in cash or in other form to a recipient in another place, irrespective of whether the provision of such service involve one or more than one intermediary until the final payment.
- 10) 'Persons under civil law' – associations of individuals that join or will join money or any other property for a certain purpose.
- 11) 'Beneficial owner of a customer' - natural person who owns or controls a customer.
- 12) Beneficial owner of a company or any other legal person shall include the following:
  - 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 person, or who participates in the capital of the legal person with 25% or more of the share, or has a dominant position in managing the assets of the legal person;
  - natural person who has provided or provides funds to a company in an indirect manner, which entitles him to influence significantly the decisions made by the managing bodies of the company concerning its financing and business operations.
- 13) Beneficial owner of a person under foreign law, which receives, manages, or allocates assets for a specific purpose, shall include the following:
  - a natural person using, indirectly or directly, 25% or more of the assets that are the subject matter of management, provided that the future users have been designated;
  - a natural person or group of persons for the furtherance of whose interests a person under foreign law is established or operates, provided that such natural person or group of persons are identifiable;
  - a natural person who, indirectly or directly, unrestrictedly manages 25% or more of the property of the person under foreign law.
- 14) 'Business relationship' – relationship between a customer and the obligor based on a contract regarding the business activity of the obligor that is expected, at the time when such relationship is established, to have an element of duration.
- 15) 'Loro correspondent relationship' – relationship between a domestic bank and a foreign bank or any other similar institution, which commences by the opening of an account by a

foreign bank or another similar institution with a domestic bank in order to carry out international payment operations.

16) 'Nostro correspondent relationship' – relationship between a domestic and a foreign bank which commences by the opening of an account by a domestic bank with a foreign bank in order to carry out international payment operations.

17) 'Shell bank' – foreign bank or another institution performing the same business, which is registered in a state where it does not carry out its business and which is not part of any organised financial group.

18) 'Personal document' – valid document with a photo issued by the competent State body.

19) 'Official document' – 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.

20) 'Information on the activity of a customer who is a natural person' – information on the personal, professional, or similar capacity of the customer (employed, retired, student, unemployed, etc), or data on the activities of the customer (e.g. in the area of sports, culture and art, science and research, education, etc) which serve as the basis to establish a business relationship.

21) 'Information on the activities of a customer who is an entrepreneur or legal person' – information on the type of business activities of a customer, its business relations and business partners, business results, and similar information.

22) 'Off-shore legal person' – foreign legal person which does not operate or may not operate any production or trade business activities in the State of its registration.

23) 'Anonymous company' – foreign legal person with unknown owners or managers.

24) 'Foreign official' – a natural person who holds or who held in the past year a public office in a foreign country or international organisation, including

- heads of State and/or heads of government, members of government and their deputies or assistants;

- elected representatives of legislative bodies;

- judges of the supreme and the constitutional courts or of other high-level judicial bodies whose judgments are not subject to further regular or extraordinary legal remedies, save in exceptional cases;

- members of courts of auditors or of the boards of central banks;

- ambassadors, *chargés d'affaires* and high-ranking officers in the armed forces;

- members of the managing or supervisory bodies of legal entities whose majority owner is the State;

25) 'Close family members' of the foreign official shall include the spouse or extra-marital partner, the parents, the brothers and sisters, the children and their spouses or extra-marital partners (hereinafter referred to as: foreign official);

26) 'Close associate' of the foreign official shall include any natural person who has benefit from a joint ownership or from business relations or who has any other close business relations with a foreign official (hereinafter referred to as: foreign official).

28) 'Top management' shall mean

- Executive Board - if the obligor is organised as an open joint-stock company;

- Governing Board - if the obligor is organised as a closed joint-stock company the term;

- Director or Governing Board – if the obligor is organised as a limited liability company

- Person designated in the Articles of Association – if the obligor is organised as limited partnership or partnership (*komanditno Ili ortačko društvo*)

29) 'Wire transfer' - transaction carried out by a payment and collection service provider, on behalf of the originator of the wire transfer, which is carried out electronically, in order to make the funds available to the beneficiary of the wire transfer at another payment and collection service provider, irrespective of whether the originator and the beneficiary is one and the same person.

30) 'Payment and collection service provider' - legal or natural person which is registered for providing payment operation services, as well as the money transfer services referred to in [item 8](#)) of this Article.

31) 'Originator of the wire transfer' - legal or natural person holding an account with the payment and collection service provider and ordering the transfer of funds from the account, or a legal or a natural person ordering the transfer of funds at the person referred to in [item 8](#)) of this Article.

32) 'Beneficiary of the wire transfer' - legal or natural person to whom the transferred funds are addressed.

33) 'Payment chain intermediary' – payment and collection service provider who is not engaged by the originator or the beneficiary of the wire transfer, while participating in the execution of the wire transfer.

34) 'Unique identifier' – a combination of letters, numbers and signs determined by the payment and collection service provider in accordance with the payment and collection system protocols or system of messages used in money transfers.

### **Obligors**

#### **Article 4**

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

- 1) Banks;
- 2) Licensed bureaux de change;
- 3) Investment fund management companies;
- 4) Voluntary pension fund management companies;
- 5) Financial leasing providers;
- 6) Insurance companies, insurance brokerage companies, insurance agency companies and insurance agents with a licence to perform life insurance business;
- 7) Persons dealing with postal communications;
- 8) Broker-dealer companies;
- 9) Organisers of special games of chance in casinos;
- 10) Organisers of games of chance operated on the Internet, by telephone, or in any other manner using telecommunication networks;
- 11) Auditing companies;
- 12) Licensed auditors.

(2) 'Obligors' shall include both entrepreneurs and legal persons exercising the following professional activities:

- 1) Intermediation in real-estate transactions;
- 2) Provision of accounting services;
- 3) Tax advising;
- 4) Intermediation in credit transactions and provision of loans;
- 5) Factoring and forfeiting;
- 6) Provision of guarantees;
- 7) Provision of money transfer services.

(3) Legal or natural persons referred to in paragraphs [1](#) and [2](#) of this Article, which perform a business activity only occasionally or to a limited extent and which represent low-risk with respect to money laundering or terrorism financing, shall not be required to carry out the actions and measures laid down in this Law, if they meet specially stipulated requirements.

(4) The minister competent for finance (hereinafter referred to as: the Minister), based on the proposal of the APML, may specify the conditions under which the legal and natural persons referred to in paragraphs [1](#) and [2](#) of this Article, exercising their professional activities only occasionally or to a limited extent, and in relation to which there is no significant risk of money laundering or terrorism financing, shall not be required to implement the actions and measures laid down in this Law, as provided in the technical criteria specified by the recognized international standards and in the

opinion of the body referred to in [Article 82](#) of this Law which is competent to supervise the implementation of this Law with such legal or natural person.

### **Lawyers and lawyer partnerships**

#### **Article 5**

(1) Measures for the prevention and detection of money laundering and terrorism financing laid down in this Law shall also be implemented by lawyers and lawyer partnerships (hereinafter referred to as: the lawyer).

## **II ACTIONS AND MEASURES TAKEN BY OBLIGORS**

### **2.1. General provisions**

#### **Actions and measures taken by obligors**

##### **Article 6**

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

(2) 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 APMML;
- 3) Designating persons responsible to apply the obligations laid down in this Law (hereinafter referred to as: a compliance officer) and their deputies, 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;
- 6) Developing the 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;
- 7) Record keeping, protection and keeping of data from such records;
- 8) implementation of the measures laid down in this Law in obligor branches and majority-owned subsidiaries located in foreign countries;
- 9) implementing other actions and measures based on this Law.

#### **Risk analysis**

##### **Article 7**

(1) The obligor shall conduct an analysis of the money laundering and terrorism financing risk in accordance with the guidelines adopted by the body competent for the supervision of the implementation of this Law.

(2) The analysis referred to in paragraph 1 of this Article shall contain a risk assessment for each group or type of customer, business relationship, service offered by the obligor within its business, or transaction.

(3) The Minister, at a proposal of the APMML, shall specify the criteria 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 and terrorism financing, and based on which they shall carry out simplified customer due diligence actions and measures, save in the cases specified in this Law, in accordance with the technical criteria specified in the recognized international standards and with the opinion of the body referred to in [Article 82](#) of this Law which is competent for supervision of the implementation of this Law in the obligor assessing the risk posed by the client, business relation, service provided within its business activity, or transaction



**2.2. Customer due diligence**  
**2.2.1. General provisions**  
**Customer due diligence actions and measures**  
**Article 8**

(1) 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;
- 3) Identify the beneficial owner and verify the identity in the cases specified in this Law;
- 4) Obtain information on the purpose and intended nature of a business relationship or transaction, and other data in accordance with this Law;
- 5) Regularly monitor business transactions of the customer 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.

(2) Where the obligor is unable to apply the actions and measures referred to in [paragraph 1](#), items 1 to 4, paragraph 1 of this Article, it shall refuse the offer to establish a business relationship, as well as the carrying-out of a transaction, and it shall terminate the business relationship if a business relationship has already been established.

(3) In the cases referred to in paragraph 2 of this Article, the obligor shall make an official note in writing, and consider whether there are reasons for suspicion on money laundering or financing of terrorism. The obligor shall keep such a note in accordance with the law.

**Application of due diligence actions and measures**  
**Article 9**

(1) The obligor shall apply the actions and measures referred to in [Article 8](#) of this Law in the following cases:

- 1) When establishing a business relationship with a customer;
- 2) When carrying out a transaction amounting to the RSD equivalent of EUR 15,000 or more, calculated by the National Bank of Serbia median rate on the date of execution of the transaction (hereinafter referred to as: RSD equivalent), irrespective of whether the transaction is carried out in one or more than one connected operations;
- 3) When there are reasons for suspicion of money laundering or terrorism financing with respect to a customer or transaction;
- 4) When there are doubts about the veracity or credibility of previously obtained data about a customer or beneficial owner.

(2) If the transactions referred to in paragraph 1, item 2 of this Article are carried out based on a previously established business relationship, the obligor shall collect the data referred to in [Article 21, paragraph 2](#) of this Law which are missing.

(3) Notwithstanding the provisions of paragraphs 1 and 2 of this Article, the obligor operating a money exchange business shall carry out the actions and measures referred to in Article 8 of this Law in case of a transaction amounting to the RSD equivalent of EUR 5,000 or more, irrespective of whether such transaction is carried out in a single or more than one connected operations;

**Customer due diligence during the establishment of a business relationship**  
**Article 10**

(1) The obligor shall apply the actions and measures referred to in [Article 8, paragraph 1](#), item 1 to 4 of this Law before the establishment of a business relationship with a customer.

(2) In relation to life insurance business, the identity of the beneficiary of an insurance policy may also be verified after the conclusion of the insurance contract, but prior to the time of payout of the benefits under the contract at the latest.

### **Customer due diligence when carrying-out a transaction**

#### **Article 11**

(1) In the case referred to in [Article 9](#), paragraph 1, item 2 and Article 9, [paragraph 3](#) of this Law, the obligor shall take the actions and measures referred to in Article 8, [paragraph 1](#), items 1 to 4 of this Law, before the execution of a transaction.

### **Exemption from customer due diligence in relation to certain services**

#### **Article 12**

(1) Insurance companies, insurance brokerage companies, insurance agency companies and insurance agents licensed to perform the life insurance business, as well as voluntary pension fund management companies and their founders shall not be required to apply customer due diligence when:

1) Concluding life insurance contracts where an individual premium instalment or several premium instalments that are to be paid in one calendar year do not exceed the RSD equivalent of EUR 1,000 or if the single premium does not exceed the RSD equivalent of EUR 2,500;

2) When concluding contracts on the membership in voluntary pension funds or contracts on pension plans under the condition that assignment of the rights contained under the contracts to a third party, or the use of such rights as a collateral for credits or loans, are not permitted.

(2) Provisions of paragraph 1 of this Article and of a regulation made in accordance with Article 4, [paragraph 3](#) of this Law, shall not be applied if there are reasons for suspicion of money laundering or terrorism financing.

#### **Article 12A**

(1) Payment and collection service provider shall collect accurate and complete data on the originator and include it in the form or message accompanying the incoming or outgoing wire transfer, regardless of the currency. Such data shall accompany the wire transfer throughout the entire payment chain, regardless of whether intermediaries participate in the payment chain and regardless of their number.

(2) Data referred to in paragraph 1 of this Article include:

- name and surname of the wire transfer originator
- address of the wire transfer originator
- account number of the wire transfer originator or the unique identifier

(3) If obtaining the data concerning the address of the wire transfer originator is impossible, the payment and collection service provider shall obtain, instead of the address, some of the following data:

- unique identifier;
- place and date of birth of the wire transfer originator;
- national ID number of the wire transfer originator

#### **Article 12B**

(1) The payment and collection service provider shall identify and verify the identity of the wire transfer originator before such transfer in the manner provided for in [Articles 13](#) to [18](#) of this Law.

(2) If the wire transfer is carried out without opening an account, the obligations stipulated in paragraph 1 of this Article shall be carried out only in case of transfer of the RSD equivalent of the amount of EUR 1000 or more.

(3) The payment and collection service provider shall fulfill the requirements referred to in [Article 12A](#), paragraph 1 of this Law always when there are reasons for suspicion on money laundering or financing of terrorism, regardless of the amount of the wire transfer.

(4) If the wire transfer does not contain accurate and complete data on the wire transfer originator, the payment and collection service provider shall obtain, within three days from the date of transfer receipt, the missing data or refuse to execute such transfer.

(5) Payment and collection service provider shall consider terminating the business relation with the other payment and collection service provider which frequently fails to fulfill the requirements from [Article 12A](#), paragraph 1, of this Law, of which the latter shall be previously warned. The payment and collection service provider shall inform the APML about the termination of such relation.

(6) Payment and collection service provider shall consider whether the lack of accurate and complete data on the wire transfer originator constitutes reasons for suspicion on money laundering or financing of terrorism, of which it shall make an official note to be kept in line with the law.

(7) The provisions of [Article 12A](#) and of this Article shall be applied irrespective of whether the wire transfer is domestic or international.

### **Exemptions from the requirement to obtain data on the wire transfer originator**

#### **Article 12C**

(1) Payment and collection service provider is not required to obtain wire transfer originator data in the following cases:

- 1) when the wire transfer is carried out from an account opened with the payment and collection service provider and if the customer due diligence actions and measures have already been performed in line with this law.
- 3) when using credit and debit cards, if
  - the wire transfer originator has a contract with the payment and collection service provider under which it can carry out payment for goods and services;
  - the money transfers are carried out using the unique identifier based on which the wire transfer originator can be identified;
- 3) when paying taxes, fines, and other public payment;
- 4) when both the originator and beneficiary of wire the wire transfer are payment and collection service providers acting for their own account and on their own behalf;
- 5) when the wire transfer originator withdraws money from their own account.

### **2.2.2. Application of customer due diligence actions and measures**

#### **2.2.2.1. Customer identification and verification of identity**

#### **Identification and verification of identity of a natural person, legal representative and empowered representative, and entrepreneur**

##### **Article 13**

(1) Where the customer is a natural person, legal representative of the customer, or entrepreneur, the obligor shall identify and verify the identity of the customer by obtaining the data specified in Article 81, [paragraph 1](#), item 3 and 4 of this Law.

(2) 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.

(3) 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.

(4) If a transaction is carried out or a business relationship established on behalf of a customer by an empowered representative or legal representative 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 representative, obtain the data referred to in Article 81, [paragraph](#)

[1](#), item 3, in the manner specified in paragraph 2 of this Article, and request a written authorisation (Power of Attorney) whose copy it shall keep in accordance with the Law. In the above event, the obligor shall apply the measures specified in Article 31 of this Law.

(5) If the obligor, during the identification and verification of identity of the customer in accordance with 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.

(6) During the identification of a natural person, the obligor shall obtain a photocopy of a personal document of such person. The obligor shall indicate on the copy the date, time and name of the person who inspected the document. The photocopy referred to in this paragraph shall be kept by the obligor in accordance with the Law.

#### **Identifying and verifying the identity of a natural person using a qualified electronic certificate** **Article 14**

(1) Notwithstanding the provisions of Article 13, [paragraph 2](#) of this Law, the obligor, under the conditions set out by the Minister, may also identify and verify the identity of the customer who is a natural person, or its legal representative, based on a qualified electronic certificate of the customer issued by a certification body in the Republic of Serbia, or based on a foreign electronic certificate which is equal to the domestic, in accordance with the law governing electronic operations and electronic signature.

(2) 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 81, [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.

(3) 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.

(4) Notwithstanding the provisions of paragraphs 1 and 2 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, while the certification body has not revoked the certificate.

(5) 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 obtain from the customer a written statement on the veracity and credibility of the data and documents.

(6) If the obligor identifies and verifies the identity of a customer during the establishment of a business relationship, in the manner set out in this Article, it shall ensure that the first customer's transaction be carried out from the account opened by the customer in his own name with a bank or similar institution in accordance with Article 13, paragraphs [1](#) and [2](#) of this Law.

#### **Identifying and verifying the identity of a legal person** **Article 15**

(1) Where a customer is a legal person, the obligor shall establish and verify its identity by obtaining the data specified in Article 81, [paragraph 1](#), item 1 of this Law.

(2) The obligor shall obtain the data referred to in paragraph 1 of this Article by inspecting the original or certified copy of documentation from a register maintained by the competent body of the country where the legal person has a registered seat, a copy of which it shall keep in accordance with the Law. The obligor shall indicate, on the copy, the date, time, and the name of the person who inspected the original or certified copy thereof.

(3) The documentation referred to in paragraph 2 of this Article shall be issued no earlier than three months before its submission to the obligor.

(4) The obligor may obtain the data referred to in paragraph 1 of this Article by directly accessing the Register of business entities, or any other official public register. The obligor shall indicate on a printed copy of the register entry the date, time and name of the person who inspected the document. The printed copy of the register entry referred to in this paragraph shall be kept by the obligor in accordance with the Law.

(5) If it is not possible to obtain all the data from an official public register, the obligor shall obtain the missing data from an original or certified copy of a document or other business documentation submitted by the customer. If 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.

(6) 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.

(7) If a customer is a foreign legal person carrying out its business operations in the Republic of Serbia through its branch, the obligor shall identify and verify the identity of the foreign legal person and its branch.

### **Identifying and verifying the identity of the representative of a legal person**

#### **Article 16**

(1) The obligor shall establish and verify the identity of the representative and obtain the data referred to in Article 81, [paragraph 1](#), item 2 of this Law by inspecting a personal document of the representative in his presence. If it is not possible to obtain the specified data from such a document, the missing data shall be obtained from another official document submitted by the representative.

(2) If the obligor doubts the veracity of the obtained data when identifying and verifying the representative, it shall also obtain the representative's written statement thereon.

### **Identifying and verifying the identity of a procura holder and empowered representative of a legal person**

#### **Article 17**

(1) If a business relationship is established or a transaction performed by a procura holder or empowered representative on behalf of a legal person, the obligor shall identify and verify their identity and obtain the data referred to in Article 81, [paragraph 1](#), item 2 of this Law, by inspecting their personal documents in their presence. 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 submitted by the procura holder or empowered representative, or directly from the procura holder or empowered representative.

(2) In the event referred to in paragraph 1 of this Article, the obligor shall also obtain the data referred to in Article 81, [paragraph 1](#), item 2 of this Law about the representative of a legal person, from the written authorisation issued to the procura holder or empowered representative by the representative.

(3) If the obligor, when identifying and verifying the identity of the procura holder or empowered representative, doubts the veracity of the obtained data, it shall obtain their written statement thereon.

### **Establishing and verifying the identity of other persons under civil law**

#### **Article 18**

(1) If a customer is another person referred to in Article 3, paragraph 1, [item 10](#) of this Law, the obligor shall:

- 1) establish and verify the identity of the authorised representative;
- 2) obtain a written authorisation for representation;
- 3) obtain the data referred to Article 81, [paragraph 1](#), items 2 and 15 of this Law.

(2) The obligor shall identify and verify the identity of the representative referred to in paragraph 1 of this Article and obtain the data referred to in Article 81, [paragraph 1](#), item 2 of this Law, by inspecting a personal document of the authorized representative in his presence. If it is not possible to obtain the specified data from such a document, the missing data shall be obtained from another official document.

(3) The obligor shall obtain the data in Article 81, paragraph 1, item 15 of this Law from the written authorisation submitted by the authorised representative. If it is not possible to obtain the data referred to in Article 81, paragraph 1, item 15 of this Law from such written authorization, the missing data shall be obtained directly from the representative.

(4) If the obligor doubts the veracity of the obtained data or the credibility of the presented documentation, he shall obtain a written statement from the representative.

### **Special cases of identifying and verifying the identity of a customer**

#### **Article 19**

(1) Whenever a customer enters a casino or whenever a customer or his 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 81, [paragraph 1](#), items 5 and 7 of this Law.

### **2.2.2.2. Identifying the beneficial owner of a customer**

#### **Identification of the beneficial owner of a legal person and person under foreign law**

##### **Article 20**

(1) The obligor shall identify the beneficial owner of a legal person or person under foreign law by obtaining the data in Article 81, paragraph 1, item 14 of this Law.

(2) 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 official public register, which may not be issued earlier than three months before its submission to the obligor. The data may be also obtained by directly inspecting the official public register in accordance with the provisions of [Article 15](#), paragraphs 4 and 6 of this Law.

(3) If it is not possible to obtain all the data on the beneficial owner of the customer from the official public register, the obligor shall obtain the missing data by inspecting the original or certified copy of a document and other business documentation submitted by a representative, procura holder, or empowered representative of the customer. If, for objective reasons, the data cannot be obtained as specified in this Article the obligor shall obtain it from a written statement given by a representative, procura holder or empowered representative of the customer.

(4) The obligor shall, based on a money laundering and terrorism financing risk assessment, identify the beneficial owner of a legal person or person under foreign law in such a manner as to know the ownership and management structures of the customer and to know the beneficial owners of the customer.

### **2.2.2.3. 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 21**

(1) Within the customer due diligence laid down in [Article 9](#) paragraph 1, item 1 of this Law, the obligor shall obtain the data referred to in Article 81, [paragraph 1](#), items 1 to 4, and items 6, 14 and 15 of this Law.

(2) Within the customer due diligence laid down in Article 9 paragraph 1, item 2 and Article 9, paragraph 3 of this Law, the obligor shall obtain the data referred to in Article 81, paragraph 1, items 1 to 4, items 8 to 11 and items 14 and 15 of this Law.

(3) Within the customer due diligence laid down in Article 9, paragraph 1, items 3 and 4 of this Law, the obligor shall obtain the data referred to in Article 81, paragraph 1 of this Law.

### **2.2.2.4. Monitoring customer business transactions Monitoring customer business transactions with special care**

#### **Article 22**

(1) The obligor shall monitor business transactions of the customer with special care, including by collecting information on the source of property that is involved in the business transactions of the customer.

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

1) 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;

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

3) conducting monitoring and ensuring that the documents and data held about a customer are up-to-date.

(3) The obligor shall apply the actions and measures referred to in paragraph 2 of this Article to the extent and as frequently as required by the level of risk established in an analysis referred to in [Article 7](#) of this Law.

### **2.2.3. Conducting customer due diligence actions and measures through third parties Relying on a third party to perform certain customer due diligence actions and measures**

#### **Article 23**

(1) When establishing a business relationship, the obligor may, under the conditions laid down in this Law, rely on a third party to apply the actions and measures set out in [Article 8](#), paragraph 1, items 1 to 4 of this Law.

(2) A 'third party' may include:

1) the obligor referred to in Article 4, [paragraph 1](#), items 1, 3, 4 and 8 of this Law;

2) insurance companies licensed to perform life insurance business;

3) the person referred to in Article 4, paragraph 1, items 1, 3, 4 and 8 of this Law and the insurance company licensed to perform business of life insurance in a foreign country if it is subject to a statutory requirement to register its business, if it applies 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 the execution of its business in an adequate manner.

(3) The obligor shall ensure beforehand that the third party referred to in paragraph 1 of this Article meets all the conditions laid down in this Law.

(4) 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.

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

(6) The third party shall be responsible for meeting the requirements laid down in this Law, including the keeping of data and documentation.

### **Prohibition of relying**

#### **Article 24**

(1) 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 person or an anonymous company.

(2) 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 on a list of countries that do not apply standards against money laundering and terrorism financing. This list shall be established by the Minister, at the proposal of the APMML and based on the data held by international organisations.

(3) Under no circumstances shall the third party be an off-shore legal person or a shell bank.

### **Obtaining data and documentation from a third party**

#### **Article 25**

(1) 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 the data held about the customer that the obligor requires in order to establish a business relationship under this Law.

(2) A third party shall, at the request of the obligor, deliver without delay copies of identity papers and other documentation based on which it applied 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.

(3) If the obligor doubts the credibility of the applied customer due diligence or of the identification documentation, or the veracity of data obtained about a customer, it shall request from the third party to submit a written statement on the credibility of the applied customer due diligence action or measure and the veracity of the data held about a customer.

### **Prohibition of establishing a business relationship**

#### **Article 26**

(1) The obligor may not establish a business relationship if:

1) the customer due diligence was applied by a person other than the third party referred to in [Article 23](#), 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 25, 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 conducted customer due diligence or the veracity of the obtained customer data, and has not obtained the required written statement referred to in Article 25, paragraph 3 of this Law.

### **2.2.4. Special forms of customer due diligence actions and measures**

#### **Article 27**

(1) Apart from the general customer due diligence actions and measures applied in accordance with the provisions of Article 8, [paragraph 1](#) of this Law, the following special forms of customer due diligence shall be applied in the circumstances specified in this Law:

1) enhanced due diligence actions and measures;

2) simplified due diligence actions and measures;

#### **2.2.4.1. Enhanced customer due diligence actions and measures**

##### **General provision**

#### **Article 28**

(1) Enhanced customer due diligence actions and measures, besides the actions and measures laid down in Article 8, [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 having its seat in a foreign country which is not listed as complying with the international standards against money laundering and terrorism financing that are at the level of European Union standards or higher. This list shall be established by the Minister, at the proposal of the APML and based on the data held by international organisations;

2) when establishing a business relationship or carrying out a transaction referred to in [Article 9](#), paragraph 1, item 2 of this Law with a customer who is a foreign official;

3) when the customer is not physically present at the identification and verification of the identity.

(2) In addition to the cases specified in paragraph 1 of this Article, the obligor shall apply enhanced customer due diligence actions and measures laid down in Article 29 to 31 of this Law also in circumstances when, in accordance with the provisions of Article 7 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 or other circumstances related to a customer there exist or there may exist a high level of money laundering or terrorism financing risk.



## **Loro correspondent relationship with banks and other similar institutions from foreign countries**

### **Article 29**

(1) When establishing a loro correspondent relationship with a bank or any other similar institution having its seat in a foreign country which is not on the list of countries that apply the international standards against money laundering and terrorism financing at the European Union level or higher, the obligor shall also obtain, apart from the actions and measures laid down in Article 8, [paragraph 1](#) of this Law, the following data, information and/or documentation:

1) date of issue and period of validity of the banking licence as well as the name and seat of the competent body of the foreign country which issued the licence;

2) description of 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 is located, or 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 does not operate as a shell bank;

5) a written statement of the responsible person in a bank stating that a bank or a similar institution does not have any business relationships and or transactions with a shell bank;

6) a written statement of the responsible person in a bank stating that the bank or other similar institution in the state of seat or in the state 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;

(2) The employed person in the obligor who is responsible for establishing the loro correspondent relationship referred to in [paragraph 1](#) of this Article and for the related enhanced customer due diligence actions and measures shall obtain, before establishing such relationship, a written authorization from the obligor's top management, whereas if such relationship has been established, it may not be continued without a written authorization from the obligor's top management.

(3) The obligor shall obtain the data referred to in paragraph 1 of this Article by inspecting public or other accessible registers, or 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.

(4) The obligor shall not establish or continue a loro correspondent relationship with a bank or similar institution whose seat is located in a foreign country in the following cases:

1) if it has not previously obtained the data referred to in [paragraph 1](#), item 1 and items 3 to 5 of this Article;

2) if the employed person in the obligor who is responsible for establishing a loro correspondent relationship has not previously obtained a written authorization from the obligor's top management;

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;

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.

(5) The obligor shall specifically provide and document, in the contract based on which loro correspondent relationship is established, the money laundering and terrorism financing related obligations for each contracting party. The obligor shall keep the contract in accordance with the law.

(6) The obligor can not establish a loro correspondent relationship with a foreign bank or any other similar institution based on which such foreign institution may use the account with the obligor to operate directly with its clients.

### **New Technologies**

#### **Article 29A**

(1) The obligor shall pay special attention to the money laundering or terrorism financing risk arising from the application of new technologies which may allow for client anonymity (e.g. e-banking, use of ATMs, telephone banking, etc.).

(2) The obligor shall introduce procedures and take additional measures to eliminate the risks posed by and prevent the misuse of new technologies for the purposes of money laundering or financing of terrorism.

### **Unusual transactions**

#### **Article 29B**

(1) The obligor shall pay special attention to the transactions characterised by their complexity and unusually high amount, unusual manner in which they are carried out, the value or the mutual relation of transactions with no economically or legally justifiable purpose, or which are not consistent with or which are disproportionate to the usual, i.e. expected, business operations of the customer, as well as to other circumstances related to the status or other characteristics of the customer.

(2) The obligor shall establish the basis and purpose of the transactions referred to in paragraph 1 of this Article, and make a written official note thereof. The obligor shall keep the official note referred to in this Article in accordance with the law.

### **Foreign official**

#### **Article 30**

(1) The obligor shall establish a procedure for determining whether a customer or beneficial owner of a customer is a foreign 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 82](#) of this Law that is competent for the supervision of the implementation of this Law with the obligor.

(2) If a customer or beneficial owner of a customer is a foreign official, the obligor shall, apart from the actions and measures referred to in Article 8, [paragraph 1](#) of this Law:

1) obtain data on the origin of property which is or which will 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) ensure that the employee in the obligor who carries out the procedure for establishing business relationship with a foreign official shall, before establishing such relationship, obtain written consent from the top management;

3) monitor with special attention transactions and other business activities of a foreign 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 a foreign official during the business relationship it shall apply the actions and measures referred to in paragraph 2, items 1 and 3 of this Article, whereas for the continuation of the business relationship with such person a written consent shall be obtained from the top management.

### **Identification and verification of identity without the customer's physical presence (non-face-to-face customer)**

#### **Article 31**

(1) If, in the course of identification and verification of identity, a customer is not physically present in the obligor, the obligor shall, apart from the actions and measures referred to in Article 8, [paragraph 1](#) of this Law, apply one or more of the following additional measures:

- 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, before the execution of other customer transactions in the obligor, the first payment shall be carried out from an account opened by the customer in its own name or which the customer holds with a bank or a similar institution in accordance with Article 13, paragraphs [1](#) and [2](#) of this Law;
- 4) other measures laid down by the body referred to in [Article 82](#) of this Law.

#### **2.2.4.2. Simplified customer due diligence actions and measures**

##### **General provisions**

##### **Article 32**

(1) The obligor may apply simplified customer due diligence measures in the circumstances referred to in [Article 9](#), paragraph 1, items 1 and 2 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 to 8 of this Law, except for insurance brokers and insurance agents;
- 2) Person from Article 4, [paragraph 1](#), items 1 to 8 of this Law, except for insurance brokers and agents from a foreign country on the list of countries that apply international standards against money laundering and terrorism financing at the European Union level or higher;
- 3) A State body, body of an autonomous province or body of a local self-government unit, 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 representing a low risk of money laundering or terrorism financing as established in a regulation adopted on the basis of [Article 7](#), paragraph 3 of this Law.

(2) Notwithstanding the provisions laid down in [Article 8](#) of this Law, an auditing company or licensed auditor, when establishing a business relationship regarding the obligatory auditing of the annual financial statements of a legal person, may apply simplified customer due diligence actions and measures, unless there are reasons for suspicion of money laundering or terrorism financing with respect to a customer or the auditing circumstances.

(3) Except in the cases specified under paragraphs 1 and 2 of this Article, the obligor may apply simplified customer due diligence actions and measures also in the cases when they assess, in accordance with the provisions of [Article 7](#) of this Law, that the nature of the business relationship, form or manner of the transaction, customer business profile, or other circumstances related to the client, poses slight or low level of the money laundering or terrorism financing risk.

##### **Customer data obtained and verified**

##### **Article 33**

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

- 1) when establishing the business relationship:
  - business name, address and seat of the legal person establishing the business relationship, or a legal person for which the business relationship is being established;
  - personal name of a legal representative, procura holder, or empowered representative, who establishes the business relationship for a legal person;
  - purpose and intended nature of the business relationship and the date of the establishment of the business relationship;
- 2) when carrying out a transaction referred to in [Article 9](#), paragraph 1, item 2 of this Law:
  - business name, address and seat of the legal person for which the transaction is being carried out;

- personal name of a legal representative, procura holder or empowered representative, who carries out the transaction for a legal person;
- date and time of the transaction;
- transaction amount and currency and the manner of execution of the transaction;
- purpose of the transaction, personal name and residence, or business name and seat of the person to whom the transaction is intended.

(2) 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 an official public register submitted by the customer, or by inspecting the official public register directly.

(3) If it is not possible to obtain the data in the manner specified in paragraph 2 of this Article, the missing data shall be obtained from the original or certified copies of documents and other business documentation submitted by the customer. If the data cannot be so obtained, the obligor shall obtain a written statement directly from a representative, procura holder or empowered representative.

(4) The documentation referred to in paragraphs 2 and 3 of this Article shall be issued no earlier than three months before the date of its submission to the obligor.

### **2.2.5. Restriction of business transactions with customers**

#### **Prohibition of provision of services allowing for concealment of the customer's identity**

##### **Article 34**

(1) The obligor shall not open or maintain anonymous accounts for customers, or issue coded or bearer savings books, or provide any other services that directly or indirectly allow for concealing the customer identity.

#### **Prohibition of business transactions with shell banks**

##### **Article 35**

(1) The obligor may not enter into or continue a 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 36**

(1) A person selling goods or providing a service in the Republic of Serbia may not accept cash payments from a customer or third party in the amount of EUR 15,000 or more in its RSD equivalent.

(2) The restriction laid down in paragraph 1 shall also apply if the payment of goods or a service is carried out in more than one connected cash transactions which total the RSD equivalent of EUR 15,000 or more.

### **2.3 Sending information, data, and documentation to the APML**

#### **Reporting obligation and deadlines**

##### **Article 37**

(1) The obligor shall furnish the APML with the data laid down in Article 81, [paragraph 1](#), items 1 to 4 and 8 to 11 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 business days following the transaction.

(2) The obligor shall furnish the APML with the data laid down in Article 81, [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 subsequently be sent to the APML in writing, but no later than the next business day.

(3) 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.

(4) An auditing company, licensed auditor or a legal or natural person providing accounting or tax services shall, whenever a customer seeks advice concerning money laundering or terrorism financing, inform the APML promptly, and no later than three days following the day when the customer requested such advice.

(5) If, in cases referred to in paragraphs 2 and 3 of this Article, the obligor is unable act in accordance with paragraph 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 reason, it shall send the data to the APML 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 as prescribed.

(6) The obligor shall send the data referred to in paragraphs 1 to 4 of this Article in a procedure prescribed by the Minister.

(7) The Minister shall lay down the conditions under which the obligor shall not be required to report cash transactions referred to in paragraph 1 of this Article.

## **2.4. Application of actions and measures in obligor's branches and majority-owned subsidiaries located in foreign countries**

### **Obligation to apply actions and measures in foreign countries**

#### **Article 38**

(1) The obligor shall ensure that the actions and measures for the prevention and detection of money laundering and terrorism financing laid down in this Law are applied to the same extent in its branches and majority-owned subsidiaries having their seat located in a foreign country, unless this is explicitly contrary to the regulations of such country.

(2) 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 APML thereof, and adopt appropriate measures to eliminate the risk of money laundering or terrorism financing.

(3) The obligor shall send to its branches or majority-owned subsidiaries in a foreign country updated information on the procedures concerning the prevention and detection of money laundering and terrorism financing, and particularly concerning customer due diligence, reporting to the APM, record keeping, internal control, and other circumstances related to the prevention and detection of money laundering or terrorism financing.

## **2.5. Compliance officer, training and internal control**

### **2.5.1. Compliance officer**

#### **Appointment of the compliance officer and his deputy**

#### **Article 39**

(1) The obligor shall appoint a compliance officer and his 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.

### **Requirements to be fulfilled by the compliance officer**

#### **Article 40**

(1) The obligor shall ensure that the tasks of the compliance officer referred to in Article 39 of this Law shall be carried out by a person who shall:

1) be employed in the obligor in a position with powers allowing for an effective, efficient and quality performance of all tasks laid down in this Law;

2) not to have been sentenced by a final court decision, or recorded in the expunged sentences records, or subject to any criminal proceedings for criminal offences prosecuted ex officio or criminal offences against economy, against official duty, or criminal offences of terrorism financing.

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 vulnerable to money laundering or terrorism financing.

5) be licensed to perform the duties of compliance officer

(2) Deputy compliance officer shall meet the same requirements as the person referred to in paragraph 1 of this Article.

(3) The APML shall verify the fulfilment of requirements laid down in this Article and licence the compliance officer and deputy compliance officer. The licence shall be issued based on the results of a professional examination. The content and manner of taking the professional examination shall be established by the Minister, based on a proposal by the director of the APML.

### **Responsibilities of the compliance officer**

#### **Article 41**

(1) 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 APML 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 improvement programmes for employees in the obligor;

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

(3) The compliance officer shall be independent in carrying out his tasks and shall be directly responsible to the top management.

### **Responsibilities of the obligor**

#### **Article 42**

(1) The obligor shall provide the compliance officer with the following:

1) unrestricted access to data, information, and documentation required to perform his 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) ongoing professional training;

5) replacement during absence;

6) protection with respect to disclosure of data about him to unauthorised persons, as well as protection of other procedures which may affect an uninterrupted performance of his duties;

(2) 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 tasks, as well as to advise him 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.

(3) The obligor shall send to the APML the data concerning the name and position of the compliance officer and his deputy, including any changes of such data, no later than 15 days from the date of the appointment.

### **2.5.2. Education, training and improvement**

#### **Regular training obligation**

#### **Article 43**

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

(2) Professional education, training and improvement shall include familiarizing with the provisions of the Law, regulations drafted based on the Law, and internal documents, 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.

(3) 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 March for the current year.

### **2.5.3. Internal control and integrity of employees Obligation of regular internal controls**

#### **Article 44**

(1) The obligor shall provide for a regular internal control of execution of tasks for the prevention and detection of money laundering and terrorism financing.

### **Integrity of employees**

#### **Article 44A**

- (1) The obligor shall establish the procedure under which, at the time of recruitment for the job where the provisions of this Law and regulations passed according to this Law are applied, the candidate for such job is checked to establish if they have been convicted for any of the criminal offences through which illegal proceeds are acquired or any of the criminal offences linked to terrorism.
- (2) Other criteria shall be evaluated too in the procedure referred to in paragraph 1 of this Article based on which it is established whether the candidate for the job referred to in paragraph 1 of this Article meets the high professional and moral qualities.

### **2.5.4 By-laws for performing certain obligor tasks Methodology for execution of tasks in the obligor**

#### **Article 45**

(1) The Minister shall, at APML's proposal, specify the procedure for executing internal controls, data keeping and protection, record keeping and professional education, training and improvement of employees in the obligor and lawyer under this Law.

## **III ACTIONS AND MEASURES TAKEN BY LAWYERS**

### **Actions and measures taken by lawyers**

#### **Article 46**

(1) Lawyers shall apply actions and measures for the prevention and detection of money laundering and terrorism financing in the following cases:

- 1) when assisting in planning or execution of transactions for a customer concerning:
  - buying or selling of real estate or a company,
  - managing of customer assets;
  - opening or disposing of an account with a bank (bank, savings or securities accounts);
  - collection of contributions necessary for the creation, operation or management of companies;
  - creation, operation or management of a person under foreign law.
- 2) when carrying out, on behalf of or for a customer, any financial or real estate transaction.

### **Customer due diligence**

#### **Article 47**

(1) When identifying and verifying the identity of a customer in the event referred to in [Article 9](#), paragraph 1, item 1 of this Law, the lawyer shall obtain the data referred to in [Article 81](#), [paragraph 3](#), items 1 to 5 and 10 of this Law.

(2) When identifying and verifying the identity of a customer in the event referred to in [Article 9](#), paragraph 1, item 2 of this Law, the lawyer shall obtain the data referred to in [Article 81](#), [paragraphs 3](#), items 1 to 3 and items 6 to 9 of this Law.

(3) When identifying and verifying the identity of a customer in the event referred to in Article 9, paragraph 1, items 3 and 4 of this Law, the lawyer shall obtain the data referred to in Article 81, paragraph 3 of this Law.

(4) The obligor 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 81, [paragraph 3](#), items 1 to 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.

(5) The lawyer shall identify and verify the identity of a beneficial owner of a customer that is a legal person or person under foreign law, or any other legal arrangement, by obtaining the data referred to in Article 81, [paragraph 3](#), item 3 of this Law, by means of inspecting 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. 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 person.

(6) The lawyer shall obtain other data referred to in Article 81, [paragraph 3](#) of this Law by inspecting the original or certified copy of an identity document or other business documentation.

(7) The lawyer shall obtain a written statement from the customer concerning any missing data, other than the data referred to in Article 81, [paragraph 3](#), items 11 to 13.

### **Reporting to the APML on persons and transactions with respect to which there are reasons for suspicion of money laundering or terrorism financing**

#### **Article 48**

(1) If the lawyer, when carrying out tasks referred to in Article 46 of this Law, establishes that there are reasons for suspicion of money laundering or terrorism financing regarding a person or transaction, he shall inform the APML accordingly, before the 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 sent to the APML in writing, but no later than the next business day.

(2) 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.

(3) If the lawyer is unable act in accordance with paragraph 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, he shall send the data to the APML as soon as possible but no later than immediately after he has learned of the reasons for suspicion of money laundering or terrorism financing. The lawyer shall make a written statement explaining the reasons why he did not act as prescribed.

(4) Where a customer requests advice from the lawyer concerning money laundering or terrorism financing, the lawyer shall report it to the APML promptly and no later than three days after the day when the customer requested the advice.

(5) The lawyer shall send the data referred to in Article 81, [paragraph 3](#) of this Law to the APML in the manner set out by the Minister.

### **Exemptions**

#### **Article 49**

(1) The lawyer shall not be required to act as laid down in the provisions of [Article 48](#), paragraph 1 and 2 of this Law, in relation to any data which he 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.

(2) Under the conditions specified in paragraph 1 of this Article the lawyer shall not be obliged to send data, information or documentation at the APML request referred to in [Article 54](#) of this Law. In this case he shall send a written report to the APML stating the reasons why he did not



act according to the APML request, without delay and no later than within 15 days from the date of receipt of such request.

(3) The lawyer shall not be obliged to send the data on cash transactions referred to in [Article 37](#), paragraph 1 of this Law to the APML, unless there are reasons for suspicion of money laundering or terrorism financing with respect to a person or transaction.

#### **IV INDICATORS TO RECOGNIZE REASONS FOR SUSPICION**

##### **Obligation to develop and apply a list of indicators**

###### **Article 50**

(1) The obligor and lawyer 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.

(2) When developing the list referred to in paragraph 1 of this Article, the obligor and lawyer 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.

(3) When determining whether there are reasons for suspicion of money laundering and terrorism financing and other related circumstances, the obligor and lawyer shall apply the list of indicators referred to in paragraph 1 of this Article.

(4) The Minister may specify a requirement to include certain indicators to the list referred to in paragraph 1 of this Article.

##### **Cooperation in the development of a list of indicators**

###### **Article 51**

(1) Bodies referred to in [Article 82](#) of this Law shall take part in the development of a list of indicators.

(2) Other persons may participate in the development of a list of indicators if requested.

#### **V ADMINISTRATION FOR THE PREVENTION OF MONEY LAUNDERING**

##### **5.1. General provisions**

###### **Article 52**

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

(2) The APML shall perform the following financial-intelligence tasks: collects, processes, analyzes and disseminates to the competent bodies the information, data and documentation obtained as provided for in this Law and shall carry out other tasks relating to the prevention and detection of money laundering and terrorism financing in accordance with the Law.

##### **5.2. Detection of money laundering and terrorism financing**

###### **Requesting data from the obligor**

###### **Article 53**

(1) If the APML 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 81, paragraph 1 of this Law;
- 2) data about money and property of a customer in the obligor;
- 3) data about transactions of money and 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.

(2) The APML 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.

(3) In the cases referred to in paragraphs 1 and 2 of this Article, the obligor shall send all the required documentation to the APML at its request.

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

(5) The APML may, due to an extensive size 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 APML inspecting such documentation shall identify himself using an official identity card and official badge containing the identification number.

### **Requesting data from the lawyer**

#### **Article 54**

(1) If the APML assesses that there are reasons for suspicion of money laundering or terrorism financing in relation to certain transactions or persons, it may request from the lawyer data, information and documentation required for detecting and proving money laundering and terrorism financing.

(2) The APML may also request from the lawyer 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.

(3) The lawyer shall send the data, information and documentation to the APML within the deadlines specified in Article 53, paragraphs 4 and 5 of this Law.

### **Requesting data from the competent State bodies and public authority holders**

#### **Article 55**

(1) 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 APML may request data, information and documentation required to detect and prove money laundering or terrorism financing from the State bodies, organizations and legal persons entrusted with public authorities.

(2) The APML 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 and terrorism financing 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.

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

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

### **Temporary suspension of transaction**

#### **Article 56**

(1) The APML may issue a written order to the obligor for a temporary suspension of a transaction 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.

(2) APML director or a person he authorises may, in urgent cases, issue an oral order temporarily suspending a transaction, which shall be confirmed in writing no later than the next business day.

(3) A temporary suspension of transaction pursuant to paragraphs 1 and 2 of this Article may last for a maximum of 72 hours following the moment of the temporary suspension of transaction. If the time limit referred to in this paragraph occurs during non-working days, the APML may issue an order to extend such time limit for additional 48 hours.

(4) During the course of the temporary suspension of transaction the obligor shall abide by APML orders concerning such transaction or person that carries out such transaction.

(5) 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 APML promptly.

(6) If the APML establishes within the time referred 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.

(7) If the APML does not inform the obligor on the results of its actions, within the time referred to in paragraph 3 of this Article, the obligor shall be considered to have the permission to execute the transaction.

(8) The obligor may temporarily suspend a transaction 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 57**

(1) If the APML 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.

(2) The APML 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.

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

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

(5) 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 APML 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.

(6) 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 for a maximum of six months from the date when the order was issued.

### **The initiative to commence procedure in the APML**

#### **Article 58**

(1) If there are reasons for suspicion of money laundering or terrorism financing in relation to certain transactions or persons, the APML 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, Privatization Agency, competent inspectorates and State bodies competent for state auditing and fight against corruption.

(2) The APML shall refuse to initiate the procedure based on the initiative referred to in paragraph 1 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.

(3) In the event referred to in paragraph 2 of this Article, the APML 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 59**

(1) If the APML 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 60**

(1) The APML shall inform the obligor, lawyer and the State body referred to in [Article 58](#), paragraph 1 of this Law, that reported to the APML 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.

(2) 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 APML on money laundering and terrorism financing techniques and trends in the area;

4) description of cases from the practice of the APML and other competent state bodies.

### **5.3. International cooperation**

#### **Requesting data from foreign countries**

##### **Article 61**

(1) The APML 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.

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

(3) The APML 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 this data to the APML.

(4) The APML 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 APML.

#### **Dissemination of data to the competent State bodies of foreign countries**

##### **Article 62**

(1) The APML 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, under the condition of reciprocity.

(2) The APML may refuse to respond to the request referred to in paragraph 1 of this Article if it assesses, based on the facts and circumstances specified in the request, that there are no reasons for suspicion of money laundering or terrorism financing or if the sending of such data would jeopardize or may jeopardize the course of criminal proceedings in the Republic of Serbia.

(3) The APML 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.

(4) The APML 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.

**Temporary suspension of a transaction at the request of the competent body of a foreign country**  
**Article 63**

(1) The APML 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, for a maximum of 72 hours 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.

(2) The provisions of [Article 56](#) of this Law shall apply as appropriate to the temporary suspension of execution of transaction referred to in paragraph 1 of this Article.

(3) The APML may refuse to carry out the request referred to in paragraph 1 of this Article if it assesses, on the basis of facts and circumstances stated in the request, that there are no reasons for suspicion of money laundering or terrorism financing, 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 64**

(1) The APML 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.

**5.4. Prevention of money laundering and terrorism financing**  
**Prevention of money laundering and terrorism financing**  
**Article 65**

(1) The APML shall undertake the following tasks in the prevention of money laundering and terrorism financing:

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

2) submit recommendations to the Minister for amending this Law and other regulations governing the 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) make drafts and issue recommendations for a uniform application of this Law and regulations made under this Law in the obligor and lawyer;

6) develop plans and implement training of APML's employees and cooperates in matters of professional education, training and improvement of employees in the obligor and lawyer 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 State bodies, competent bodies of foreign countries and international organizations;

8) participate in international cooperation in the area of detection and prevention of money laundering and terrorism financing;

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

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

11) perform other tasks in accordance with the law.

## **5.5. Other responsibilities**

### **Work reports**

#### **Article 66**

(1) The APML shall submit a work report to the Government, no later than until 31 March of the current year for the previous year.

(2) The report referred to in paragraph 1 of this Article shall include statistical data on money laundering or terrorism financing manifestations, money laundering or terrorism financing trends, as well as data on APML's activities.

## **VI CONTROL OF CROSS-BORDER TRANSPORTATION OF BEARER NEGOTIABLE INSTRUMENTS**

### **Declaring bearer negotiable instruments**

#### **Article 67**

(1) Any natural person crossing the state border carrying bearer negotiable instruments amounting to EUR 10,000 or more either in RSD or foreign currency, shall declare it to the competent customs body.

(2) The declaration referred to in paragraph 1 of this Article shall contain the data referred to in Article 81, [paragraph 5](#) of this Law.

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

### **Customs control**

#### **Article 68**

(1) The competent customs body, when conducting customs control in accordance with law, shall control the fulfilling of the requirement referred to in [Article 67](#) of this Law.

### **Reasons for suspicion of money laundering or terrorism financing**

#### **Article 69**

(1) If the competent customs body establishes that a natural person is transferring, across the state border, bearer negotiable instruments in the amount lower than the amount referred to in [Article 67](#), paragraph 1 of this Law, and there are reasons for suspicion of money laundering or terrorism financing, it shall obtain the data referred to in Article 81, [paragraph 6](#) of this Law.

(2) The competent customs body shall temporarily seize the bearer negotiable instruments that have not been declared and shall deposit them into the account, kept with the National Bank of Serbia, held by the body competent to adjudicate in minor offence proceedings. A certificate shall be issued on any seized bearer negotiable instruments.

## **VII RESPONSIBILITIES OF STATE BODIES AND OTHER LEGAL PERSONS**

### **Competent customs bodies**

#### **Article 70**

(1) The competent customs body shall send the data referred to in Article 81, [paragraph 5](#) of this Law to the APML regarding each declared or non-declared cross-border transportation of bearer negotiable instruments within three days from the date of such transfer, and where there are reasons for suspicion of money laundering or terrorism financing it shall also state the reasons thereof.

(2) The competent customs body shall send the data referred to in Article 81, [paragraph 6](#) of this Law to the APML within the time set in paragraph 1 of this Article in case of any cross-border transportation of bearer negotiable instruments in the amount lower than the amount referred to in

[Article 67](#), paragraph 1 of this Article, if there are reasons for suspicion of money laundering or terrorism financing.

### **Securities market organizers and the securities Central Register, depository and clearing**

#### **Article 71**

(1) The organizer of the market, pursuant to the law governing the securities market and the securities Central Register, securities depository and clearing shall inform the APML in writing where they establish or identify any facts, when performing tasks within their remit, that are or may be linked to money laundering or terrorism financing.

### **Courts, public prosecutors' offices and other State bodies**

#### **Article 72**

(1) Courts, public prosecutors' offices and other State bodies competent to submit reports shall regularly send to the APML, for the purposes of compilation and analysis, data and information on proceedings concerning minor offences, economic offences and criminal offences related to money laundering and terrorism financing, about the perpetrators, as well as about the confiscation of proceeds generated from a criminal offence (hereinafter referred to as: 'proceeds').

(2) State bodies competent to send reports shall regularly send to the APML the following data:

- 1) Reporting date;
- 2) Name, surname, date and place of birth, or the business name and seat of the reported person;
- 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 the offence;

(3) The State Public Prosecutor's Office and other competent prosecutors' offices shall annually as well as upon request of the APML, send the following data to the APML:

- 1) Date of indictment;
- 2) Name, surname, date and place of birth, or the business name and seat of the indicted person;
- 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 the offence;

(4) Courts shall annually, as well as upon request of the APML, send the following data to the APML:

- 1) Name, surname, date and place of birth, or the business name and seat of the person against which the proceedings have been initiated;
- 2) Legal qualification of the offence, type and amount of the seized or confiscated proceeds;
- 3) Type of punishment and sentence;
- 4) Latest court decision passed in the proceedings at the time of reporting;
- 5) Data on the letters rogatory received and sent in relation to the criminal offences referred to in paragraph 1 of this Article or predicate offences;
- 6) Data on all received and sent requests for seizure or confiscation of proceeds regardless of the type of criminal offence.

(6) The ministry competent for judiciary shall send to the APML annually as well as upon its request, data on the received and sent requests for extradition in relation to criminal offences referred to in paragraph 1 of this Article.

(7) The competent State bodies that received the information referred to in [Article 59](#) of this Law from the APML shall send the data on the measures taken and decisions made, once a year, but no later than by the end of February of the current year for the previous year, as well as at its request.

## VIII DATA PROTECTION AND KEEPING AND RECORD KEEPING

### 8.1. Data protection

#### Prohibition of disclosure ('no tipping off')

##### Article 73

(1) The obligor, lawyer and their 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 81](#) of this Law shall not disclose to the customer or any other person the following:

1) that the APML was sent, or is being sent, data, information and documentation on a customer or transaction with respect to which there is suspicion of money laundering or terrorism financing;

2) that the APML has issued, based on [Articles 56](#) and [63](#) of this Law, an order for a temporary suspension of transaction;

3) that the APML has issued, based on [Article 57](#) 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.

(2) The prohibition referred to in paragraph 1 of this Article shall not apply to the situations:

1) when the data, information and documentation obtained and maintained by the obligor or lawyer 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 Article is requested by the body referred to in [Article 82](#) of this Law in the supervision of the implementation of the provisions of this Law;

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

#### Data confidentiality

##### Article 74

(1) Data, information and documentation obtained by the APML under this Law will be classified with an appropriate degree of confidentiality.

(2) 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 not be considered breach of data confidentiality.

(3) Sending of data, information and documentation by the obligor, lawyer or their employees to the APML, correspondent bank, pursuant to [Article 29](#) of this Law, and third party, pursuant to [Articles 23](#) to [26](#) of this Law, shall not be considered breach of obligation to keep a business, banking or professional secret.

#### Exemption from responsibility

##### Article 75

(1) The obligor, lawyer and their 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 APML data, information and documentation about their customers;

3) execute the order of the APML 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 56](#), paragraph 8 of this Law.

(2) The obligor, lawyer, and their employees shall not be held liable, either disciplinary or criminally, for any breach of the obligation to keep the business, banking or professional secrets, in the following circumstances:

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



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

### **Use of data, information and documentation**

#### **Article 76**

(1) The APML, other competent State body or holder of public authority as well as the obligor and lawyer and their employees may use the data, information and documentation, obtained under this Law, only for the purposes laid down in the law.

### **8.2. Keeping of data**

#### **Period for keeping the data in the obligor and lawyer**

##### **Article 77**

(1) The obligor and lawyer shall keep the data and documentation that are obtained under this Law concerning a customer, established business relationships with a customer and executed transactions for a period of 10 years from the date of termination of the business relationship, executed transaction, or the latest access to a safe deposit box or entry into a casino.

(2) The obligor and lawyer 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.

#### **Period for keeping data in the competent customs body**

##### **Article 78**

(1) The competent customs body shall keep the data obtained in accordance with this Law for a period of at least 10 years from the date at which it was obtained.

#### **Period for keeping data in the APML**

##### **Article 79**

(1) The APML shall keep the data from the records it maintains under this Law for a period of at least 10 years from the date at which it was obtained.

### **7.3 Records**

#### **Record keeping**

##### **Article 80**

(1) The obligor shall keep the following records of data:

1) Concerning the customers, as well as business relationships and transactions referred to in [Article 9](#) of this Law;

2) That was sent to the APML pursuant to [Article 37](#) of this Law.

(2) The lawyer shall keep the following records of data:

1) Concerning the customers, as well as business relationships and transactions referred to in [Article 9](#) of this Law;

2) That was sent to the APML in pursuant to [Article 48](#) of this Law.

(3) The competent customs body shall keep records on:

1) The declared and non-declared cross-border transportation of bearer negotiable 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 bearer negotiable 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.

(4) The APML shall keep the records of:

1) Data on persons and transactions referred to in [Article 37](#) of this Law;

2) Data on persons and transactions referred to in [Article 48](#) of this Law;

3) Issued orders for the temporary suspension of a transaction referred to in [Article 56](#) and [63](#) of this Law;

- 4) Issued orders for the monitoring of financial transactions of a customer referred to in [Article 57](#) of this Law;
- 5) Received initiatives referred to in [Article 58](#) of this Law;
- 6) Data transferred to the competent State bodies in accordance with [Article 59](#) of this Law;
- 7) Data received and sent in accordance with [Articles 61](#) and [62](#) of this Law;
- 8) Data on minor offences, economic offences, and criminal offences referred to in [Article 72](#) of this Law;
- 9) Deficiencies, illegitimate acts or imposed measures in the supervision referred to in [Article 82](#) of this Law;
- 10) The reports referred to in [Article 71](#) and [86](#) of this Law.

## **Content of records**

### **Article 81**

(1) Records of data on customers, business relationships and transactions referred to in [Article 80](#), 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 person 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 identity 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 which is a legal person or any other person under civil law referred to in [Article 3](#), paragraph 1, [item 10](#) of this Law, 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 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) Business name, address, seat, registry number and TIN of the entrepreneur;
  - 5) 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;
  - 6) Purpose and intended nature of a business relationship, as well as information on the type of business and business activities of a customer;
  - 7) Date of establishing of a business relationship, i.e. date and time of entrance into a casino or access to a safe-deposit box;
  - 8) Date and time of transaction;
  - 9) Amount and currency of the transaction;
  - 10) 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;
  - 11) Manner in which a transaction is executed;
  - 12) Data and information on the origin of property which was the subject matter or which will be the subject matter of a business relationship or transaction;
  - 13) Reasons for suspicion of money laundering or terrorism financing;
  - 14) Name, surname, date and place of birth, and place of permanent or temporary residence of the beneficial owner of the customer, whereas in the case referred to in [Article 3](#), paragraph 1, [item 13](#), line 2 of this Law, data on the category of the person in whose interest the person under foreign law was founded or operates;
  - 15) Name of the person under civil law referred to in [Article 3](#), paragraph 1, [item 10](#) of this Law, and name and surname, date and place of birth and place of permanent or temporary residence of each member of such person.
- (2) The records of data sent to the APMML in accordance with [Article 37](#) of this Law shall contain the data referred to in paragraph 1 of this Article.

(3) Records of data on customers, business relationships and transactions maintained by lawyers pursuant to [Article 80](#), paragraph 2, item 1 of this Law shall contain:

1) Name and surname, date and place of birth, place of permanent or temporary residence, UPIN, type, number, place and date of issue of a personal identity document of the natural person and entrepreneur, or the business name, address, seat, registry number and TIN of the legal person and entrepreneur to whom the lawyer provides services;

2) Name and surname, date and place of birth, place of permanent or temporary residence, UPIN, type, number, place and date of issue of the personal document of the representative of the legal person or legal representative or empowered representative of the physical person who establishes a business relationship or carries out a transaction on behalf of and for the account of such legal or natural person;

3) Data referred to in paragraph 1, item 14 of this Article concerning the legal person to whom the lawyer provides a service;

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

5) Date of establishing a business relationship;

6) Date of transaction;

7) Amount and currency of the transaction;

8) 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;

9) Manner in which a transaction is executed;

10) Data and information on the origin of property which was the subject matter or which will be the subject matter of a business relationship or transaction;

11) Name and surname, date and place of birth, place of permanent or temporary residence and UPIN of the natural person and entrepreneur, or the business name, address and seat, registry number and TIN of the legal person and entrepreneur with respect to which there are reasons for suspicion of money laundering or terrorism financing;

12) Data on the transaction with respect to which there are reasons for suspicion of money laundering or terrorism financing (amount and currency of transaction, date and time of transaction);

13) Reasons for suspicion of money laundering or terrorism financing.

(4) The records of data sent to the APML in accordance with [Article 48](#) of this Law shall contain the data referred to in paragraph 3 of this Article.

(5) Records of declared and non-declared cross-border transportation of bearer negotiable instruments amounting to EUR 10,000 or more in RSD or foreign currency shall contain:

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 person, 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 person, 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 the instruments;

5) Amount and currency of the bearer negotiable instruments transferred;

6) Origin of the bearer negotiable instruments transferred;

7) Purpose for which the instruments will 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 bearer negotiable instruments have been declared;

(6) Records on cross-border transportation of bearer negotiable 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 person, 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 person, 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 the instruments;

5) Amount and currency of the bearer negotiable instruments transferred;

6) Origin of the bearer negotiable instruments transferred;

7) Purpose for which the instruments will 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.

(7) 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 whose execution 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 person 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.

(8) 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 person to which the order applies.

(9) Records on the initiatives referred to in Article 58 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 person 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) Reasons for suspicion of money laundering or terrorism financing.

(10) The records of data transferred to the competent State bodies in accordance with [Article 59](#) 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 person in with respect to which the APML 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) Reasons for suspicion of money laundering or terrorism financing;

4) Data on the body to which the data were sent.

(11) The records of data received and sent in accordance with [Articles 61](#) and [62](#) of this Law shall contain:

1) Name of the country or body to which the APML sends or from which it requests data, information and documentation;

2) Data on the transactions or persons concerning which the APML sends or requests the data referred to in paragraph 1 of this Article.

(12) The records of data on minor offences, economic offences, and criminal offences referred to in [Article 72](#) of this Law shall contain:

- 1) Date of report, indictment, or institution 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 instituted;
- 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 of punishment and sentence;
- 7) Latest court decision passed in the proceedings at the time of reporting;
- 8) Data on the rogatory letters 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.

(13) Records of minor offences and measures imposed in the supervision referred to in [Article 82](#) 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 person, work position and tasks performed;
- 2) Business name, address, seat, registry number and TIN of the legal person;
- 3) Description of the minor offence or deficiency;
- 4) Data on the imposed measures.

(14) The records of the reports referred to in [Article 71](#) and [86](#) 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 person 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 the execution of transaction);
- 3) Description of the facts which are linked or which may be linked to money laundering or terrorism financing.

## **IX SUPERVISION**

### **9.1. Bodies competent for supervision**

#### **Bodies competent for supervision and their powers**

##### **Article 82**

(1) The supervision of the implementation of this Law by the obligor and lawyer shall be conducted by the following bodies, within their respective competences:

- 1) APML;
- 2) National Bank of Serbia;
- 3) Securities Commission
- 4) Tax Administration;
- 5) Ministry competent for supervisory inspection in the area of trade;
- 6) Foreign Currency Inspectorate;
- 7) Administration for Games of Chance;
- 8) Ministry competent for finance;

- 9) Ministry competent for postal communication;
- 10) Bar Association;
- 11) Chamber of Licensed Auditors.

(2) 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 remedied in the period which it sets itself;
- 2) Lodge a request to the competent body for the institution of an adequate procedure;
- 3) Take other measures and actions for which it is authorized in the law.

### **APML competence in supervision**

#### **Article 83**

(1) The APML shall conduct supervision of the implementation of this Law by the obligors and lawyers by collecting, processing, and analysing data, information, and documentation sent to the APML under this Law.

(2) The APML shall supervise the implementation of this Law by obligors specified in Article 4, [paragraph 1](#), item 7), and Article 4, [paragraph 2](#), item 5) and 7) of this Law in case of domestic payment operations, as well as Article 4, paragraph 1, item 11) and 12), and Article 4, paragraph 2, items 2) to 4) and item 6) of this Law.

(3) When conducting supervision the APML's employee shall identify themselves using the official ID card and badge

(4) The obligor and lawyer shall send the APML data, information, and documentation required for the supervision immediately, and no later than 15 days from the date of request.

(5) The APML may request from the state bodies and public authority holders all data, information, and documentation that are required for supervision under this Law.

### **Other bodies competent for supervision**

#### **Article 84**

(1) The National Bank of Serbia shall supervise the implementation of this Law by the obligors referred to in Article 4, paragraph 1, items 1 and 2, and items 4 to 6 of this Law.

(2) The Securities Commission shall supervise the implementation of this Law by the obligors referred to in Article 4, [paragraph 1](#), item 1 with respect to custody and broker-dealer business, and Article 4, paragraph 1, items 3 and 8 of this Law.

(3) The Administration for Games of Chance shall supervise the implementation of this Law by the obligors referred to in Article 4, paragraph 1, items 9 and 10 of this Law.

(5) The ministry competent for postal communication shall supervise the implementation of this Law by the obligors referred to in Article 4, paragraph 1, item 7 of this Law with respect to valuable mail.

(6) The ministry competent for supervisory inspection in the area of trade shall supervise the implementation of this Law by the obligors referred to in Article 4, [paragraph 2](#), item 1 of this Law.

(8) The Bar Association shall supervise the implementation of this Law by the lawyer.

(10) The Tax Administration and the ministry competent for supervisory inspection in the area of trade shall supervise the implementation of the provision of [Article 36](#) of this Law.

(11) The Foreign Currency Inspectorate shall supervise the implementation of this Law by the obligors referred to in Article 4, [paragraph 1](#), items 2 and 7, and Article 4, [paragraph 2](#), items 5 and 7 of this Law with respect to international payment operations.

(12) The bodies referred to in this Article shall send each other, upon request, all data and information required for supervision of the implementation of this Law.

(13) The obligor and lawyer shall send data, information and documentation required for supervision to the bodies referred in this Article promptly and no later than 15 days from the date of receipt of a request.

**9.2. Informing the APML concerning supervision  
Information on the supervision measures taken  
Article 85**

(1) The bodies referred to in [Article 84](#) of this Law shall promptly inform the APML in writing of all the measures taken in the implemented supervision, any irregularities or illegal acts found as well as any other relevant facts in relation to the supervision, and shall send a copy of the document that they enact.

(2) The report referred to in paragraph 1 of this Article shall contain the data referred to in Article 81, [paragraph 13](#) of this Article.

(3) The body that has found irregularities and illegal acts shall also inform other bodies referred to in [Article 84](#) thereof, if that is relevant for their work.

**Informing APML of the facts linked to money laundering and terrorism financing  
Article 86**

(1) The bodies referred to in Article 84 of this Law shall inform the APML in writing where they establish or identify, while executing tasks within their competence, facts that are or may be linked to money laundering or terrorism financing.

**9.3. Issuing recommendations and guidelines  
Article 87**

(1) The body referred to in [Article 84](#) 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.

**X PENAL PROVISIONS**

**Economic offences**

**Article 88**

(1) A legal person shall be punished for an economic offence with a fine amounting from RSD 500,000 to RSD 3,000,000, if it:

1) Fails to develop a money laundering and terrorism financing risk analysis ([Article 7](#), paragraph 1);

2) Fails to take customer due diligence actions and measures referred to in [Article 8](#), paragraph 1 of this Law;

3) Establishes a business relationship with the customer without having previously taken the required actions and measures, or where a business relationship has been established, it fails to terminate it ([Article 8](#), paragraph 2 and [Article 10](#), paragraph 1);

4) Carries out a transaction without having taken the required measures ([Article 8](#), paragraph 2 and [Article 11](#));

5) With respect to life insurance business, fails to identify the beneficiary of the policy before the time of payout of the benefits under the contract ([Article 10](#), paragraph 2);

5a) Fails to obtain accurate and complete data concerning the originator of the electronic transfer or fails to include it into the form or message accompanying the incoming or outgoing electronic transfer of funds, regardless of the currency ([Article 12a](#), paragraph 1);

5b) Fails to establish and verify the identity of the originator of the electronic transfer before the execution of such transfer, in the manner provided for in Article 13, [paragraph 2](#), and [Article 15](#), paragraph 2 of this Law ([Article 12b](#), paragraph 1);

5c) Fails to meet the requirements laid down in [Article 12a](#), paragraph 1 of this Law at all times when there are reasons to suspect money laundering or terrorist financing, regardless of the electronic transfer amount ([Article 12c](#), paragraph 3);

5d) Fails to obtain missing data or fails to refuse the execution of the electronic transfer if the electronic transfer lacks accurate and complete data concerning the electronic transfer originator, or fails to obtain such data within the specified time limit ([Article 12b](#), paragraph 4);

6) Fails to identify and verify the identity of the customer who is a natural person, its legal representative, as well as entrepreneur, and fails to obtain all the required data or if it fails to obtain it in a required manner (Article 13, [paragraph 1](#), 2 and 6);

7) Fails to identify and verify the identity of the empowered representative of the customer who is a natural person, i.e. fails to identify and verify the identity of such empowered representative in the required manner (Article 13, paragraph 4);

8) Identifies and verifies the identity of the customer using a qualified electronic certificate contrary to the provisions of [Article 14](#) of this Law and the conditions set out by the Minister based on Article 14, paragraph 1 of this Law;

9) Fails to identify and verify the identity of the customer that is a legal person, fails to obtain all the required data or fails to obtain them in the required manner ([Article 15](#), paragraphs 1 to 5);

10) Fails to identify and verify the identity of the branch of the legal person through which it operates (Article 15, paragraph 7);

11) Fails to identify and verify the identity of the representative of a customer that is a legal person, fails to obtain all the required data or fails to obtain them in the required manner ([Article 16](#) and [Article 17](#), paragraph 2);

12) Fails to identify and verify the identity of the empowered representative or procura holder of a customer that is a legal person, fails to obtain all the required data or fails to obtain them in the required manner (Article 17, paragraph 1);

13) Fails to identify or verify the identity of the person under civil law referred to in Article 3, paragraph 1, [item 10](#) of this Law, authorised representative of such other person, as well as persons that are members of such other person, fails to obtain all the required data or fails to obtain it in the required manner ([Article 18](#));

14) Fails to identify and verifies the identity of a customer or its legal representative or empowered representative at the entry of such person into a casino or access to a safe-deposit box, fails to obtain the required data or fails to obtain it in the required manner ([Article 19](#));

15) Fails to identify the beneficial owner of a customer, fails to obtain the required data or fails to obtain it in the required manner ([Article 20](#), paragraph 1 to 3);

16) Fails to verify the identity of the beneficial owner of a customer based on a money laundering and terrorism financing risk assessment (Article 20, paragraph 4);

17) Relies for customer due diligence actions and measures on a third party which can not be a third party in accordance with this Law ([Article 23](#), paragraph 2, and [Article 24](#), paragraph 3);

(18) Relies on a third party to perform customer due diligence measures if the third party is from a state which is on a list of countries that do not apply the standards against money laundering and terrorism financing (Article 24, paragraph 2);

19) Establishes a business relationship with a customer contrary to the provisions of [Article 26](#) of this Law;

19a) Fails to conduct enhanced customer due diligence actions and measures referred to in Articles [29](#) to [31](#) of this Law in cases when, in line with the provisions of [Article 7](#) of this Law, it assesses that, due to the nature of the business relationship, form and manner of the execution of transaction, customer's business profile, or other circumstances related to the customer, there is or there may be a high money laundering or terrorism financing risk ([Article 28](#), paragraph 2).

20) Fails to obtain the required data, information and documentation or fails to obtain it in the required manner ([Article 29](#), paragraphs 1 and 3) when establishing a loro correspondent relationship with a bank or any other similar institution having its seat in a foreign country which is not on the list of countries that apply the international standards in the area of prevention of money laundering and terrorism financing that are at the level of European Union standards or higher;

20a) Fails specifically to provide for and document, in the contract based on which correspondent relationship is established, obligations of each contracting party, in terms of preventing and detecting money laundering and terrorism financing, and if it fails to keep the contract in line with the law ([Article 29](#), paragraph 5);

20b) Establishes loro correspondent relationship with a foreign bank or other similar institution based on which such foreign institution may can use an account with the obligor to conduct business operations directly with its customers ([Article 29](#), paragraph 6);



20c) Fails to introduce procedures or fails to take additional measures to eliminate risks and prevent new technologies from being abused for the purpose of money laundering or terrorism financing, or if it fails to apply such procedures ([Article 29a](#), paragraph 2);

20d) Fails to establish grounds and purpose of transactions referred to in Article 29b, paragraph 1, and fails to make an official note in writing, or fails to keep such official note in line with the law ([Article 29b](#), paragraph 2);

21) Fails to set up a procedure to establish whether a customer or beneficial owner of a customer is a foreign official, or fails to set up such procedure in the required manner ([Article 30](#), paragraph 1);

22) Fails to conduct the measures laid down in Article 30, paragraphs 2 and 3 of this Law;

23) Establishes a business relationship without the presence of the customer without having taken the required additional measures ([Article 31](#));

24) Applies simplified due diligence measures contrary to the conditions set out in Articles [32](#) and [33](#) of this Law;

25) Opens, issues or maintains an anonymous account, coded or bearer savings book, or provides other services that directly or indirectly allow for concealing the customer identity ([Article 34](#));

26) Establishes or continues a correspondent relation 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 35](#));

27) Accepts cash for the payment of goods or services amounting to the RSD equivalent of EUR 15,000, regardless of whether the payment is carried out in a single or in more than one linked cash transactions ([Article 36](#));

28) Fails to report to the APML on each cash transaction amounting to the RSD equivalent of EUR 15,000 or more ([Article 37](#), paragraph 1);

29) Fails to inform the APML 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 37, paragraphs 2-6);

30) Fails to appoint the compliance officer or its deputy in order to perform the tasks laid down in this Law ([Article 39](#));

30a) Fails to ensure that the tasks of the compliance officer and deputy compliance officer, referred to under Article 39 of this Law, are carried out by a person which meets the requirements stipulated under Article 40 of this Law ([Article 40](#));

31) Fails to create conditions for the compliance officer to perform the tasks laid down in this Law ([Article 42](#), paragraphs 1 and 2);

32) Fails to provide for a regular internal control of actions for the prevention and detection of money laundering and terrorism financing ([Article 44](#));

32a) Fails to establish a procedure under which, at the time of recruitment for the job where the provisions of this Law and regulations passed according to this Law are applied, the candidate for such job is checked to establish if they have been convicted for any of the criminal offences through which illegal proceeds are acquired or any of the criminal offences linked to terrorism, or if he fails to apply such a procedure ([Article 44a](#), paragraph 1);.

33) Fails to develop 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 50](#), paragraph 1);

34) Fails to send to the APML, at its request, the requested data, information and documentation, or fails to send it within the set timeframes ([Article 53](#));

35) Fails to suspend the transaction temporarily based upon the order of the APML or fails to obey, during the period of the suspension of the transaction, the orders of the APML relating to such transaction or person carrying out such transaction ([Article 56](#));

36) Fails to act in accordance with the order of the APML to monitor the financial transactions of the customer, fails to inform the APML on all transactions and tasks carried out by the customer and/or fails to inform it within the set timeframe ([Article 57](#));

37) Acts contrary to the provisions of [Article 73](#) of this Law;

38) Does not use the data, information and documentation obtained under this Law only for the purposes laid down in the law ([Article 76](#));

39) 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 entry into a casino ([Article 77](#));

40) Does not keep record of the data in accordance with this Law ([Article 80](#), paragraph 1).

(2) The responsible person in the legal person shall also be punished with a fine in the amount from RSD 20,000 to RSD 200,000 if it commits any of the acts referred to under paragraph 1 of this Article.

## Article 89

(1) A legal person shall be punished for an economic offence with a fine amounting from RSD 50,000 to RSD 1,500,000, 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 82](#) of this Law that is competent for the supervision of the implementation of this Law in that obligor, 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 7](#), paragraphs 1 and 2);

1a) Fails to make an official note or fails to keep it according to the law in cases when it can not perform actions and measures referred to in Article 8, paragraph 1, items 1) to 4) of this Law ([Article 8](#), paragraph 3);

1b) Fails to consider terminating business relationship with the other payment and collection service provider which frequently fails to meet the requirements from [Article 12a](#), paragraph 1, of this Law, or if it fails to inform the APML thereof ([Article 12b](#), paragraph 5);

1c) Fails to make an official not or fails to keep it according to the law after considering whether the lack of accurate and complete data on the wire transfer originator represents a reason to suspect money laundering or terrorism financing ([Article 12b](#), paragraph 6);

2) Fails to obtain all the required data ([Article 21](#));

3) Does not monitor customer business transactions with special care to the extent and as frequently as required by the level of risk established in the risk analysis under Article 7 of this Law ([Article 22](#));

4) 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 or if the customer is an off-shore legal person or anonymous company ([Article 23](#), paragraphs 3 and 4, and [Article 24](#), paragraph 1);

5) Establishes or continues a loro correspondent relationship with a bank or any other similar institution which has its seat in a foreign country contrary to the provisions of [Article 29](#), paragraph 2 and 4 of this Law;

6) Fails to inform the APML of any cash transaction amounting to the RSD equivalent of EUR 15,000 or more within the set timeframe and in the required manner ([Article 37](#), paragraphs 6 and 7);

7) Does not ensure that the measures for the prevention or detection of money laundering or terrorism financing laid down in this law, be implemented to the equal extent in its branches and majority-owned subsidiaries, having their seat located in a foreign country ([Article 38](#));

8) Fails to inform the APML of the name and work position of the compliance officer and his deputy, as well as any changes in such data by the set deadlines ([Article 42](#), paragraph 3);

9) Fails to provide for a regular professional education, training and improvement of the employees carrying out tasks of prevention and detection of money laundering and terrorism financing ([Article 43](#), paragraph 1);

10) 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 43](#), paragraph 3);

11) 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 50](#), paragraph 3);

11a) Fails to incorporate, into the list of indicators, indicators whose inclusion is mandatory pursuant to the law and the by-laws passed pursuant to this law (Article 50.);”

13) If the records it maintains under this Law do not contain all the required data (Article 81, paragraphs [1](#) and [2](#)).

(2) The responsible person in the legal person shall also be punished with a fine in the amount from RSD 10,000 to RSD 100,000 if it commits any of the acts referred to under paragraph 1 of this Article.

### **Minor offences**

#### **Article 90**

(1) An entrepreneur shall be punished for minor offence with a fine amounting from RSD 5,000 to RSD 500,000 if he commits any of the acts referred to in Articles [88](#) and [89](#) of this Law.

(1a) Any natural person failing to perform any of the actions referred to in Articles 88 and 89 of this law shall be punished for minor offence with a fine amounting from RSD 5,000 to RSD 150,000.

(2) Any natural person not declaring to the competent customs body a cross-border transportation of bearer negotiable 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 67](#), paragraph 1).

(3) If the declaration referred to in Article 67 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 500 to RSD 50,000 ([Article 67](#), paragraph 2).

### **Minor offences for which a lawyer may be held liable**

#### **Article 91**

(1) The lawyer shall be punished for minor offence with a fine amounting from RSD 5,000 to RSD 500,000 if he:

1) Fails to identify and verify the identity of a customer, fails to obtain all the required data and/or fails to obtain it in the required manner ([Article 47](#), paragraphs 1 to 4, and paragraphs 6 and 7);

2) Fails to identify the beneficial owner of the customer, fails to obtain all the required data or fails to obtain it in the required manner ([Article 47](#), paragraphs 5 to 7);

3) Fails to inform the APML of transactions or persons with respect to whom he assesses there are reasons for suspicion of money laundering or terrorism financing, or when a customer requests advice in relation to money laundering or terrorism financing, and/or fails to inform it by the set deadlines or in the required manner ([Article 48](#));

4) Fails to develop 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 50](#), paragraph 1);

5) Fails to send to the APML, at its request, the requested data, information and documentation, and/or fails to send it by the set deadlines or fails to inform the APML of the reasons why it did not act according to the request for information ([Article 49](#), paragraph 2 and [Article 54](#));

6) Does not apply the 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 50](#), paragraph 3);

7) Acts contrary to the provisions of [Article 73](#), paragraph 1 of this Law;

8) Uses the data, information and documentation obtained under this Law for purposes other than those laid down in the Law ([Article 76](#));

9) Does not keep the data and documentation, obtained in accordance with this Law, for a period of at least 10 years from the date of the termination of a business relationship or execution of transaction ([Article 77](#));

10) Does not keep records of the data in accordance with this Law ([Article 80](#), paragraph 2);

11) If the records it maintains under this Law do not contain the required data (Article 81, paragraphs [3](#) and [4](#)).

## XI TRANSITIONAL AND FINAL PROVISIONS

### Article 92

The obligor shall apply the actions and measures referred to in [Article 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.

### Article 93

Regulations passed pursuant to the Law on the Prevention of Money Laundering ('RS Official Gazette' No 107/05 as amended in 117/05) shall be applied until the passing of regulations based on this Law, unless they are in contravention of this Law.

### Article 94

The Law on the Prevention of Money Laundering ('RS Official Gazette' No 107/05 as amended in 117/05) shall cease to be valid on the day of entry into force of this Law.

### Article 95

The provisions of [Articles 67](#) to [70](#) shall apply as of the 180<sup>th</sup> day after the date of entry of this Law into force.

Until the time of application of these provisions, the provision of Article 9 of the Law on the Prevention of Money Laundering ('RS Official Gazette' No 107/05 as amended in 117/05) shall apply.

### Article 96

The provision of [Article 36](#) of this Law shall not apply to the Law on a Temporary Execution of Certain Payment Operations in the Federal Republic of Yugoslavia ('FRY Official Gazette', No. 9/01).

### Article 97

The Administration for the Prevention of Money Laundering as established in the Law on the Prevention of Money Laundering ('RS Official Gazette' No 107/05 as amended in 117/05) shall continue operating in accordance with the powers laid down in this Law.

### Article 98

This Law shall enter into force on the eighth day following the date of its publication in the 'Official Gazette of the Republic of Serbia'.

## **2. Annex II Rulebook Concerning the Methodology for the Implementation of tasks pursuant to the Law on the Prevention of Money Laundering and Terrorism Financing**

Pursuant to Article 7 paragraph 3, Article 14 paragraph 1, Article 24 paragraph 2, Article 28 paragraph 1 item 1), Article 37 paragraphs 6 and 7, Article 45 paragraph 1 and Article 50 paragraph 4 of the Law on the Prevention of Money Laundering and Terrorism Financing ('Official Gazette of the Republic of Serbia', No. 20/09 and 72/09),

Minister of finance passes this:

### **RULEBOOK CONCERNING THE METHODOLOGY FOR THE IMPLEMENTATION OF TASKS PURSUANT TO THE LAW ON THE PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING**

#### **Article 1**

This rulebook, as the methodology for the implementation of tasks that the obliged entities and lawyers are required to carry out pursuant to the Law on the Prevention of Money Laundering and Terrorism Financing ('Official Gazette of RS', No. 20/09 and 72/09 – hereinafter referred to as: AML/CFT Law), shall lay down: criteria based on which the obliged entity classifies a client, business relationship, or service that it provides within its business activity into a low-risk group in terms of money laundering or terrorism financing; conditions under which the identity of a customer, or its legal representative may be established and verified using the client's qualified electronic certificate; manner in which the obliged entity sends to the Administration for the Prevention of Money Laundering (hereinafter referred to as: APML) the data specified in Article 37, paragraphs 1-4 of the AML/CFT Law; conditions under which the obliged entities are not required to report to the APML cash transactions in the amount of or exceeding the RSD equivalent of EUR 15,000 with respect to certain clients; internal controls procedure, data storage and protection, record keeping, and professional education, training and improvement of employees in the obliged entities and lawyers; list of countries that do not apply anti-money laundering and counter-terrorist financing (AML/CFT) standards; list of countries that do not apply AML/CFT standards at the European Union level or higher, and a mandatory incorporation of certain indicators into the list of indicators developed by the obliged entity and lawyer..

#### **I CRITERIA BASED ON WHICH THE OBLIGED ENTITY CLASSIFIES A CLIENT, BUSINESS RELATIONSHIP, OR SERVICE THAT IT PROVIDES WITHIN ITS BUSINESS ACTIVITY INTO A LOW-RISK GROUP IN TERMS OF MONEY LAUNDERING OR TERRORISM FINANCING**

#### **Article 2**

For the purposes of this rulebook, a public body means any domestic or foreign state body, body of an autonomous province, body of a unit of local self-government, public agency, public service, public fund, public institute or chamber, as well as any other public institution performing activities of public interest based on domestic regulations, regulations of foreign countries or international organisations.

#### **Article 3**

The client that poses a low risk of money laundering or terrorism financing may be a foreign public body meeting the following criteria:

- 1) It should carry out a public function based on the primary and secondary European Union legislation;
- 2) That its identity can be established from publicly available sources;
- 3) Its business procedures, as well as the results of the audit of its business, should be known and publicly available;

4) It should be responsible to an institution of the European Union or a European Union member state, or that an efficient control of its activities is ensured in another manner.

#### Article 4

A customer posing low AML/CFT risk can be a legal person other than the public body, if it meets the following conditions:

- 1) It is not the person referred to in Article 4 of AML/CFT Law;
- 2) It provides financial services;
- 3) It is registered in the country which is listed as applying AML/CFT standards at the European Union level or higher;
- 4) It is required, in the country of registration, to undertake measures and actions for the prevention and detection of money laundering and terrorism financing;
- 5) Its identity can be established from publicly available sources;
- 6) It is subject to a mandatory legal registration for the performance of its business;
- 7) It is adequately supervised in the performance of actions and measures referred to in item 4) of this paragraph. Adequate supervision means supervision by the competent state body, which includes on-site supervision of internal procedures, data records, and business documentation;
- 8) Adequate sanctions are provided for in case of failure to meet the requirements laid down under item 4) of this paragraph.

A client posing low AML/CFT risk can also be the business unit or majority-owned subsidiary of the client referred to in paragraph 1 of this Article under the condition that the requirements listed in Article 38 of the AML/CFT Law.

#### Article 5

The obliged entity is required to check if the requirements listed in Articles 3 and 4 of this rulebook are fulfilled.

The obliged entity is required to obtain from the customer a written statement concerning the fulfilment of conditions provided in paragraph 1 of this Article.

#### Article 6

A service provided by the obliged entity within its business (hereinafter referred to as: service), as well as the transaction related to such service, can pose low AML/CFT risk subject to the following conditions:

- 1) The services should be provided based on a written contract;
- 2) The transactions related to the services should be carried out through the client's account opened with a bank or a similar institution in the Republic of Serbia or foreign country listed as applying AML/CFT standards at the European Union level or higher;
- 3) The nature of the service or the related transaction allows for the performance of customer due diligence actions and measures in case of suspicion on money laundering or the financing of terrorism;
- 4) The value of the service or related transaction should not exceed:
  - the amount determined in Article 12 of the AML/CFT Law in case of services related to savings with characteristics similar to a life insurance contract;
  - the RSD equivalent of EUR 15,000 per year, in case of a leasing contract;
  - the RSD equivalent of EUR 15,000 for the total amount of the service and its related transactions;
- 5) A third party may not have the benefit from the services or its related transactions, except in case of death, occurrence of disability, survival of age established in advance, or other similar circumstances.

The obliged entity is required to report the inclusion of a low-risk service into their business offer to the body competent for the supervision of the implementation of the AML/CFT Law.

A service or its related transactions which are related to the investment of funds into financial property (securities, certificates of deposit), including insurance claims and other types of conditional claims, may pose low AML/CFT risk if, in addition to the conditions listed in paragraph 1 of this Article, the following conditions have been met:

- 1) The benefit from the service or its related transactions is due three years after the conclusion of the contract;
- 2) Service or its related transactions cannot be used as a guarantee for the collection of receivables;
- 3) During the business relationship, the following is not allowed:
  - Increase of the contracted payment amounts;
  - Purchase of the insurance policy;
  - Early termination of the business relationship.

## II CONDITIONS UNDER WHICH THE IDENTITY OF A CUSTOMER, OR ITS LEGAL REPRESENTATIVE, MAY BE ESTABLISHED AND VERIFIED USING THE CLIENT'S QUALIFIED ELECTRONIC CERTIFICATE

### Article 7

Conditions under which the identity of the client (natural person), or its legal representative, may be established and verified using the qualified electronic certificate are as follows:

- 1) The client's qualified electronic certificate should be issued by the certification body which is recorded in the register kept by the competent body in line with the law governing the electronic business operations and electronic signature;
- 2) The client's qualified electronic certificate should not be issued under a pseudonym;
- 3) The client should provide technical and other conditions enabling it to check, at any time, whether a client's qualified electronic certificate has expired or it has been cancelled, and whether the private cryptographic key is valid and issued in line with item 1) of this paragraph;
- 4) The client should check if the client's qualified electronic certificate has restrictions on its use with respect to the amount of the transaction, type of business operations, etc, and to accommodate its business operations with such restrictions;
- 5) The obliged entity is required to provide for technical requirements for the maintenance of records concerning operating the system using client's qualified electronic certificate.

The obliged entity is required to report to the APML and to the supervisor that the identification and verification of identity of the client will be carried out using client's qualified electronic certificate. It is also required to send in this report a statement concerning the fulfilment of conditions listed in paragraph 1, items 3) and 4) of this Article.

## III INTERNAL CONTROLS PROCEDURE, DATA STORAGE AND PROTECTION, RECORD KEEPING, AND PROFESSIONAL EDUCATION, TRAINING AND IMPROVEMENT OF EMPLOYEES IN THE OBLIGED ENTITIES AND LAWYERS

### Article 8

The purpose of the internal control referred to in Article 44 of the AML/CFT Law is the prevention, detection and remedying of insufficiencies found in the implementation of the AML/CFT Law, as well as the improvement of the internal systems for the detection of transactions and persons suspected of money laundering or terrorism financing.

In the performance of internal controls, the obliged entity is required to carry out checks and tests of the application of the AML/CFT system and adopted procedures, using the method of random samples or other appropriate method.

### Article 9

In case of change in the business processes of the obligor (for instance, organizational change, business procedures change, introduction of a new service), the obliged entity is required, in the performance of the internal control, to check and harmonise its procedures so that they are adequate for the implementation of the AML/CFT Law.

The obliged entity is required to verify the compliance of its system and procedures for the purposes of application of the AML/CFT Law, as well as application of such procedures, once a year, and each time when a change referred to in paragraph 1 of this Article occurs, no later than the day of introduction of such change into the business offer.

#### Article 10

The obliged entity and the management bodies of the obliged entity shall be responsible for the provision and organization of internal controls over the tasks performed at the obliged entity according to the AML/CFT Law.

The obliged entity shall determine, in its legal document, the powers and responsibilities of the management bodies, organization units, compliance officers, and other entities in the obliged entity in the implementation of the internal controls, as well as the manner and schedule of internal controls.

#### Article 11

The obliged entity shall make an annual report concerning the internal controls performed and measures undertaken following such controls until the 15<sup>th</sup> of March of the current year for the previous year.

The annual report referred to in paragraph 1 of this Article shall contain the following data:

- 1) number of reported cash transactions in the amount of EUR 15,000 or more, in its RSD equivalent;
- 2) number of transactions or persons reported as suspected to be related to money laundering or the financing of terrorism;
- 3) number of transactions or persons suspected to be related to money laundering or the financing of terrorism that have been reported to the compliance officer by the obliged entity's employees, but were not reported to the APML;
- 4) number of established business relationships where the client's identity was established based on a qualified electronic certificate of the client, as well as the number of business relationships established through the attorney;
- 5) frequency of certain suspicious transaction indicators used (hereinafter referred to as: indicators) by obliged entity's employees when reporting transactions to the compliance officer;
- 6) number of internal controls performed based on this rulebook, as well as findings of the internal controls (number of mistakes found and remedied, description of mistakes found, etc.);
- 7) measures undertaken based on the internal controls performed;
- 8) data on the performed internal control of information technologies used in the implementation of the provisions of AML/CFT Law (protection of data transmitted electronically, keeping of client data and transactions in a centralized database);
- 9) data on the content of training curriculum concerning the detection and prevention of money laundering and terrorism financing, venue and persons implementing the training curricula, number of employees trained, as well as a needs assessment for further training and improvement of the employees;
- 10) data on the measures undertaken to keep data representing official secret;
- 11) number of established business relationships where a third party was relied on for certain customer due diligence actions and measures.

The obliged entity shall send the report referred to in paragraph 1 of this article to the APML and the bodies charged with supervising the implementation of the AML/CFT Law, at their request within three days from the date of filing of such request.

#### Article 12

The obliged entity and lawyer shall keep electronic records of data and information obtained according to the AML/CFT Law and the present rulebook, as well as of documentation relating to such data and information, chronologically and in a manner which allows for adequate access to such data, information and documentation.

Persons referred to in paragraph 1 of this Article shall provide for an appropriate search of records of data and information kept electronically by at least the following criteria: name, surname, name of legal person, data of transaction, amount of transaction, currency of transaction, and country of transaction.



Persons referred to in paragraph 1 of this Article shall determine the manner and place of keeping and persons having access to the data, information and documentation referred to in paragraph 1 of this Article.

#### Article 13

Professional education, training and improvement curricula for employees in the obliged entity and lawyer referred to in Article 43 paragraph 3 of the AML/CFT Law shall contain at least the following:

- 1) annual number of trainings planned;
- 2) annual number of employees planned to be trained, as well as the profile of the employees for which the trainings are intended;
- 3) AML/CFT topics that will be covered in the trainings;
- 4) manner of implementation (seminars, workshops, etc.).

### IV MANNER IN WHICH OBLIGED ENTITY SENDS DATA TO APML

#### Article 14

The obliged entities shall send the data concerning the transactions referred to in Article 37, paragraph 1-4 of the AML/CFT Law to the APML using one of the following means:

- 1) telephone;
- 2) fax;
- 3) registered mail;
- 4) courier;
- 5) electronically.

#### Article 15

The obligor shall send the data referred to in Article 37 paragraphs 1-4 of the AML/CFT Law using forms 1, 2, 3 and 4, which are printed, along with the filling instructions, and attached to it forming its integral part.

#### Article 16

Data may be sent by telephone or fax only when they concern the transactions or persons suspected for money laundering or terrorism financing.

In the event referred to in paragraph 1 of this Article, legal and natural persons from this paragraph shall send the data to the APML no later than the first next working day, in one of the manners referred to in Article 14 items 3) to 5) of this rulebook.

#### Article 17

Obliged entity shall send data concerning cash transactions in one of the manners referred to in Article 14 items 3) to 5) of this rulebook immediately after the performance of the transaction, and no later than three days from the date of transaction.

If the last day of the deadline falls on a day of national holiday or on a day other than APML's business days, the deadline expires after the first next working day.

#### Article 18

Banks dealing performing payment transactions shall send the data to the APML electronically.

Other obliged entities too may send the data referred to in paragraph 1 of this Article to the APML electronically, based on an agreement with the APML.

If the obliged entity is not able to send the data referred to in this rulebook electronically, they shall send such data using alternative media (compact disc, USB disc, etc.) or in a written form.

The APML shall confirm receipt of the data in this rulebook in a written or electronic form.

V CONDITIONS UNDER WHICH THE OBLIGED ENTITIES ARE NOT REQUIRED TO REPORT TO THE APML CASH TRANSACTIONS IN THE AMOUNT OF OR EXCEEDING THE RSD EQUIVALENT OF EUR 15,000 WITH RESPECT TO CERTAIN CLIENTS

Article 19

The obliged entity is not required to report to the APML every cash transaction in the amount of the RSD equivalent of EUR 15,000 or more in the case of depositing daily receipts derived from the sale of goods and services of customers referred to in paragraph 2 of this Article, except in the case when there is suspicion on money laundering or terrorism financing, and under the condition that the customer holds an account with the obliged entity according to the AML/CFT Law.

The customers carrying out the transaction referred to in paragraph 1 of this Article include:

- 1) public enterprises;
- 2) direct or indirect beneficiaries of the Budget of the Republic of Serbia, including the units of local self-government and the mandatory social insurance organizations which are part of the Treasury's Consolidated Account system.

Article 20

The obliged entity is not required to report to the APML the following cash transactions whose:

- 1) transfer of money from one account to another account of the same client opened with the same obliged entity;
- 2) conversion of money in the account of a client into another currency, where the money remains in the client's account with the obliged entity;
- 3) fixing time deposits or re-fixing time deposits in the client's account.

The obliged entity is not required to report to the APML cash transactions carried out by clients to which simplified customer due diligence actions and measures are applied in accordance with the AML/CFT Law.

VI LIST OF COUNTRIES THAT DO NOT APPLY AML/CFT STANDARDS

Article 21

Countries which, based on the data held by international organizations and data held by the APML, do not apply AML/CFT standards are as follows:

- 1) Uzbekistan;
- 2) Turkmenistan;
- 3) Pakistan;
- 4) Sao Tome and Principe;
- 5) Azerbaijan.

VII LIST OF COUNTRIES THAT APPLY AML/CFT STANDARDS AT EUROPEAN UNION LEVEL OR HIGHER

Article 22

Countries which apply AML/CFT standards at the European Union level or higher, are as follows:

- 1) European Union member states;
- 2) Republic of Argentina, Australia, Federative Republic of Brazil, Japan, South African Republic, Canada, United States of Mexico, New Zealand, Russian Federation, Republic of Singapore, Hong Kong, Swiss Federation, United States of America.

VIII MANDATORY INCORPORATION OF CERTAIN INDICATORS INTO THE LIST

Article 23

When developing the list of indicators referred to in Article 50 paragraph 1 of the AML/CFT Law, the obliged entity and lawyer shall also include the indicators published on APML's website.

## IX TRANSITIONAL AND FINAL PROVISIONS

### Article 24

Rulebook concerning the methodology, requirements and actions for the implementation of tasks pursuant to the Law on the Prevention of Money Laundering ('RS Official Gazette', No. 59/06 and 22/08), shall cease to be effective as of the initial date of application of this rulebook.

### Article 25

This rulebook shall enter into force on the eight day following the date of its publication in the 'Official Gazette of the Republic of Serbia', and shall be applicable as of 1<sup>st</sup> of March 2010.

Number:

In Belgrade, 4 February 2010

### **3. Annex III. Report of the Administration for the Prevention of Money Laundering for 2009**

REPORTING PERIOD: 01.01.2009 - 31.12.2009.

Administration for the Prevention of Money Laundering is a financial intelligence unit of the Republic of Serbia (hereinafter referred to as: the FIU), whose term of reference is defined by the Law on the Prevention of Money Laundering and Terrorism Financing ("Official Gazette of the Republic of Serbia", nos. 20/09 and 72/09- hereinafter referred to as the Law). According to its legal powers, the Administration collects data on transactions, information and documentation received from obligors as defined by the Law and from other state authorities, and in case that there is suspicion of money laundering and/or terrorism financing, forwards such information to the competent state authorities (Tax Administration, Ministry of Interior, Foreign Currency Inspectorate, prosecutor's office, courts, and other authorities) so that they could undertake actions and measures within their term of reference.

#### **Statistics of the work results of the Administration for the Prevention of Money Laundering in 2009.**

Pursuant to the provisions of the Law on the Prevention of Money Laundering and Terrorism Financing, the obligors provided the total amount of 281.522 reports, as follows :

- The total of 277.565 cash transaction reports on transactions amounting to or exceeding 15.000EUR (CTRs);
- The total of 3.957 suspicious transaction reports (STRs) regardless of the amount ;
- Customs authorities provided the total of 875 reports on cross-border declarations on transfer of cash, securities and other negotiable instruments.

According to the statistics on collected CTRs and STRs per obligor, most reports were sent by commercial banks (273.180 CTRs and 3.932 STRs), by broker-dealer companies and by the Serbia Public Enterprise for Postal Communications. One report, which the obligors provide through the system for recording and processing of transactions – *TMIS (Transaction Management Information System)* may contain a few dozens of transactions.

In order to assess whether there is suspicion of money laundering with regard to a person or transaction, the Administration is authorized to request additional data and documentation from the obligors, other state authorities and foreign financial intelligence units.

After processing all the collected data and establishing reasons to suspect money laundering, the Administration opened 61 cases in 2009. Very complex and huge cases result from specific analytical procedures applied by the Administration in order to establish all relevant facts that may indicate money laundering and terrorism financing, as well as new trends of criminality. In 2009 there was a significant increase in the exchange of data with the Ministry of Interior (hereinafter referred to as: the MoI) and with Tax Administration, as the Administration is very active in providing data within financial investigations. Also, in comparison to 2008, there were more frequent referrals of data to the prosecutor's office, especially the Prosecutor's Office for Organized Crime, and courts.

During 2009 the Administration referred requests for information mostly to the Prosecutor's Office for Organized Crime (38), courts (17), Tax Administration (more than 200), MoI (approximately 300), Foreign Currency Inspectorate (16), Security and Information Agency (32), prosecutor's office (19), Privatization Agency (19), Securities Commission (hereinafter referred to as: SEC) (9) and Central Register (6) – see image 1. In most situations, the cases which involved the same legal or natural persons were forwarded to different state authorities so that they undertake actions and measures from their term of reference and so that all relevant data for further action is collected.

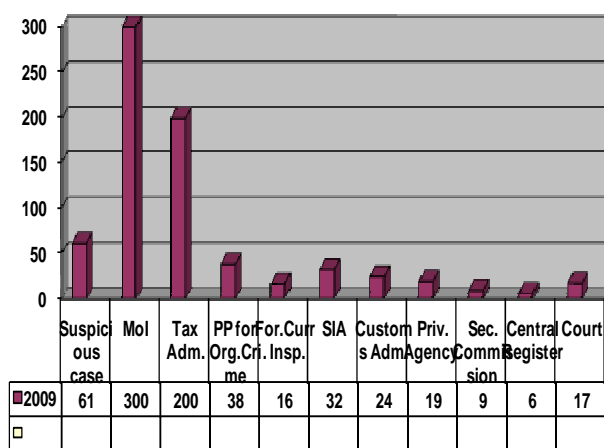


Image 1. Information exchange with other state authorities

In cooperation with Tax Administration, pursuant to its powers from Articles 57 and 56 of the Law, the Administration issued 147 orders to the banks to monitor or suspend transactions.

In addition, in dozens of cases, at the initiative of other state authorities, the Administration performed checks of natural and legal entities and forwarded analytical reports to those authorities.

Legislation and practice of the European Union for the combat against money laundering and terrorism financing imply constant high-quality exchange of information both between the FIU and the obligors and among financial intelligence units, which is a pre-condition for efficient international cooperation.

Within the remits of international cooperation, the Administration received one hundred and two (102) requests for information, and sent eighty-four (84) requests to foreign FIUs.

Since 2003 the Administration has been a member of the Egmont Group, a relevant international body which gathers financial-intelligence units from 116 countries worldwide. The representatives of the Administration are the members of the Legal Working Group and Operational Working Group, and as such played an active role in finalization and adoption of the Book for Operational Procedures for the Operational Working Group. Proposals of our delegation pertaining to the process of selection of Chair of Egmont Committee were accepted as whole at the Working

Groups Meeting in Malaysia, Kuala Lumpur in October 2009, and are expected to be adopted at the Plenary Meeting in Colombia in late June 2010

The Administration has signed Memoranda of Understanding (MOUs) with nineteen (19) financial intelligence units, including the FIUs of most countries in the region. In 2009 MOUs were signed with the FIUs of the United States of America, United Arab Emirates, Russian Federation, Greece and San Marino. MOUs with FIUs of Mexico, France and Italy are to be signed soon.

The Administration was invited to participate as the observer in the Eurasian Group for the Combat against Money Laundering and Terrorism Financing, the central point of which is the Russian Federation. In this respect the Administration will provide advisory and logistical support, that is, it will act as a sponsor for the admission of Uzbekistan FIU into the Egmont Group.

During 2009 there was a regular annual meeting of the regional Heads of FIUs with the aim of improving operational cooperation and exchange of relevant information in the combat against money laundering and terrorism financing. Pursuant to the Regional Protocol on Cooperation among the FIUs of Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Serbia, Macedonia and Albania, at the meeting of the Heads of FIUs that was held in Zagreb, Croatia on 30/10/2009 it was agreed that the parties to the Protocol would jointly act before international fora (Council of Europe, Egmont Group), that they would work together on money laundering and terrorism financing typologies, as well as on the cases of common interest. There was a plan to organize study visits and exchange visits for analysts. At the end of the Meeting it was agreed that the next meeting would be organized in Serbia, in October 2010.

During 2009, there were three regular plenary meetings of MONEYVAL Committee, namely, 16-20 March, 21-26 September and 7-11 December, at which the Serbian delegation also participated. At each MONEYVAL Plenary there is a tour de table when the countries advise on actions and measures currently undertaken in the combat against money laundering and terrorism financing.

In May 2009 the Administration entered a process of mutual evaluation conducted by the representatives of MONEYVAL Committee, and it is the third round of evaluation of measures and actions undertaken by Serbia against money laundering and terrorism financing. Although the evaluation includes the entire system for the combat against money laundering and terrorism financing, and the system comprises both state authorities and obligors as defined by the Law, the Administration was a central institution for collecting responses, comments and remarks of the state authorities, as well as for translating and forwarding of the written materials to the evaluators. In September and December 2009 pre-meetings were held for the Serbian delegation and the evaluation team, at which clarifications and explanations were offered for all debatable and insufficiently clear parts of the Draft Mutual Assessment Report, so that the final version of the Report was adopted at the Plenary Meeting of MoneyVAL on 09 December 2009. The Report provides ratings for compliance with international standards, based on which one can say that the ratings are objective. The last part of the Report contains plan of action that Serbia needs to undertake, and to advise of it the MoneyVAL Committee in December 2010 at the plenary meeting in Strasbourg. The proposed plan of action will be a part of the Action Plan Paper for the implementation of the recommendations, whose adoption is pending. The content of this Action Plan will be an integral part of a Government Conclusion and which will as such be part of the existing Action Plan for the Implementation of the National Strategy against Money Laundering and Terrorism Financing.

In relation to national cooperation in anti-money laundering and terrorism financing among relevant authorities, the Government of Serbia issued a Decision on Establishing Standing Coordination Group for the Implementation of the National Strategy against Money Laundering and Terrorism Financing („Official Gazette of RS”, no.26/09 of 22 April 2009). Permanent Coordination Group has so far held five meetings, and developed the Action Plan for the Implementation of the National Strategy against Money Laundering and Terrorism Financing, which was adopted by the Government on 16 October 2010.

## **Legislative activity of the Administration for the Prevention of Money Laundering in the year 2009**

Administration for the Prevention of Money Laundering in 2009 was very active in drafting regulations related to the prevention of money laundering and terrorism financing by either being directly involved in drafting acts of law, or by giving expert opinions on draft regulations developed by other relevant authorities. Law on the Prevention of Money Laundering and Terrorism Financing was adopted in March 2009, and was amended in August 2009.

The Administration drafted the Rulebook on Amendments to the Rulebook on Establishing Methodology of Requirements and Actions to Comply with the Law on the Prevention of Money Laundering and Terrorism Financing.

The Administration developed new lists of indicators for recognizing suspicious transactions for entities engaging in factoring, for investment fund management companies, for voluntary pension fund management companies, and for casinos, which were published on the Administration website in the Serbian and English language.

By its active and expert participation in developing the regulations above, Administration for the Prevention of Money Laundering created conditions for a more efficient implementation of anti-money laundering and terrorism financing regulations, as well as for its own strengthening in terms of a financial intelligence unit, which is a national strategic priority.

### **Improvement in information technologies in 2009**

Since late 2009 workflows in the Administration have been channelled through a web application for case and document management, which has significantly increased efficiency and work productivity, and has enabled a better organization of work. This software is based on the principles of document management system – DMS, which provides for possibilities to store, version, start a workflow, define and maintain meta data, comprehensively search for stored documents – full text search. This process has enabled a full automation of the Administration's work. The application was designed in line with work flows applied by financial intelligence units worldwide

### **Projects and training in 2009**

Administration for the Prevention of Money Laundering intensely works not only on enhancing its own capacities and potentials, but also on strengthening and developing the entire system for combat against money laundering and terrorism financing in the Republic of Serbia. As a key stakeholder of a comprehensive project for anti-money laundering and terrorism financing in the country, the Administration in 2009 made preparations for the implementation of this Project, whose key beneficiary is the budget of the Republic of Serbia, that is, people in Serbia. The project has 2,37 mil worth and is in most part financed by the European Union, through the instrument for pre-accession assistance IPA (2 million EUR), with the participation of the Council of Europe (200.000 EUR) and the budget of the Republic of Serbia.

In cooperation for the Organization for Security and Cooperation in Europe (OSCE) in April 2009 a two-day seminar was held on risk-based approach in the implementation of the Law on the Prevention of Money Laundering, designed for the representatives of the National Bank of Serbia, Securities Commission, Tax Administration and Sector for Market Inspection, all of which exercise supervision of the obligors from the Law. In November 2009 there was a seminar organized by OSCE and Italian Guardia di Finanza on financial investigations with a special emphasis on tax fraud. The seminar was attended by the representatives of the Administration, National Bank of Serbia, Tax Administration, Foreign Currency Inspectorate, as well as by police officers and judges.

In 2009 the Administration intensely used resources of TAIEX (Technical Assistance and Information Exchange), so in early June 2009 it organized a seminar on risk-based approach for AML compliance officers of commercial banks. In early November 2009 three representatives of the Administration went for a study visit to the FIU of Slovakia in order to learn of the role that a FIU can play in the transposition and translation of the EU legislation. The third TAIEX project was a study visit to a foreign FIU, which took place in January 2010, the objective of which was terrorism financing and analysis of transactions suspected of being linked with the phenomenon.

A representative of the Administration attended a seminar on ML/FT typologies in the organization of IMF in Siracusa, Italy, in June 2009. Another seminar organized by IMF was a seminar in Joint Vienna Institute, Vienna, in a form of a workshop on the prevention of money laundering and terrorism financing, from the perspective of information technology. The two APML representatives who attended the seminar had a role of a mentor, which means they had to deliver several presentations on techniques used for prioritizing among reported transactions, on analytical process and on management of large amounts of data.

Representatives of the Administration participated at the World Bank seminar in Belgrade in September 2009, as lecturers and listeners, It was a seminar on trade-based money laundering, intended also for Customs Administration officers and prosecutors.

During 2009 United States Agency for International Development (USAID) organized a dozen seminars in Belgrade, Novi Sad, Niš and Kragujevac for the representatives of Tax Administration, accountants, brokers, as well as journalists, which is a part of campaign launched by the Administration in public relations area, with the main objective of creating the true and adequate media image of the Administration, as well as the combat against money laundering and terrorism financing itself. Regular presentors at these seminars were representatives of the Administration, as well as a USAID consultant, Kenneth Volandes.

In 2010 the Administration will seek to intensify cooperation with other state authorities which are a part of AML/CFT system, prevalently through the engagement in Standing Coordination Group, and to coordinate activities leading to the Progress Report, which is to be submitted to the MoneyVAL Committee in December . The Administration will also seek to sign memoranda of understanding with FIUs for which such an agreement is a pre-condition for information exchange.

#### **4. Annex IV. Action Plan for the Implementation of the National Strategy against Money Laundering and the Financing of Terrorism (AML/CFT Strategy),**

Pursuant to Article 43, paragraph 3, of the Law on Government ('RS Official Gazette', No. 55/05, 71/05-corrigendum, 101/07 and 65/08), in relation to the National Strategy against Money Laundering and the Financing of Terrorism ('RS Official Gazette', No. 89/08),

The Government hereby adopts

#### **C O N C L U S I O N**

1. The Action Plan for the Implementation of the National Strategy against Money Laundering and the Financing of Terrorism (AML/CFT Strategy), which is an integral part of this Conclusion, is adopted;
2. For the purpose of implementation, this Conclusion shall be sent to the Ministry of Finance, which will send a copy each to the Foreign Exchange Inspectorate (FEI), Tax Administration (TA), Customs Administration (CA), Administration for the Prevention of Money Laundering (APML), and the Games of Chance Administration (GCA); Ministry of Interior; Security

Information Agency; Ministry of Defence, which will send a copy each to the Military-Intelligence Agency and Military-Security Agency; Ministry of Justice, which will send a copy each to the Supreme Court of Serbia and to the Republic Public Prosecutor's Office; National Bank of Serbia; and Securities Commission.

05 Number:  
In Belgrade,

## GOVERNMENT

VICE-PRESIDENT

### **ACTION PLAN FOR THE IMPLEMENTATION OF THE NATIONAL AML/CFT STRATEGY**

#### **1. INTRODUCTION**

On 25 September 2008, the Government of the Republic of Serbia adopted the National AML/CFT Strategy ('RS Official Gazette', No 89/08 - hereinafter: AML/CFT Strategy).

The AML/CFT Strategy gives recommendations to improve the system of the Republic of Serbia against money laundering and terrorism financing (AML/CFT), on the legislative, institutional, and operational levels, as well as in the field of professional training.

The body responsible to monitor the implementation of the AML/CFT Strategy is the Standing Coordination Group (hereinafter: SCG) whose mandate is to monitor the implementation of the AML/CFT Strategy, monitoring, recommending, and coordination of AML/CFT activities.

The AML/CFT Strategy provides that an action plan should be adopted for the purposes of its implementation which will set out the duties of all competent bodies, timelines, and assess the resources required for its implementation. The Action Plan for the implementation of the AML/CFT Strategy lays down a series of specific measures and actions to be implemented in the set timeframe, whose common objective is to contribute to the improvement of efficiency of the entire AML/CFT system.

The Action Plan is a special form of the plan which concretizes, for each of the competent bodies, the objectives and measures laid down in the AML/CFT Strategy.

#### **2. ACTION PLAN DRAFTING METHODOLOGY**

The Action Plan is adopted for the period 2009-2013. This plan specifies certain priorities, objectives defined, timeframe for the implementation of the objectives, as well as the main implementing agencies, indicators and resources required for their implementation.

The Action Plan is in line with the content and objectives of the AML/CFT Strategy and serves as the main document for its implementation for the period of 5 years.

#### **3. AML/CFT STRATEGY RECOMMENDATIONS FURTHER DEVELOPED IN THE ACTION PLAN**



The Action Plan ensures the responsibility of the main implementing agencies in the fixed areas of AML/CFT activity.

The Action Plan further develops the following AML/CFT Strategy Recommendations concerning the following levels:

- 1) Legislative;
- 2) Institutional;
- 3) Operational; and
- 4) Professional training.

For each type of recommendation, the Action Plan defines the objectives, activities for their implementation, main implementing agencies, timeframes, indicators, as well as resources required for the implementation of certain objectives.

## AML/CFT STRATEGY RECOMMENDATIONS

### 3.1. LEGISLATIVE LEVEL

<b>3.1.1. A new AML/CFT Law should be passed and harmonised with international standards</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Law on the Prevention of Money Laundering and Terrorism Financing (hereinafter: AML/CFT Law) with elements specified in the AML/CFT Strategy adopted	Administration for the Prevention of Money Laundering (hereinafter: APML)	Implemented	Published in 'RS Official Gazette', No. 20/09.  Adoption, every six months, of conclusions by SCG and previously established working groups, concerning the extant legislative framework and required amendments	

<p>Continually assess the extant legislative framework and its flexibility, initiate amending procedures of the existing legislation, as well as adopt new legislation to cover new and emerging money laundering and terrorism financing manifestations.</p> <p>Continual considerations of international recommendations, initiatives and standards in the area with the aim of amending the relevant legislation.</p> <p>Establish expert groups to assess the AML/CFT legislative situation.</p> <p>Participation of SCG members in working groups for the drafting of legislation in the area.</p>	<p>SCG in cooperation with APML, Police, Security Information Agency (hereinafter: SIA), Military Security Agency (hereinafter: MSA), Military Intelligence Agency (hereinafter MIA), bodies competent to monitor the implementation of AML/CFT Law, Tax Administration, Customs Administration, Foreign Exchange Administration.</p>	<p>Ongoing task</p>		
<p><b>3.1.2. The Law on Repressive Measures Implemented Based on Relevant UN SC Resolutions should be passed</b></p>				
<p><b>Activities</b></p>	<p><b>Main Implementing Agency</b></p>	<p><b>Timeframe</b></p>	<p><b>Indicators</b></p>	<p><b>Resources required</b></p>
<p>Develop a draft law on the application of international restrictive measures and put it into the procedure of adoption</p>	<p>Ministry of Foreign Affairs</p>	<p>First half of 2010</p>	<p>Publication in the 'RS Official Gazette'</p>	

<b>3.1.3. The Criminal Code should be amended</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Implemented	Ministry of Justice		Published in the 'RS Official Gazette', number 72/09	
<b>3.1.4. The Criminal Procedure Code should be amended</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Implemented	Ministry of Justice		Published in the 'RS Official Gazette', number 72/09	
<b>3.1.5. Law on Seizure/Confiscation of Proceeds from Crime should be passed</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Implemented	Ministry of Justice		Published in the 'RS Official Gazette', number 97/08	
<b>3.1.6. Mutual legal aid legislation should be harmonised with the Warsaw Convention and International Convention on the Suppression of the Financing of Terrorism</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Ongoing	Ministry of Justice	End of 2009	Amendments of relevant laws and by-laws, publication in the 'RS Official Gazette'	

<b>3.1.7. Law on the Responsibility of Legal Person for Criminal Offences should be passed</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Implemented	Ministry of Justice		Published in the 'RS Official Gazette', number 97/08	
<b>3.1.8. Law on Payment Operations should be harmonised with the FATF Special Recommendation number 7 (electronic transfers) and EU Directive concerning the documentation that accompanies electronic transfers.</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Pass a new law on payment operations	Ministry of Finance and National Bank of Serbia (hereinafter: NBS)	3-4 years	Publication in the 'RS Official Gazette'	
<b>3.1.9. Law on ministries should be amended so as to include provisions on the competences of the ministries competent for finance in prevention and detection of the financing of terrorism</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Incorporate the necessary provisions into the Law on Ministries by initiating its amending	Ministry of Finance and Ministry of Interior	End of 2010	Publication in 'RS Official Gazette'	
<b>3.1.10. Provide that judicial statistics should be maintained concerning seized and confiscated proceeds of crime, and concerning mutual legal assistance regarding AML/CFT criminal offences, for the purposes of harmonisation with FATF Recommendation 32.</b>				

<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- Establish the most appropriate system for a clear monitoring of data sent by district and municipal public prosecutor offices as their legal obligation, concerning the reported persons and ML/FT criminal offences, as well as actions taken in such cases and statistics concerning to seizure/confiscation of proceeds from crime and mutual legal assistance in the area	Republic Public Prosecutor's Office in cooperation with other competent State bodies	End of 2011	Statistics on reported persons and ML/FT criminal offences as well as actions taken, updated and available at the APML; provision of finances for the project implementation	Recommend that part of the project should be financed through foreign donations. The other part should be provided for in the Budget of the Republic of Serbia
- Develop a project design for the development of IT which will ensure maintainance of statistics in a comprehensive manner	SCG			
- Send a project proposal to foreign donors for financing	Ministry of Justice			
<b>3.1.11. The Law on Banks, Law on Capital Market, Law on Investment Funds, Law on Joint Stock Companies' Takeover, Law on Insurance, etc, should be reviewed ensuring that the powers of the bodies competent to monitor the implementation of these laws be applied also in the supervision of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing. These laws should govern the maintenance of statistics concerning the international cooperation of these bodies with their foreign counterpart institutions in the areas of money laundering and terrorism financing.</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Incorporate the necessary provisions into the Law on Banks	NBS	Beginning of 2011	Publication in the 'RS Official Gazette' of the amended laws on banks, financial leasing and insurance; authorising the Securities	
Draft a new Law on Financial Leasing and Law Amending the Law on Insurance	NBS	End of 2010		

The above listed laws enable the Security Commission to implement the powers and act according to the AML/CFT Law. Amend the above laws so as to harmonise them with the new AML/CFT Law	Securities Commission and Ministry of Finance's Fiscal System Department	End of 2010	Commission to act according to the AML/CFT Law; international cooperation statistics maintenance system implemented and operational.	
<b>3.1.12. The situation in the area of the transfer of money or value should be analyzed in order to establish whether there are any informal money or value transfer mechanisms. This analysis should cover both formal and potential informal money or value transfer systems in order to ensure that they are registered or licensed, and that they are included in the system of prevention of money laundering and terrorism financing; Prohibit the existence of informal money or value transfer systems and provide sanctions in case of breach of the ban</b>				
Activities	Main Implementing Agency	Timeframe	Indicators	Resources required
- Establish a working group to analyse the situation and give recommendations for the implementation of Recommendation 1.12 into the legislative system	Ministry of Finance and NBS	End of 2009	Paper on situation analysis developed and adopted by the Government in the form of a conclusion. Increased engagement of competent supervisors in the registering of all forms of money transfer and punishing informal money transfer forms.	
- The Working Group will submit its recommendations for the said situation analysis to the SCG, which will transfer them to the Government for adoption in the form of conclusion	SCG	End of 2010		
<b>3.1.13. Warsaw convention should be ratified</b>				

<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Initiation of the procedure and transferring of the Convention for ratification	Ministry of Justice	Implemented	Law Ratifying the Convention published in the 'RS Official Gazette', No. 19/09	
<b>3.1.14. The Law on Registration of Business Entities and the Law on Taxation Procedure and Taxation Administration should be amended, concerning the documentation required for registration and identification number assignment, so as to prevent anonymous companies or companies with unknown owners from becoming founders of domestic companies.</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
The adopted amendments of the Law on Taxation Procedure and Administration ('RS Official Gazette' No. 20/09), constitute the required amendments of the legal provisions; new amendments are not necessary to implement the National AML/CFT Strategy.	Tax Administration	Implemented		
<b>3.1.15. The operation of “other financial institutions” should be regulated in order to regulate the issuing and operating payment cards.</b>				
<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
This recommendation will be satisfied through incorporation of appropriate provisions into the new law on banks	NBS	Beginning of 2011	Amendments to the new law on banks made and published in 'RS Official Gazette’.	Resources are sufficient



## AML/CFT STRATEGY RECOMMENDATIONS

### 3.2. INSTITUTIONAL LEVEL

<b>3.2.1. Public Prosecutor's Office:</b> - district public prosecutors should designate deputy public prosecutors for the areas in their jurisdiction who will be functionally and geographically competent to act in money laundering and terrorism financing cases as well as to recommend proceeds confiscation measures in cases that are not linked to organized crime				
Activities	Main Implementing Agency	Timeframe	Indicators	Resources required
Designate and enhance capacities of deputy prosecutors at competent prosecutors' offices that are competent to monitor and work on ML, TF, and seizure/confiscation cases, in cases that are not related to organised crime.	Republic Public Prosecutor and other competent public prosecutors' offices	Ongoing task	Increased quality of initial acts instituting criminal proceedings in ML/FT area and pronouncing of seizure/confiscation measures	
<b>3.2.2. Courts:</b> - district and municipal courts' presidents will designate, in the annual roster, the investigative and other judges who will act in cases of money laundering and terrorism financing cases as well as in issuing provisional proceeds confiscation measures in cases that are not linked to organized crime				
Activities	Main Implementing Agency	Timeframe	Indicators	Resources required

Designate investigative and other judges for the implementation of this recommendation and enhance their capacities in AML/CFT and provisional confiscation measures, in cases that are not related to organised crime	Competent courts	End of 2009 and ongoing	Increased level of professionalism and quality of investigation in the area of ML and TF, increased number of pronounced provisional measures of confiscation of proceeds from crime.	
<b>3.2.3. Ministry of the Interior:</b> - police officers in economic crime suppression sections who will deal with detecting money laundering and terrorism financing should receive specialized training; - separate organizational units should be established to deal with financial investigations at the level of the Interior Ministry and the police administrations.				
Activities	Main Implementing Agency	Timeframe	Indicators	Resources required
Designate police officers to deal with detection of ML and TF in divisions for suppression of economic crime and establish divisions for financial investigations i.e. prevention of money laundering in police directorates through developing new jobs systematisation at the Ministry of Interior	Crime Police Directorate	2009	Modified jobs systematisation at the Ministry of Interior, specialisation of police officers in the field of ML/TF detection.	Human resources, funds for equipment and training
<b>3.2.4. Customs Administration:</b> - a database should be established recording the transportation of cash and bearer securities across the state border in amounts larger than EUR 10,000 in accordance with the FATF Special Recommendation No. 9 (cash couriers) and the EU Regulation concerning the control of cash movement across EU borders; - a number of work posts for the analysis of the data referred to in the previous item should be provided for in the systematization of posts				

<b>Activities</b>	<b>Main Implementing Agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- Pass a Rulebook concerning the declaration of transportation of bearer negotiable instruments	Ministry of Finance	September 2009		
- Print declaration forms for declaration of transportation of bearer negotiable instruments and place notifications at border crossings concerning the declaration of such instruments	Customs Administration	September 2009		Available
- establishment and harmonisation of data held by the Customs Administration with the new requirements	Customs Administration with the assistance of APML and other State bodies	First half of 2010	Harmonisation of different IT systems of several State bodies; Periodical coordination and consultation meetings among the State bodies.	- human and financial resources
- A next rulebook on organisation and jobs systematisation will provide for new workplaces in line with the Recommendation, applicable legislation, and available human resources.	Customs Administration	During 2010		

**3.2.5. Ministry of Justice:**

**- a number of employees should specialize in international legal assistance tasks in the area of money laundering, financing of terrorism and confiscation of proceeds**

<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
New Job Classification Act for the Ministry of Justice should provide for new posts in line with this recommendation	Ministry of Justice	First half of 2010	Civil servants working on mutual legal assistance in money laundering and terrorism financing matters	Human and technical

**3.2.6. Games of Chance Administration (GCA) and Tax Administration (TA):**

**- certain number of employees should be trained to supervise the implementation of AML/CFT by the obligors engaged in organizing**

<b>games of chance</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- GCA should select and train through a specially designed training the employees authorized to conduct supervision	GCA	First half of 2010	Civil servants of GCA appropriately trained for supervision of the implementation of AML/CFT Law; specialized training for officers of TA	Engaging a sufficient number of employees for supervision activities and providing training for all the employees of Supervision Department and Tax Police Department within TA, and for the employees of GCA.
- TA should select and train through a specially designed training the employees authorized to conduct supervision in line with their term of reference (supervision of and establishing taxes)	TA			
<b>3.2.7. National Bank of Serbia (NBS):</b>				
<b>- shall classify a sufficient number of posts and form a special team to supervise the implementation of AML/CFT Law by the obligors</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Current supervisors from Bank Supervision Department, Insurance Supervision Department and Voluntary Pension Funds Supervision Department shall supervise the implementation of AML/CFT Law in the area of banking and insurance operations. A larger number of employees should be hired in supervision of financial leasing providers' operations for ensuring a more effective implementation of AML/CFT Law. Internal acts on organization and job classification in the NBS should be amended.	NBS	End of 2010.	Amendment of internal acts on job classification in the NBS, increased number of employees for supervision of financial leasing providers.	Human resources and technical equipment
<b>3.2.8. Securities Commission (SC):</b>				
<b>- shall specialize a sufficient number of the currently employed for supervision of AML/CFT Law by the obligors</b>				

<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
All the employees of the SC should be specialized for the supervision of AML/CFT Law through a specially designed training for supervision in the area of capital market and securities.	SC in cooperation with other relevant authorities	2010	Specially designed training for the employees of SC for AML/CFT Law supervision in the capital market and securities.	Funds for organizing the training and possibly human resources
<b>3.2.9. Financial and technical conditions for connecting databases of relevant state authorities should be provided</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Recommendation 2.9 will be implemented through the Customs Administration project under IPA 2010	Ministry of Finance - Customs Administration	2010	CA Project	Human resources
<b>3.2.10. Special and specialized bodies or working groups should be established within associations of obligors referred to in AML/CFT Law, with the aim of analyzing and interpreting regulations, technical support in the data exchange, proposing and amending regulations, training, etc.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
-the establishment of working groups in the associations of obligors should be initiated, based on the model of Compliance Board within the Serbian Bankers' Association -APML and supervisory authorities should participate in establishing the above	APML Supervisory authorities	Year 2010 – 2011	Working groups within the associations of obligors in place, to interpret regulations, provide technical support in data exchange, initiate amendments to regulations.	

**AML/CFT STRATEGY RECOMMENDATIONS**  
**3.3. OPERATIONAL LEVEL**

<p><b>3.3.1. Cooperation should be formalized among relevant state authorities (APML, police, SIA, supervisory authorities for AML/CFT, Tax Administration, Customs Administration, Foreign Exchange Inspectorate) in order to:</b></p> <ul style="list-style-type: none"> <li>- work on specific cases;</li> <li>- train the employees of the state authorities and hold joint training of the obligors;</li> <li>- efficiently engage in international cooperation;</li> <li>- coordinate participation in international organizations and bodies.</li> </ul>				
Activities	Main implementing agency	Timeframe	Indicators	Resources required
- Standing Coordination Group should be established	All state authorities	Year 2009- done	Bilateral agreements on cooperation between state authorities and possibilities to use each other's databases, consultative meetings once in six months	
<ul style="list-style-type: none"> <li>- relevant authorities shall consider modes of cooperation</li> <li>- bilateral agreements should be signed between relevant authorities which do not have such agreements in place</li> <li>- necessary positions should be provided in a job classification for implementing the agreements</li> <li>-the agreements should establish adequate procedures for compiling data and accessing databases</li> <li>- regular consultative meetings should be established as practice</li> </ul>	All state authorities	Years 2010 – 2011	Increased number of ML/TF criminal cases	
<ul style="list-style-type: none"> <li>- Cooperation between the police, SIA, MSA and prosecutor's office should be intensified in terms of detecting, investigating and documenting criminal offences of money laundering and terrorism financing</li> <li>- Cooperation between the mentioned authorities and APML should be enhanced and intensified</li> <li>-proactive approach in this area should be enhanced, including coordination and better utilization of security intelligence data,</li> </ul>		Ongoing	Analytical team	

specialization of the personnel, more effective implementation			formed	
of regulations, implementation of international recommendations, standards and best practices, information network and/or certain databases	MoI, SIA, MSA, APML and State Prosecutor's Office			Human and material resources
- Preventive work of relevant state authorities should be enhanced - Standing joint analytical team should be established to engage in strategic analyses and risk assessments of ML/TF	All state authorities	Ongoing		
<b>3.3.2. Operational <i>ad hoc</i> working groups should be established to work on specific AML/CFT cases and their work should be organized in a way that they can convene immediately upon call .</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>

<p>- procedures should be finalized to constitute operational <i>ad hoc</i> working groups which work on specific cases, which will include public prosecutors and deputy public prosecutors that handle and monitor AML/CFT cases in municipality and district prosecutor's offices</p> <p>- where necessary, authorities should amend acts on job classification to delegate authorized officers from AML/CFT organizational unit into the ad hoc operational working group. Until the amendments of job classification are complete, current personnel should be delegated for the mentioned purposes</p> <p>- practice should be established of holding regular meetings of the operational working group with prosecutor's office representatives</p>	All state authorities	Now	Ad hoc working groups for specific cases formed; Acts on job classification amended; practice of holding meetings once in three months with prosecutor's office representatives established.	There are necessary resources  Human resources Technical support
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**3.3.3. Liaison officers should be appointed in APML, MoI, TA, CA, SIA and Public Prosecutor's Office to work on specific AML/CFT cases.**

Activities	Main implementing agency	Timeframe	Indicators	Resources required
- procedures to appoint liaison officers should be finalized	APML, MoI, CA, TA, SIA, Public	First half of year 2010	Liaison officers appointed	Human resources Technical support



	Prosecutor's Office, MSA			
<b>3.3.4. Tax Police and Customs Administration should ensure that in undertaking the actions within their term of reference they check for the elements of money laundering and terrorism financing criminal offences</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
-rulebooks on organization and job classification for the Customs Administration and Tax Administration should provide for duties and responsibilities of checking for elements of money laundering and terrorist financing criminal offences - Capacities of the authorized personnel of the Customs Administration and of the Tax Police inspectors should be strengthened in terms of checking for the elements of ML and TF criminal offences through regular notifications on current trends in ML and FT and through training.	Customs Administration, Tax Administration	Year 2010, and onwards	Descriptions of certain positions within the Customs Administration and Tax Administration amended, responsibilities of checking for the elements of ML and TF provided for.	Human resources
<b>3.3.5. APML should ensure signing MOUs with all FIUs for which having such an agreement in place is a pre-requisite for international information exchange</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- FIUs which require MOUs in place as a pre-condition for information exchange should be identified - Process of signing MOUs should be initiated - MOUs should be concluded	APML	2009 -2011	MOUs with FIUs signed	
<b>3.3.6. APML should make sure to initiate and participate in developing indicators for identifying suspicious transactions, together with AML/CFT Law supervisory authorities and associations of obligors. Other state authorities should be included in developing indicators as well.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- indicators should be drafted - opinions of AML/CFT Law supervisory authorities and of	APML	The end of 2010	Indicators developed	

other state authorities, where necessary, should be compiled in writing -opinions of the obligors should be compiled in writing				
<b>3.3.7. APML should ensure that practical mechanisms of providing feedback to the obligors be elaborated</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
-meetings with all obligors should be organized on a regular basis - written materials on trends and typologies of ML/FT should be prepared - case studies from practice should be prepared - reports on received suspicious transaction reports (STRs) and cash transaction reports (CTRs), their number and quality should be presented	APML	Ongoing	Practice in place to hold meetings once in six months with representatives of the obligors, obligation to prepare written materials on trends and typologies of ML and TF	Human resources
<b>3.3.8. APML should develop forms for providing data on torts and economic offences referred to in the AML/CFT Law, in cooperation with MoI, public prosecutor's office, courts and supervisory authorities for AML/CFT Law.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- Working group for developing the forms should be established, and the forms should be developed  - state authorities shall provide their local organizational units with the forms and the instruction on fulfilling the legal requirement from this recommendation	APML, MOI, State Prosecutor's Office, Supreme Court of Serbia	Second half of 2010	Working group established, forms and instructions developed, forms provided to local organizational units	
<b>3.3.9. All relevant supervisory authorities in terms of AML/CFT Law should do the following:</b> - develop instructions or manuals for exercising supervision of the implementation of AML/CFT by the obligors - develop instructions for the implementation by the obligors of the provisions of the new AML/CFT Law				

Activities	Main implementing agency	Timeframe	Indicators	Resources required
- current instructions/guidelines issued by supervisory authorities to the obligors (banks, exchange offices, etc) should be brought in compliance with AML/CFT Law	All supervisory authorities	31.12.2009.	Instructions and guidelines for all supervisory authorities compliant with AML/CFT Law	
- instructions/guidelines on supervision should be developed for the obligors which presently do not have them (Securities Commission, providers of financial leasing in part which refers to the implementation of AML/CFT regulations, insurance, etc)				
- work on developing guidelines for ML/TF risk assessment, on decision on minimum content of <i>Know Your Customer Procedure</i> and similar guidelines/instructions for exercising supervision of other obligors should be finalized.	All supervisory authorities, except the National Bank of Serbia, in cooperation with the APML	End of 2010.		
<b>3.3.10. There should be systematic awareness raising in terms of need to effectively implement AML/CFT Law (brochures, electronic programs for training, media campaign, etc)</b>				
Activities	Main implementing agency	Timeframe	Indicators	Resources required
- brochures on AML/CFT should be prepared and printed	APML	Ongoing	The brochures made and distributed to all the obligors, financial resources raised through the projects of international organizations	- financial resources
-the brochures should be distributed to banks and other obligors, as well as to other state authorities  -financial resources for printing and publishing the materials should be raised by the projects of international organizations	State authorities and supervisory authorities			

- the media should be animated	All state authorities			
<b>3.3.11. Analysis of the state of affairs in NPO sector should be conducted to assess ML/TF risk in the area</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- a working group should be established to conduct the analysis from the recommendation -an open discussion and/or round table should be held to bring together different opinions of the analysis from the recommendations - Government of the Republic of Serbia shall adopt the conclusion of the state of affairs in NPO sector	Ministry of Public Administration and Local Self-Government, Ministry of Interior, Ministry of Foreign Affairs, APML, TA	End of 2010	The working group formed, analysis of NPO sector conducted, open discussion held, Government conclusion adopted	
<b>3.3.12. Information system in APML should be further developed</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- case and document management system should be finalized - analytical tools should be developed	APML	Ongoing	Information system for case and document management launched	Budget of the Republic of Serbia and foreign donations

### AML/CFT STRATEGY RECOMMENDATIONS

#### 3.4. PROFESSIONAL QUALIFICATION AND TRAINING

<b>3.4.1. Needs for professional qualification and training should be analysed to include relevant state and supervisory authorities, as well as the obligors through their associations</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>

A working group should be formed to analyse the needs and cite the number of employees, number of seminar, necessary training materials, etc	All stakeholders in AML/CFT (state authorities, supervisory authorities, representatives of the obligors)	First half of 2010.	Working group formed, number of employees to be trained, established, training materials established.	Necessary financial funds should be raised through donations
<b>3.4.2. Professional training and qualification for AML/CFT should be organized through Judicial Training Center, Educational and Research Centre of SIA, Education Centre within MoI and through specialized bodies within the supervisory authorities.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
-a working group should be formed to consist of existing training centres that conduct internal training (State Prosecutor's Office) and professional specialization. With the help of the experts from APML and other relevant state authorities, capacities of the training centres should be evaluated - plan and program of the specialized training should be made	Representatives of the training centres and of the bodies which conduct internal training (State Prosecutor's Office) and SCG	First half of 2010	Working group formed, plan and program of the specialized training made.	
<b>3.4.3. Educational parts dealing with AML/CFT, financial investigations and asset forfeiture (confiscation) should be included in the program for professional and specialized training.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
The working group from Recommendation 4.2. shall propose the relevant educational parts having in mind the practice of similar institutions abroad.	Existing training centres and representatives of other state authorities that	Starting from 2010	Certain educational parts from AML/CFT	Material and technical support to organize trainings

	conduct internal training according to the suggestions of the working group from Recommendation 4.2.			
<b>3.4.4. Representatives should be selected from the Ministry of Interior, Ministry of Justice, public prosecutor's office, courts, Administration for the Prevention of Money Laundering, Customs Administration, Tax Administration, National Bank of Serbia and Securities Commission and they will be in charge of professional training and specialization in AML/CFT, financial investigations and asset forfeiture (hereinafter referred to as the instructors). The same is recommended to the obligors' associations.</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
Process of selecting representatives of the relevant state authorities and obligors' associations in charge of professional training and specialization should be finalized.	Ministry of Interior, Ministry of Justice, public prosecutor's offices, courts, APML,CA, TA, NBS, SC, Ministry of Defense (Military Security Agency)	Second half of 2010	Instructors selected in the state authorities and obligors' associations	Technical and other conditions for work
Following the completion of the needs analysis referred to in Recommendation 4.1, the instructors should be nominated in line with the results of the analysis within the authorities which do not have them yet.				
<b>3.4.5. Instructors should be professionally trained in AML/CFT, financial investigations and asset forfeiture, as well as in methods and techniques of their work.</b>				
<b>Activities</b>	<b>Main implementing</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>

	<b>agency</b>			
<ul style="list-style-type: none"> <li>- Organisation of seminars on techniques and methods of professional training (<i>train the trainers</i>)</li> <li>- Organisation of seminars for additional training of instructors in AML/CFT</li> <li>- Professional AML/CFT training delivered by the representatives of relevant state authorities to the instructors</li> <li>- mentioned activities should use the services of international organizations which have years of experience and experts in AML/CFT, financial investigations and asset forfeiture</li> </ul>	SCG	2010 – 2011	Seminars organized	Material resources
<b>3.4.6. Technical and other conditions for the work of instructors should be provided</b>				
<b>Activities</b>	<b>Main implementing agency</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Resources required</b>
- financial means should be provided to support the instructors' work	Ministry of Interior, Ministry of Justice, public prosecutor's office, courts, APML, CA, TA, NBS, SC, obligors' associations, Ministry of Defense (Military Security Agency)	Ongoing	Financial means provided	

**5. Annex V. List of indicators for identifying suspicious transactions related to terrorism financing**

**LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS RELATED TO TERRORISM FINANCING**

1. A person refuses to identify themselves or when they learn of the need to identify, they break any further cooperation.
2. A person uses a fake name, address or phone number, or presents forged or false documents for the purposes of identification
3. A person offers a large compensation for extraordinary legal and financial services.
4. A person requires that funds be deposited in multiple accounts or transferred to several accounts abroad.
5. Using accounts of non-profit organizations or corporate/personal accounts to transfer funds abroad to several recipients in a short period of time.
6. A large number of persons is authorized to use assets in the account even though there is no apparent family or business connection among them.
7. A person opens multiple accounts and increases deposits by frequently depositing small amounts in a manner inconsistent with their economic profile.
8. Opening accounts on behalf of natural and legal persons known to be related to a terrorist organization.
9. Depositing money into accounts held by natural or legal persons in the amounts inconsistent with the economic profile of the natural or legal person.
10. A person conducts transactions always using an ATM, frequently deposits cash, or frequently withdraws cash in the amounts which are a daily limit on the ATM, and they do so on a daily basis, even though there is the branch office of the bank nearby.

**6. Annex VI. List of indicators for identifying suspicious transactions for attorneys and law firms**

**LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR ATTORNEYS AND LAW FIRMS**

1. A client talks about and admits to being involved in a criminal activity.
2. A client does not want their mail to be sent to an address in the country.
3. A client holds accounts in different financial institutions in the same area for no apparent reason.
4. A client or their business activities are under surveillance of state authorities or the client is on the international arrest warrant.
5. A client shows great interest in reporting obligation under the Law on the Prevention of Money Laundering and Terrorism Financing.
6. A client avoids meeting with the attorney in person or contacts the attorney through third parties.
7. A client is involved in activities that are not typical of their business operations.
8. A client requires to proceed quickly with transactions regardless of higher costs that such a service implies.
9. A client uses different names or nicknames, and similar, although in fact different addresses.
10. A client uses P.O. Boxes or other types of postal addresses instead of a street address, which is not common in that area.



11. A client offers money, gifts or other uncommon reward as a favour for unusual or suspicious transaction.
12. A client is very familiar with cases relating to money laundering and terrorism financing.
13. A client gives suspicious or vague information.
14. A client submits for review inadequate documents, or documents whose validity is doubted, or the client opposes the submission of identity documents or presents only photocopies of personal documents.
15. All personal documents have been issued abroad, and their credibility is difficult to verify.
17. A client wants to do business in cash, although it is unusual for their line of business.
18. Business relationship is not consistent with the financial situation of the client or their usual business activities
19. Business relationship or a transaction also involves (as parties to transaction) non-profit organizations or charities, without visible economic reason.
20. A client concludes or verifies contracts that seem unusual or for which there is no economic or business justification.
21. A client comes to a law office with plenty of cash, gold, precious stones or securities that they wish to deposit or to surrender for conducting certain transactions or initiating business relationship in a way unusual for regular financial operations and with visible endeavours to avoid using financial institutions.
22. A client conducts a transaction with real estate property on behalf of resident and non-resident natural and legal persons, coming from off shore territories.
23. A client sets a selling price for real estate inconsistent with market prices.

## **7. Annex VII. List of indicators for identifying suspicious transactions for persons providing accounting services**

### **LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR PERSONS PROVIDING ACCOUNTING SERVICES**

1. A client does not want their mail to be sent to an address in the country.
2. A client holds accounts in different financial institutions in the same area for no apparent reason.
3. A client or their business activities are under surveillance of state authorities or the client is on the international arrest warrant.
4. A client shows great interest in reporting obligation under the Law on the Prevention of Money Laundering and Terrorism Financing.
5. A client is involved in activities that are not typical of their business operations.
6. A client requires to proceed quickly with transactions regardless of higher costs that such a service implies.
7. The party has recently established several business relationships with various financial institutions.
8. A client uses P.O. Boxes or other types of postal addresses instead of a street address, which is not common in that area.
9. A client offers money, gifts or other uncommon reward as a favour for unusual or suspicious transaction.
10. A client gives suspicious or vague information
11. Business relationship or a transaction also involves (as parties to transaction) non-profit organizations or charities, without visible economic reason.
12. A client wants to convince the accountant that it is not necessary to complete or submit some of the required documents.
13. Business operations of a client are significantly different from normal business operations within the industry.
14. A client lives beyond their means.
15. A client often changes their bookkeepers and/or accountants.

16. A client does not know where business records are kept.
17. A client (legal person) has no employees, which is not in accordance with the type and volume of its business.
18. A client pays fees for certain types of services to firms based in offshore destinations (tax havens).
19. A client insists that the final account show business loss, although there are no justified reasons for that.

## **8. Annex VIII. List of indicators for identifying suspicious transactions related to money transfer services**

### **LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS RELATED TO MONEY TRANSFER SERVICES**

1. A client transfers large amounts of money abroad, giving instructions to make a payment in cash to a legal person abroad.
2. A client receives large sums of money from abroad, with the instructions to be paid in cash.
3. The amount of an electronic transfer is not in line with business transactions.
4. A client transfers funds into the countries known to be places of drug production or to be a transit route for drugs.

## **9. Annex IX. List of indicators to recognize suspicious transactions in forfeiting**

### **LIST OF INDICATORS TO RECOGNISE SUSPICIOUS TRANSACTIONS IN FORFEITING**

1. Client (exporter) offers to the forfeiter security instruments (promissory notes, bank guarantees, and letters of credit) issued by an off-shore purchaser whose ownership and true business structure, i.e. business activity.
2. Client (exporter) has business transactions with purchasers from countries that do not apply generally accepted AML/CFT standards.
3. Client (exporter) selling its receivable to Forfeiter, exports (sells) goods that do not belong to the usual production or trading portfolio of the client.
4. Forfeiter purchases from the client (exporter) bank guarantees issued for the account of purchaser by a bank with poor solvency or bank from countries that do not apply generally accepted AML/CFT standards.
5. Client (exporter) offers its receivables to the Forfeiter under very favourable conditions that are far under the expected conditions, thereby consciously making business loss.
6. Forfeiter has information that the client (exporter) has just been founded and is not well established company, which intermediates in export and offers, in turn, to the real producers of goods extremely stimulative or above-average purchase prices.
7. Forfeiter has information that the client (company) is represented by persons with bad business reputation.
8. Forfeiter has difficulty in identifying the true ownership and management structure of the client (exporter) as well as of the foreign buyer.
9. Forfeiter doubts the veracity of the issued security instruments offered by the client as a guarantee for the purchase of debts.
10. Trade contract of the client (exporter) is not drafted in line with the standards used for such type of goods.
11. Client frequently requests from the Forfeiter to direct the incoming transfers to accounts of other legal persons instead of its own..

12. Forfeiter has information that the client (exporter) offers also to the other forfeiting companies to purchase receivables, giving at the same time different data concerning the contracted or performed business transaction that differ from true data to a considerable extent.

#### **10. Annex X. List of indicators for identifying suspicious transactions for persons engaging in postal communications**

##### **LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR PERSONS ENGAGING IN POSTAL COMMUNICATIONS**

1. Goods sent by mail are different from those described in the declaration of the sender because of false or misleading statements given.
2. Precious stones, precious metals or other values are continuously sent to addresses other than those of dealers or manufacturers engaging in marketing or treatment of precious stones, precious metals or the values sent.
3. A person refuses to identify themselves or when they learn of the need to identify, they break any further cooperation.
4. A person uses a fake name, address or phone number, or presents forged or false documents for the purposes of identification.
5. Frequent delivery of postal money orders to the same person.

#### **11. Annex XI. List of indicators for identifying suspicious transactions for persons providing tax advisory services**

##### **LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR PERSONS PROVIDING TAX ADVISORY SERVICES**

1. A client does not want their mail to be sent to an address in the country.
2. A client holds accounts in different financial institutions in the same area for no apparent reason.
3. A client or their business activities are under surveillance of state authorities or the client is on the international arrest warrant.
4. A client shows great interest in reporting obligation under the Law on the Prevention of Money Laundering and Terrorism Financing.
5. A client is involved in activities that are not typical of their business operations.
6. A client requires to proceed quickly with transactions regardless of higher costs that such a service implies.
7. The party has recently established several business relationships with various financial institutions.
8. A client offers money, gifts or other uncommon reward as a favour for unusual or suspicious transaction.
9. A client gives suspicious or vague information
10. A client (legal person) has no employees, which is not in accordance with the type and volume of its business.

#### **12. Annex XII. List of indicators for identifying suspicious transactions in provision of guarantees**

##### **LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS IN PROVISION OF GUARANTEES**

1. A person refuses to identify themselves or when they learn of the need to identify, they break any further cooperation.
2. A client offers unusual compensation for provision of guarantee.
3. Provider of guarantee has some information that the client is associated with persons who are in conflict with the law.
4. Provider of guarantee has some information that the client is not credit-worthy and that they conceal the real identity of the creditor.
5. Provider of guarantee has some information that the client often approaches other providers of guarantees as well.

**13. Annex XIII. List of indicators for identifying suspicious transactions for organizers of games of chance operated in the internet, telephone or in another manner using telecommunications networks**

**LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR ORGANIZERS OF GAMES OF CHANCE OPERATED ON THE INTERNET, TELEPHONE OR IN ANOTHER MANNER USING TELECOMMUNICATION NETWORKS**

1. Players possess credit cards issued in offshore destinations or in countries that do not comply with standards against money laundering and terrorist financing (the black list)
2. A player demands that the winnings be transferred to another account or even to the accounts of third parties.
3. In case of a large winnings, players avoid identifying themselves.
4. Organizer of the games has some information that the player hides their IP address.
5. A player shows interest in certain game packages and makes suggestions as to some packages.

**14. Annex XIV. List of indicators for identifying suspicious transactions for auditing companies and certified auditors**

**LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS TRANSACTIONS FOR AUDITING COMPANIES AND CERTIFIED AUDITORS**

1. Responsible person (manager) of the client (company) does not know its business activities well, or has an obvious lack of interest in the business. .
2. A certified auditor has never been shown around the premises of the client (for example, manufacturing facility of the company), which may indicate a suspicion on a fictitious company.
3. A complex organizational structure of a client (company) as opposed to the company's activities, without a justified reason for such complexity.
4. A client makes or receives advance payments, but it is not very probable that business will be actually completed, due to business policy of the client (company)
5. Large unexplained fluctuations in the profit and loss account (excessive income over expenditures).
6. A client (company) does business to a great extent or in an unusual way with partners whose line of business is not the same or similar to that of the client.
7. Recording changes in the financial statements were conducted on the basis of dubious documents, which might indicate suspicion on a fictitious transaction.
8. A client (company) conducts business operations based on cash.
9. A client receives substantial inflows from offshore companies, whose ownership and business structure is difficult to identify.
10. Extremely high outflow of funds from the account of the client to foreign countries, particularly based on various types of services.

11. A client concludes a contract every year with another certified auditor, which indicates that the client may wish to conceal its activities.

12. A certified auditor has some information that the founder or managers of the company (client), as well as the company itself have been involved in criminal activities, (it can be seen in the press, news, etc.).

13. A client makes frequent cash payments into its own account as capital contribution, or it receives payments from several natural persons on the basis of a loan.

14. A client pressures the auditing company with threats and intimidations, or threatens to hire another auditor, or tries to bribe the auditing company into making the financial statement as favourable as possible.

## **15. Annex XV. Law on Associations (Official Gazette of RS no. 51/2009 of July 14, 2009)**

*“Official Gazette of RS” no. 51/2009, of July 14, 2009*

### **Law on Associations**

Pursuant to Art. 112, para 1, item 2 of the Constitution of the Republic of Serbia, I hereby adopt this

### **DECREE on the enactment of the Law on Associations**

Enacting the Law on Associations, passed by the National Parliament of the Republic of Serbia, at the session of the Eight extraordinary convocation in 2009, held on July 8, 2009.

PR no. 140

In Belgrade, 13 July 2009

President of the Republic,

Boris Tadić, sgd.

### **LAW on Associations**

#### **I. BASIC PROVISIONS**

##### **Scope of the Law**

###### **Art. 1**

This Law shall regulate the establishment and legal status of associations, their registration and cancellation from the Register, membership and bodies, status changes and dissolution, as well as other issues of relevance for the operation of associations.

This Law shall regulate the status and operation of foreign associations.

##### **Definition of Association**

###### **Art. 2**

An Association, for the purpose of this Law, is a voluntary, non-governmental, non-profit organization, founded upon the freedom of association of several natural or legal entities, established for the purpose of achieving and improving a specific joint or common object and interest, provided that these are not prohibited by the Constitution or Law.

Political parties, trade unions, associations established for the purpose of conducting profit-gaining activities, sports organizations and associations, churches and religious communities, spontaneous temporary association of several entities and other associations the activities of which are regulated by a separate law, shall only be subject to the provisions of this Law in matters that are not regulated by that separate law.

Unless otherwise prescribed by this Law, associations that do not have the capacity of a legal entity shall be governed by the laws and regulations regulating civil partnerships.

Secret and paramilitary associations are prohibited.

### **Freedom and Purposes of Association**

#### **Art. 3**

An association shall be founded and organized on a free basis and shall be independent in the fulfillment of its purposes.

The purposes and activities of an association shall not be aimed at violent disruption the constitutional order and violation of the territorial integrity of the Republic of Serbia, or at infringing guaranteed human or minority rights, or instigating and abating inequality, hatred and intolerance based on racial, national, religious or any other affiliation or orientation, including sex, gender, physical, psychological or other characteristics or capabilities.

Provision in para. 2 of this Article shall also apply to associations that do not have the capacity of a legal entity.

### **Registration**

#### **Art. 4**

Registration into the Register of Associations is voluntary.

Starting with the date of registration into the Register, an association acquires the status of a legal entity.

### **Transparency**

#### **Art. 5**

The activities of an association shall be open to the public.

The enforcement of transparency shall be regulated by association's Articles of Association.

### **Duration of an Association**

#### **Art. 6**

An association shall be established for an unlimited or limited period of time.

Unless specified otherwise in the Memorandum of Association, the association shall be established for an unlimited period of time.

### **Federations and Parts of Associations**

#### **Art. 7**

An association may become a member of a federation or of other associations in the country and abroad, (hereinafter: federations).

Federations in para. 1 of this Article shall be governed by the provisions of this Law when their registered office is located on the territory of the Republic of Serbia.

A part of an association, (section, group, club, branch, subsidiary and other), shall not have the capacity of a legal entity.

### **Changes in status**

#### **Art. 8**

Changes in the status of an association are effected in pursuance of this Law.

### **Legitimacy of the Association's Activities**

#### **Art. 9**

An association exercises its activities in compliance with the Law, the Articles of Association and other general acts, as well as the rules and regulations of the federation to which it is affiliated.

## II. FOUNDATION AND NAME

### Founders of Association

#### Art. 10

An association may be founded by a minimum of three founders, whereby at least one of the founders shall have residence, or registered office, on the territory of the Republic of Serbia.

Any legally capable natural or legal entity may be the founder of an association.

A person under legal age may become the founder of an association, provided that they are not less than 14 years of age, and only with the statement of consent of their legal guardian, in pursuance of the law.

The statement in para. 3 of this Article must contain a signature authentication pursuant to the law.

### Establishment and Memorandum of Association

#### Art. 11

An association shall be established by adopting the Memorandum and Articles of Association, and appointing the person authorized to represent the association, at the statutory meeting of the association.

A Memorandum of Association shall consist of: personal names, that is business names of the founders, their place of residence and registered office address; name, registered office and address of the association; the area in which the association pursues its objects; the purposes for which it is being established; personal name and place of residence and address of the person authorized to represent the association; signatures of the founders and unique personal identification numbers for nationals, or passport number and country of issue for founders who are foreign nationals, and date of adoption of the Memorandum of Association.

The signature of a legal entity as a founder shall consist of the name of the legal entity, the signature and stamp of the authorized representative and the registration code and tax identification number (PIB) of the legal entity.

### Articles of Association

#### Art. 12

The Articles of Association are the fundamental general act of an association.

Other general acts adopted by the association, if any, must be in compliance with the Articles of Association.

Provisions of any other general act of the association that are in conflict with the Articles of Association, shall be considered null and void.

The mandatory content of Articles of Association is: the name and registered office of the association; the area in which the association pursues its objects; the purposes for which it is being established; internal organization, bodies, their authorities, composition, procedure for appointment and revocation, duration of mandate and decision making procedure; procedure for the amendment of the Articles of Association and procedure for the enactment and amendment of other general acts adopted by the association, if any; representation of the association; enforcement of transparency of work; membership access and termination terms and conditions; rights, membership obligations and liabilities; procedure for acquiring funds to achieve the set purposes and management of funds, including rules on commercial and other profit gaining activities of the association, if any; decision making procedure with regard to changes in status and termination of operations; management of the association's assets in the event of dissolution of the association; procedure for the adoption of financial and other statements; the appearance and content of the stamp; other matters defined by law.

The Articles of Association may also regulate other relevant issues for the operations of the association.

### **Name of Association**

#### **Art. 13**

An association shall have a name.

The name of the association shall be in the Serbian language and Cyrillic script.

The name of the association may contain certain foreign words if these are an integral part of the name of the international organization to which the association is affiliated, if these words are common in the Serbian language, if there is no adequate translation for them in the Serbian language, or if they belong to a dead language.

The name of the association, if foreseen in the Articles of Association, may also be in the language and script of a national minority. The name in the language and script of a national minority shall be entered into the register next to the name in Serbian and in Cyrillic script.

If foreseen in the Articles of Association, the translation of the name of the association into one or more foreign languages may be entered in the register next to the entry of the name of the association in the Serbian language and Cyrillic script, i.e. the language and script of a national minority.

The name of the association may not contain any of the elements set forth in Art. 3, para. 2 of this Law.

### **Abbreviated Name of Association**

#### **Art. 14**

An association may also have an abbreviated name, determined in the Articles of Association.

The abbreviated name is entered into the Register.

### **Use of the Name of an Association**

#### **Art. 15**

The name and abbreviated name of the association are used in legal operations in the same form in which they have been entered in the Register.

### **Differentiation of Association Name**

#### **Art. 16**

The name of the newly established association may not be identical with the names of other associations which are either registered or have duly applied for registration with the Register.

The name of an association shall not be indistinguishable from the name of another association, or misleading with respect to the association, its purposes or the type of legal entity.

### **Registered Office of the Association**

#### **Art. 17**

The association shall have a registered office.

The registered office of the association shall be located on the territory of the Republic of Serbia, whereby the local self-government unit on the territory of which the premises are located from which the association is managed shall be designated as the association's seat.

### **Visual Identity Symbols**

#### **Art. 18**

An Association may have its sign, logotype or other symbol, in accordance with the Articles of Association.

The visual identity symbols of an association shall not be identical to those of other associations that duly applied for registration into the register, nor misleading with regard to the association, its scope, or with regard to the type of legal entity.



### III. MEMBERSHIP AND BODIES

#### **Membership of Association**

##### Art. 19

Any person may become a member of an association under the same conditions determined in the Articles of Association.

A natural person may become a member of an association regardless his age, in accordance with this Law and the Articles of Association.

For minors under 14 years of age, a statement of accession, i.e. membership in the association is given by the minor's legal guardian, in accordance with the law, while in the case of minors who are 14 years of age and above, the minor shall issue the statement personally, accompanied by a statement of consent of the legal guardian, pursuant to the law.

The statements in para. 3 of this Article shall contain an authentication of the signature in pursuance of the law.

The association shall keep records on its membership.

#### **Invalidation of a Decision of an Association's Body**

##### Art. 20

Any member of an association may file legal action before the first instance court of jurisdiction to invalidate an association's general act, which is in violation of the Articles of Association or any other general act of the association, that is, to invalidate any individual act of the association adopted in violation of the law, of the Articles of Association or of any other general act of the association, and shall do so within fifteen days from the date of notification about the act, and in any case no later than six months from the date of adoption of the act.

Invalidate the act in para. 1 of this Article is not an infringement of rights acquired by conscientious third parties.

The legal action for the invalidation of the act set forth in para. 1 of this Article shall be conducted in accordance with the law governing legal procedure.

#### **Management of Association**

##### Art. 21

The association shall be managed by its members, directly or through their delegates elected to the bodies of the association.

#### **Assembly of Association**

##### Art. 22

The general meeting is the highest ranking body of the association.

The general meeting is composed by all the members of the association.

The representation of the members of the association in the general meeting of the association may be determined by the Articles of Association.

The general meeting of the association adopts the Articles of Association, its amendments, appoints and revokes the person authorized to represent the association, unless prescribed otherwise by the Articles of Association, the general meeting makes decisions with regard to joining the membership of a federation, adopting the association's annual financial statement, status changes of the association, as well as other matters defined in its Articles of Association.

The Articles of Association may allot a different name to the body vested with the functions of a general meeting.

Regular sessions of the general meeting shall be held at least once a year, whereby the Articles of Association may foresee a shorter time interval.

An extraordinary session of the general meeting shall be convoked at the written request of one third of the association's membership, whereby the Articles of Association may determine a smaller share of the membership than the one prescribed by this Law.

An extraordinary session of the general meeting shall be held within 30 days from the date of submittal of the request for its convocation.

The procedure for the convocation of the general meeting, as well as the operating and decision making procedures shall be regulated by the Articles of Association in more detail.

### **Authorized Representative of Association**

#### Art. 23

An association shall have one or more persons authorized to represent the association (hereinafter: representative of the association), elected, i.e. appointed in the manner stipulated by the Articles of Association.

The authorized representative of the association may only be a legally capable natural person with permanent or temporary residence on the territory of the Republic of Serbia.

The authorized representative of the association shall be observant of the powers conferred on him by the Articles of Association and by resolution of the competent body of the association.

### **Other Association Bodies**

#### Art. 24

The Articles of Association may also foresee other bodies of the association.

### **Liability for Damage**

#### Art. 25

The members of the association's body shall be jointly and severally liable for any harm that their decisions might have caused to the association, if such a decision was made in gross negligence or with malice, except if they incorporated their opinion in the minutes, in the decision making procedure.

The procedure for indemnification shall be instituted on the basis of a decision of the body determined by the Articles of Association, or by the Articles of Association of a certain share of the membership of the association. A special representative of the association may be appointed for the indemnification procedure, by resolution.

The provisions contained in this Article shall also apply, accordingly, to the actions of the representative of the association.

## **IV. ENTRY INTO THE REGISTER**

### **Administration of the Register of Associations**

#### Art. 26

The administration of the Register of Associations (hereinafter: Register), shall be vested in the Serbian Business Registers Agency (hereinafter: Agency), as a delegated task.

The Register in para. 1 of this Article shall be kept in written form and as a unique centralized electronic database.

The content, procedure for registration and administration of the Register in para. 1 of this Article shall be regulated in detail by the Minister in charge of administrative affairs (hereinafter: Minister).

### **Registrar of Associations**

#### Art. 27

The Agency shall administer the Register, by means of a Registrar of Associations (hereinafter: Registrar).

The criteria and procedure for the appointment of the Registrar, as well as his authorities and obligations shall be governed by the law regulating company registration, unless otherwise prescribed by this Law.

## **Register Contents**

### **Art. 28**

The contents entered into the Register are: name and abbreviated name of the association, registered office and address of the association; work scope area; date of establishment of the association; commercial and other activities directly conducted by the association; personal name, place of permanent or temporary residence and unique personal identification number, or passport number and country of issue of the authorized representative of the association; the time period for which the association is being established; membership in a federation of associations; date of adoption of and amendments to the Articles of Association; data on status changes; data related to liquidation and bankruptcy of the association; note on the institution of the procedure for banning the activities of an association and ban on the activities of an association; dissolution of an association; number and date of issue of the Certificate of Registration, changes in data and strike off from the Register.

## **Application for Registration**

### **Art. 29**

Registration into the Register shall be carried out on the basis of an application for registration.

The content and appearance of the application in para. 1 of this Article is prescribed in detail by the Minister.

The application for registration shall be submitted by the authorized representative of the association.

In support of the application, the applicant shall submit the Memorandum of Association, two copies of the Articles of Association, as well as other documents laid down in the decree issued by the Minister.

## **Rejection of Application for Registration**

### **Art. 30**

The Registrar shall issue a decision rejecting an application:

- 1) if the name of the association is identical to the name of another association which is registered or has applied for registration into the Register;
- 2) if the name of the association is indistinguishable from the name of another association, misleading as to the association, its purposes or in regard to the type of legal entity;
- 3) if the application has been submitted by an unauthorized person, or if the required identification documents have not been submitted in support of the application;
- 4) if the application, the Memorandum or Articles of Association lack any of the data prescribed by law.

## **Suspension of the Registration Procedure**

### **Art. 31**

Upon assessing that the applicant association is one of the associations set forth in Art. 2, para. 4 of this Law, or that the purposes of the association are in violation of provisions in Art. 3, para. 2 of this Law, the Registrar shall issue a conclusion suspending the registration procedure and file a motion with the Constitutional Court for banning the activities of that association.

No appeal shall be allowed against the conclusion set forth in para. 1 of this Article.

Upon receipt of the Constitutional Court's ruling, depending on the content of that ruling, the Registrar shall issue a decision rejecting the application – when a ban was issued on the activities of the association, or proceed with the registration procedure – when the motion for banning the activities of the association was dismissed.

## **Certificate of Registration**

### **Art. 32**

Registration into the Register shall be completed within 30 days from the date of submittal of a valid application for registration.

The certificate of registration shall be issued by the Registrar.

A copy of the original Articles of Association kept by the Agency, certified by the Agency's stamp and signed by the Registrar, thereby confirming its authenticity, shall be delivered to the association along with the certificate of registration.

If a decision approving or rejecting registration is not issued within the term set forth in para. 1 of this Article, it shall be deemed that the association has been registered with the Register on the first day following the date of expiry of that term.

### **Change in Registered Data**

Art. 33

The association is under the obligation to register every change in registered data with the Register, within 15 days from the date on which such change occurred.

The registration of changes in data that are kept in the Register shall be governed by the provisions of this Law pertaining to the registration of associations into the Register.

### **Public Access to the Register**

Art. 34

Data entered into the Register shall be public, pursuant to the Law.

Everyone can rely on the accuracy of the data entered in the Register.

### **Fee for the Administration of the Register**

Art. 35

The Government shall prescribe the amount of fee for the registration of an association with the Register and for other services provided by the Agency in the course of administration of the Register, based on the proposal of the Board of Directors of the Agency.

## **V. ASSETS AND CONDUCT OF ACTIVITIES**

### **Acquisition of Property by Associations**

Art. 36

An association may acquire property by means of fees, contributions, donations and gifts (in money or in kind), financial subsidies, legacies, interest on shares, rent, dividends and by other lawful means.

Natural and legal entities granting contributions and gifts to associations may be exempted from the related taxes, in accordance with the law introducing the relevant public revenues.

### **Activities of Association**

Art. 37

An association may conduct any activities that aim to fulfill the purposes set forth in its Articles of Association.

An association may directly conduct commercial or other income gaining activities in pursuance of the law governing the classification of activities, provided that:

- 1) the activity is related to the purposes outlined in its Articles of Association;
- 2) the activity is foreseen in the Articles of Association;
- 3) the activity is small-scale, in other words that the activity is limited to the extent necessary for the achievement of the purposes of the association.

The activity in para. 2 of this Article shall be registered with the Company Register and shall be conducted in accordance with regulations that apply to the sector under which such activity falls.

The association may start directly conducting activity in para. 2 of this Article only upon registering the activity with the Register set forth in para. 3 of this Article.

Any transactions stipulated in violation of provisions under paras. 1 and 2 of this Article shall be legally binding, unless such infringement was known or reasonably foreseeable to the third party.

The association shall not distribute the profit gained from commercial or other activity among its founders, members, members of the association's bodies, managers, staff or related parties.

Related parties, for the purposes of this law, are parties defined as such by the Company Law.

### **Funds for the Implementation of Programs of Public Interest**

#### **Art. 38**

Funds intended to incentivate programs or matching grants for funding programs (hereinafter: program) implemented by associations, which are of public interest, shall be made available from the Budget of the Republic of Serbia.

The Government, i.e. the Ministry in charge of the sector within which the association is pursuing its principal objects, shall disburse the funds set forth in para. 1 of this Article, by means of a Public Competition and shall stipulate contracts on the implementation of the approved programs.

Programs of public interest in para. 1 of this Article refer, in particular, to programs in the field of: social security, veteran-disability security, security of persons with disabilities, social care of children, protection of internally displaced persons from Kosovo and Metohia and refugees, stimulation of birthrate growth, assistance to the elderly, health care, protection and promotion of human and minority rights, education, science, culture, information, environmental protection, sustainable development, animal protection, consumer protection, anti-corruption programs, as well as humanitarian and other programs in which the association is exclusively and directly answering public needs.

The Government shall regulate the detailed criteria, requirements, the scope, the modality, the procedure for granting funding, as well as the modality and procedure for the reimbursements of the funding set forth in para. 1 of this Article, should it be found that the association is not utilizing the funding for the implementation of the approved programs.

Provisions in paras. 1-4 of this Article shall be applied accordingly to funds made available to associations from the budget of the autonomous province and local self-government units.

Associations which have been granted funds for the implementation of programs of public interest from the budget of the Republic, or autonomous province, or local self-government unit, shall publicize a report on their activities at least once a year, specifying the amount of funding acquired and manner in which it was spent, and shall deliver this report to the disbursing of funds.

The association shall be obligated to utilize the funds under para. 1 of this Article exclusively for the implementation of approved programs.

Provision in para. 6 of this Article shall be applied accordingly to associations which, pursuant to the law, availed themselves of tax and customs deductions.

### **Business accounting and financial statements**

#### **Art. 39**

An association shall manage its business accounting, draw up financial statements, and is subject to the obligation to audit its financial statements, in accordance with the regulations governing accounting and auditing.

Annual accounts and progress reports on the activities of the association shall be submitted to the members of the association, in the manner prescribed in the Articles of Association.

### **Liability for the obligations of the association**

#### **Art. 40**

An association is liable for the performance of its obligations to the extent of its assets.

The members of the association and the association's bodies may be held personally liable for the performance of the obligations of the association, if they handle the assets of the association as if they were their personal assets, or if they abuse the association as a cover for illicit or fraudulent purposes.

### **Use of the association's property**

#### **Art. 41**

The property of an association can only be utilized for the achievement of the objects of the association defined in the Articles of Association.

The property of an association cannot be distributed among its members, founders, members of the association's bodies, management, staff or related parties.

Related parties are parties defined as such in regard to the ban on sharing the profits of the association.

Provisions in paras. 1 and 2 of this Article do not apply to the granting of appropriate awards and reimbursements of justified costs arising in the implementation of the statutory goals of an association, (travel costs, per diems, overnight accommodation costs and similar), to contractual commitments and payroll disbursements.

### **Vesting of the association's assets**

#### **Art. 42**

When an association is dissolved, its assets may only be vested in a domestic non-profit legal entity, appointed by the Articles of Association, established for the same or similar purposes.

Provision under para. 1 of this Article shall not apply in the event of dissolution of associations which, on the date of enactment of this law, were using social, i.e. state property.

### **Vesting of assets in the Republic of Serbia**

#### **Art. 43**

If, upon dissolution of the association, compliance with the provisions of this Law or the Articles of Association on the distribution of assets is impossible, or when the association has been banned by court order, upon completion of the liquidation procedure, or if the procedure for the disposal of assets in the event of dissolution of an association is not prescribed by the Articles of Association, the association's assets shall become the property of the Republic of Serbia, provided that the right of use shall be vested in the unit of local self-government on the territory of which the registered office of the association is located.

Para. 1 of this Article shall also apply in the event of dissolution of an association that, on the date of effectiveness of this Law, was using social, i.e. state owned property, regardless of whether or not that association was registered in the Register, pursuant to the provisions of this Law.

### **Invalidating the disposal of assets**

#### **Art. 44**

Any disposal of the assets of an association which is in violation of the provisions of this Law shall be null and void.

## **VI. CHANGES IN STATUS**

### **Definition and types of status changes**

#### **Art. 45**

A status change is a change in the legal form of an association, implemented on the basis of a resolution issued by the competent body, in accordance with the Articles of Association and this Law.

Status changes are acquisition, merger and division of an association.

### **Acquisition of associations**

#### **Art. 46**

An acquisition is the transfer of all the assets of one association (an "acquired association") to another association (an "acquiring association"), based on a contract of acquisition.

A contract of acquisition shall contain the names and registered addresses of the associations, provisions on the transfer of property of the acquired association, (an accurate description of the rights and liabilities that are being transferred, whereby it is permitted to refer to separate documents), and the rights of the members of the acquired association.

The acquisition of one or more associations by another association shall be registered in the Register of Associations.

The registration of an acquisition is subject to the provisions of this Law governing the associations' registration.

Along with the application, the resolutions passed by the general meetings of the associations that are parties to the acquisition shall also be lodged, approving the stipulation of the acquisition contract (in the same text), as well as the contract of acquisition and certificate of registration issued by the Register for the associations that are parties to the acquisition.

By virtue of registration of the acquisition, the acquired association shall cease to exist, while the acquiring association shall continue to operate under its registered name.

### **Merger of associations**

#### **Art. 47**

A merger is the formation of a new association, which shall be vested with all the assets of two or more associations that are party to the merger.

A merger of associations shall be governed by the provisions of this Law governing mergers.

By virtue of a merger, the associations that are party to the merger shall cease to exist, while the newly formed association shall be deemed a new association, governed by the provisions of this Law on the establishment of associations.

### **Division of associations**

#### **Art. 48**

An association can be divided into two or more associations.

A resolution on the division of an association has the legal effectiveness of a Memorandum of Association.

The division procedure shall be subject to the provisions of this law governing the acquisition of associations.

An association which has been divided shall cease to exist, while the procedure for the registration of the newly established associations shall be governed by the provisions of this law on the establishment of associations.

The associations emerging from the division shall be jointly and severally liable for the obligations of the association which has been divided.

Associations emerging from the division shall be registered in the Register following the consolidation of assets, rights and liabilities (separation balance sheet).

## **VII. TERMINATION**

### **Terms and conditions for the cancellation of an association from the Register**

#### **Art. 49**

By virtue of cancellation from the Register, an association loses the status of legal entity.

Cancellation from the Register may only be effected on one of the following grounds:

1) when the members of the association are reduced in number to less than the minimum number of founders required to establish an association, provided that its competent body has failed to adopt a resolution on the acceptance of new members within 30 days;

2) upon expiry of the term for which the association has been established, in the case that the association has been established for a limited period of time;

- 3) in case of winding up by resolution of the association's competent body;
- 4) in the event of a status change, pursuant to this Law, which resulted in the termination of the association;
- 5) when it has been established that the association is carrying on any operation beyond the scope of its statutory objects, or when it is not organized in compliance with the Articles of Association for a period of more than two consecutive years, or when a general meeting has not been held for a period of time which is two times longer than the period of time prescribed in the Articles of Association for holding a general meeting;
- 6) when the association has been banned;
- 7) in the event of bankruptcy.

Anyone can inform the Registrar about the existence of grounds for the cancellation of an association from the Register, set forth in para 2, item 5) of this Article.

The Registrar shall issue a decision verifying the facts set forth under para. 2, item 5) of this Article.

In the instances listed under para 2, items 1), 2), 3), 5) and 6) of this Article, the cancellation from the Register shall be effected following the completion of the liquidation proceedings of the association, unless otherwise prescribed by law. A note shall be entered into the Register concerning the implementation of the liquidation proceedings.

### **Banning an Association**

#### **Art. 50**

The decision on banning the activities of an association as provided in Art. 2, para. 4 of this Law, as well as of associations whose objects or activities are in violation of provisions under Art. 3, para. 2 of this Law, shall be rendered by the Constitutional Court.

The acts of the members of an association may constitute grounds for a decision to ban an association, if there is a relation between these acts and the activities of the association or its purposes, provided that the acts are based on the organized will of the members and if the circumstances related to the case lead to believe that the association tolerated such acts of its members.

The association shall be banned if it becomes a member of any international organization or association specified in Art. 2, para. 4 of this Law, or operating for the achievement of objects set forth in Art. 3, para. 2 of this Law.

The ban on the activities of a federation shall also apply to its member associations which were explicitly included in the banning proceedings.

The visual identity symbols and other symbols of the association whose activities were banned, (flags, slogans, uniforms, emblems, badges and other), may not be used in public.

### **Institution of the procedure for banning an association**

#### **Art. 51**

The procedure for banning an association shall be instituted at the behest of the Government, the District Attorney, the Ministry in charge of administration affairs, the Ministry competent for the sector in which the association is pursuing its objects, or the Registrar.

The procedure for banning an association can also be instituted and carried out against associations which do not have the status of a legal entity.

A note shall be entered into the Register with regard to the institution of the procedure for banning an association.

### **Liquidation of an association**

#### **Art. 52**

The liquidation of an association shall be carried out when the association has sufficient financial means to settle all of its liabilities.



Issues pertaining to the liquidation proceedings that are not regulated by this Law, shall be subject to the provisions of the law governing company liquidation.

A motion for the institution of liquidation proceedings in the events set forth in Art. 49, para. 2, items 1), 2), 3), 5) and 6) and Art. 54, para. 2 of this Law shall be lodged by the Registrar.

When conditions have been met for the institution of the liquidation proceedings, an association may carry on business only for the limited purpose of completing the liquidation process.

When the resolution on liquidation of an association is passed and a liquidator is appointed, the powers of the association's bodies and the authorized representative and proxy come to an end, this does not apply to the powers of the supervisory board of the association, if any.

### **Liquidation by Members' Resolution**

#### **Art. 53**

In the events set forth in Art. 49, para. 2, item 1), 2) and 3) of this Law, the general meeting of the association shall pass a resolution on the liquidation of the association and the appointment of a liquidator and deliver this resolution to the Registrar within three days from the date on which it was passed.

The association shall publish the resolution in para. 1 of this Article in the „Official Gazette of the Republic of Serbia” within three days from the date of its adoption, with an invitation to the creditors to register their claims within 30 days from the date of publication of the resolution.

The institution of liquidation proceedings shall become effective on the date of publication, as set forth in para. 2 of this Article.

### **Liquidation in the Absence of a Resolution**

#### **Art. 54**

If the resolution on the institution of the liquidation proceedings and appointment of the liquidator is not passed or published, the association's authorized representative shall inform the Registrar thereof, within three days from the expiry of the term prescribed for passing, i.e. publishing the resolution.

In the event set forth in para. 1 of this Article, and in the event that the representative of the association should fail to inform the Registrar that conditions have been met for the implementation of the liquidation procedure, within three days from the date of receipt of the notification, i.e. from the cognition and ascertainment that conditions have been met for liquidation, the Registrar shall lodge an application for the institution of liquidation proceedings, at the expense of the association, and for the appointment of a liquidator.

The Registrar shall act pursuant to para. 2 of this Article also in the event that the association has ceased to exist on the grounds determined in Art. 49, para. items 5) and 6).

### **Entry of liquidation in the Register**

#### **Art. 55**

The power to represent the association shall be transferred to the liquidator, on the start date of the liquidation proceedings.

The resolution of the general meeting of the association on the liquidation of the association and data on the liquidator shall be entered in the Register.

The designation “in liquidation” shall be incorporated with the name of the association.

### **Post-liquidation procedure**

#### **Art. 56**

Any surplus assets of the association remaining after the settlement of debts to creditors and tax liabilities shall be disposed of by the liquidator in the manner prescribed in this Law and the Articles of Association of the association.

After handing over the assets to its recipients, the liquidator shall lodge an application for the cancellation of the association from the Register, accompanied by a report on the liquidation proceedings, and a statement that all assets were distributed in accordance with the law and Articles of Association.

### **Short-form liquidation procedure**

#### **Art. 57**

An association can be liquidated in a short-form procedure if, after the resolution on the termination of the association has been passed, the majority of the members of the general meeting issue a statement to the Registrar confirming that the association has settled all tax liabilities, paid its creditors, and regulated relations with its employees.

The statement set forth in para. 1 of this Article must contain an authentication of the signatures, pursuant to the law.

The members of the general meeting of the association as set forth in para. 1 of this Article are jointly and severally liable for the obligations of the association up to a period of three years from the date of cancellation of the association from the Register.

An association liquidated in a short-form procedure is cancelled from the Register, while the personal names and addresses, i.e. the names and registered addresses of the members of the general meeting mentioned in para. 1 of this Article, with the designation concerning their joint and several liabilities for the obligations of the association.

### **Bankruptcy of an association**

#### **Art. 58**

In the case of a longer-term insolvent association, bankruptcy proceedings shall be filed, in application of the provisions of the law regulating bankruptcy and the tax laws governing the treatment of debtors in bankruptcy.

The Registrar shall cancel the association from the Register, on the basis of a legally binding decision on the conclusion of the bankruptcy proceedings.

The registration of the associations' bankruptcy-related data with the Register is subject to the provisions of the law governing bankruptcy which apply to the registration of bankruptcy proceedings decisions into the competent Register.

An application for the registration of data, set forth in para. 3 of this Article, shall be filed with the Registrar by the bankruptcy administrator.

## **VIII. FOREIGN ASSOCIATIONS**

### **Definition of Foreign Association**

#### **Art. 59**

A foreign association, for the purposes of this Law, is an association with registered office in another state, that has been established under the laws of that state, with the purpose of achieving a joint or common interest or goal, the activities of which are not focused on gaining profit, and any international association, or other foreign, i.e. international non-governmental organization with a membership that have associated on a voluntary basis, for the purpose of achieving a joint or common interest or goal, not aimed at gaining profit.

The provisions of this Law governing registration into the Register and the activities of the association shall also apply to registration and activities of a representative office, branch office, or any other organizational structure of a foreign or international non-governmental, non-profit association with registered office on the territory of the Republic of Serbia (hereinafter: foreign association representative office), unless otherwise prescribed by the law or international treaty.

### **Administration of Register of Foreign Associations**

#### **Art. 60**

A foreign association's representative office may operate on the territory of the Republic of Serbia after registering with the Register of Foreign Associations, the administration of which has been delegated to the Agency.

The Register in para. 1 of this Article shall be kept in written form, as a unique, centralized database.

The content, the Register's registration and administration procedures in para. 1 of this Article shall be regulated in detail by the Minister.

### **Foreign Associations Registrar**

#### **Art. 61**

The Agency shall administer the Register of Foreign Associations through the Foreign Associations Registrar.

The criteria and procedure for the appointment of the Foreign Associations Registrar, as well as his powers and obligations, shall be governed by the relative provisions of the law regulating company registration, unless otherwise prescribed by this Law.

### **Content of the Register of Foreign Associations**

#### **Art. 62**

The following shall be entered into the Register of Foreign Associations: name and abbreviated name of the foreign association; state in which the foreign association was established and registered office of that association in that state; type of organizational structure; address of representative office of the foreign association in the Republic of Serbia and of its branch offices; period of time for which the foreign association is being established; first and last name of the person authorized to act for and on behalf of the foreign association in the Republic of Serbia, permanent address and personal identification number for nationals of the Republic of Serbia, or temporary address in the Republic of Serbia and passport number and state of issue of passport for foreign nationals; scope of work of the association; notification of the institutions of the procedure for banning the activities of the foreign association and the ban on the activities of the association; number and date of issue of the certificate of registration, of change in data and strike off from the Register of Foreign Associations.

### **Application for Registration and Registration of Representative Office of Foreign Association into Register of Foreign Associations**

#### **Art. 63**

Registration in the Register of Foreign Associations shall be performed based on the application for registration of the representative office of a foreign association.

The content and appearance of the application in para. 1 of this Article is prescribed in detail by the Minister.

Documents to be submitted in support of the application are: a certified copy of the Memorandum of Association and either a certified translation of the act on registration of the association in the register of the country of domicile or a certified photocopy of the confirmation (affidavit) certified by the court of law or a notary public to the effect that under the laws of the country of domicile the association has the status of a legal entity even without registration in the register and a certified translation of the confirmation (affidavit); a certified photocopy of a decision and a certified translation of the decision of the competent body of the foreign association on opening a representative office in the Republic of Serbia; a certified document and a certified translation of the document issued in the country of domicile from which it is possible to determine who the founders of the association opening the representative office in the Republic of Serbia are; a certified decision and a certified translation of the decision on the person authorized to represent and act on behalf of the representative office of the foreign association, a certified photocopy of an official document verifying the identity of the person and the person's residence and address in the Republic of Serbia; a photocopy and a certified translation of the Articles of Association or a corresponding act containing data on the registered office and internal organization of the representative office of the foreign association on the territory of the Republic of Serbia.

The certificate of registration of the representative office of a foreign association into the Register of Foreign Associations shall be issued by the Foreign Associations Registrar.

The certificate of registration of the representative office of a foreign association into the Register of Foreign Associations shall be published in the "Official Gazette of the Republic of Serbia", at the expense of the foreign association.

#### **Public Access to the Register of Foreign Associations**

Art. 64

Data entered into the Register of Foreign Associations are public, pursuant to the Law.

#### **Application of Regulations to Employees of Representative Offices of Foreign Associations**

Art. 65

The regulations governing movement and stay of foreign nationals apply to the foreign nationals employed in representative offices of a foreign association.

The regulations of the Republic of Serbia apply to the citizens of the Republic of Serbia employed in representative offices of a foreign association.

#### **Funds for the Activities of Representative Offices of Foreign Associations**

Art. 66

The representative office of a foreign association may bring in from abroad financial resources needed for the representation office's own activities and realization of its program, pursuant to the provisions of the law governing the foreign currency transactions.

Upon settling all due tax and other obligations in the Republic of Serbia, the representative office of a foreign association may transfer all the unspent financial resources under para. 1 of this Article pursuant to the law governing foreign currency transactions, out of the country.

The representative office of a foreign association may temporarily import things and equipment needed for the activities thereof and re-export such items pursuant to the customs regulations and foreign trade regulations.

#### **Ban on Activities of Representative Office of Foreign Association**

Art. 67

The representative office of a foreign association shall have the right to perform its activities freely on the territory of the Republic of Serbia, provided its objects and activities are not contrary to the Constitution of the Republic of Serbia, this Law, international treaties ratified by the Republic of Serbia and other regulations.

The procedure for banning the activities of the representative office of a foreign association shall be instituted upon the proposal of the Government, the State Prosecutor, the Ministry in charge of administrative affairs, the Ministry in charge of the sector in which the association is pursuing its objects, or by the Foreign Associations Registrar.

The decision on banning the activities of the representative office of a foreign association the objects and activities of which are contrary to the provision under para. 1 of this Article shall be rendered by the Constitutional Court.

#### **Cancellation of Representative Office of Foreign Association from the Register of Foreign Associations**

Art. 68

The representative office of a foreign association shall cease to exist and be cancelled from the Register of Foreign Associations:

- 1) if the foreign association has ceased its activities;
- 2) if the foreign association has decided to wind up the activities of the representative office;
- 3) if the activity of the representative office has been banned by order of the Constitutional Court.

The decision on the cancellation of the representative office of a foreign association from the Register of Foreign Associations is issued by the Registrar of Foreign Associations.

The decision on the cancellation of the representative office of a foreign association from the Register of Foreign Associations is published in the "Official Gazette of the Republic of Serbia", at the expense of the foreign association.

## IX. LEGAL MEANS/REMEDIES

### **Right to Appeal**

Art. 69

Decisions issued by the Associations Registrar and the Foreign Associations Registrar in the first instance may be appealed to the Minister.

### **Right to Institute Administrative Litigation**

Art. 70

The decision rendered by the Minister is final and an administrative litigation may be instituted against it.

## X. SUPERVISION

### **Competency to Conduct Supervision**

Art. 71

Supervision over implementation of this Law shall be performed by the Ministry in charge of the administrative affairs.

Inspection control shall be conducted by the administrative inspectors of the Ministry.

## XI. PENAL PROVISIONS

### **Economic Offence**

Art. 72

A fine of RSD 300,000 to RSD 900,000 shall be levied for the economic offence against the association directly conducting a commercial or other operation for the purpose of generating profit which is not associated with its statutory objectives or foreseen by its Articles of Association or is conducted in disregard of the fact that the competent authority has found it does not meet the requirements for conducting such an activity (Art. 37, para. 2).

For the economic offence under para. 1 of this Article, a fine of RSD 30,000 to RSD 90,000 shall be levied against the responsible person of the association.

### **Infringements**

Art. 73

A fine of RSD 50,000 to RSD 500,000 shall be levied against the association for infringement, if:

- 1) it exercises activities contrary to the Law, the Articles of Association and other general acts as well as contrary to the rules of the federation it is affiliated to (Article 9);
- 2) it conducts a larger-scale commercial or other operation, i.e. in a volume not necessary for achieving the set objectives (Article 37, para.2, item 3);
- 3) it does not use its assets solely for the purpose of achieving its statutory objectives (Article 41);
- 4) the representative office of the foreign association commences its activities prior to registration in the Register (Article 60, para. 1).

For the offence under para. 1 of this Article, a fine of RSD 5,000 to RSD 50,000 shall be also levied against the responsible person of the association.

Art. 74

A fine of RSD50,000 to RSD500,000 shall be levied against the association for the following infringements:

- 1) if the association does not provide for transparency of its activity in the manner stipulated by the Articles of Association (Article 5);
- 2) if it does not use the name and abbreviated name of the association in legal operations in the same form in which they are registered in the Register (Article 15);
- 3) if it fails to report to the Registrar, within 15 days, a change in registered data kept in the Register (Article 33, para. 1);
- 4) if it fails to provide public access to the report on its activities and the volume and manner of acquiring and use of funds and fails to submit the report to the disburser of funds (Article 38, para. 6).

For the offence under para. 1 of this Article, a fine of RSD 5,000 to RSD 50,000 shall be also levied against the responsible person of the association.

Art. 75

A fine of RSD 5,000 to RSD 50,000 shall be levied for an infringement against the authorized representative of the association if he/she fails to inform the Registrar, within the prescribed period of time, that no resolution has been passed on the institution of liquidation proceedings, or that no such resolution has been made public. (Article 54, para. 1).

## XII. TRANSITIONAL AND FINAL PROVISIONS

Art. 76

The Minister shall enact regulations for execution of this Law within 90 days from the date of effectiveness of this Law.

Art. 77

The proceedings commenced until the date of effectiveness of this Law shall be finalized in accordance with the regulations in force until the commencement of implementation of this Law.

Art. 78

Social organizations, citizens' associations and their federations founded under the Law on Social Organizations and Citizens' Associations ("Official Gazette of the SRS", no. 24/82, 39/83, 17/84, 50/84, 45/85 and 12/89 and "Official Gazette of the RS", no. 53/93, 67/93 and 48/94), as well as those having a registered office on the territory of the Republic of Serbia and which are registered in the Register under the Law on Association of Citizens into Associations and Social Organizations and Political Organizations Founded for the Territory of the Socialist Federal Republic of Yugoslavia ("Official Gazette of the SFRY" no. 42/90 and "Official Gazette of the FRY", no. 24/94, 28/96 and 73/2000), shall continue their respective activities as associations as of the date of commencement of implementation of this Law, provided they bring their Articles of Association and other general acts into accord with the provisions of this Law within 18 months from the date of enactment thereof.

Art. 79

Social organizations, citizens' associations and their federations under Art. 78 of this Law shall submit to the Registrar, along with the application for registration, the certificate of registration in the Register of social organizations and citizens' associations, i.e. in the Register of associations, social organizations and political organizations, the decision on the appointment of the authorized representative of the association and a certified copy of the authorized representative's ID card, as well as two copies of the new Articles of Association.

Social organizations, citizens' associations and their federations which fail to proceed in accordance with para.1 of this Article, upon completion of the liquidation proceedings, shall be stricken

off the Register by Registrar's decision, thus effectively losing their legal entity status, and their assets shall be vested in the persons determined by the Articles of Association, i.e., by the Law.

The decisions issued under para. 2 of this Article may be appealed to the Minister. The decision rendered by the Minister is final and an administrative litigation may be instituted against it.

#### Art. 80

Socially-owned immovable assets under the usufruct of social organizations, associations and forms of affiliation thereof (federations), with the registered office on the territory of the Republic of Serbia (hereinafter: Social Organizations), shall become state-owned assets, with the usufructuary rights vested in the local self-government unit on whose territory the immovable assets are located.

#### Art. 81

Socially-owned immovable assets under the usufruct of the Social Organizations until the date of effectiveness of this Law shall become the property, i.e., co-owned property of the Social Organizations in proportion to the share of participation of the Social Organizations in financing of the said immovable properties out of their own resources, acquired from voluntary membership fees, gifts, donations, legacies and in other lawful ways.

Own resources referred to under para.1 of this Article shall not be deemed to be the funds acquired based on exercise of public authorities or other resources received from the budgets of socio-political communities.

The property rights under para. 1 of this Article shall be established in a proceeding before the competent court of law.

#### Art. 82

The Social Organizations which, prior to the re-registration thereof under the Law changing their status of citizens' associations into Social Organizations, had property rights over socially, i.e., state-owned immovable assets, shall acquire their related rights pursuant to the Law governing denationalization.

#### Art. 83

The Social Organizations which, until the date of effectiveness of this Law, had usufructuary rights over state-owned immovable assets, i.e., over the immovable assets which become the property of the state upon conclusion of the judicial proceedings, shall continue to use the immovable assets under the terms which may not be less favorable than the terms in effect until the date of effectiveness of this Law.

The local self-government unit on the territory of which the immovable properties under the usufruct of the Social Organizations are located has the right to cancel further use of the immovable assets if the Social Organization fails to bring its activity into accord with the provisions of this Law within the prescribed time period, or in case the immovable assets are used contrary to the intended purpose or goals established by the Articles of Association.

The local self-government unit issues the act under para. 2 of this Article in consent with the Property Directorate of the Republic of Serbia.

The socially, i.e., state-owned assets under Article 80 and Article 81 paras. 1 and 2 of this Law under the usufruct of the Social Organizations may not be disposed of until the date of enactment of this Law.

#### Art. 84

The socially-owned movable assets under the usufruct of the Social Organizations with registered office on the territory of the Republic of Serbia shall become the property of the Social Organizations.

#### Art. 85

All assets that Social Organizations under Article 78, para. 1 of this Law acquire after the date of enactment of this Law shall become their own property, with the exception of the property acquired in the course of exercising their public authorities.

#### Art 86

Foreign associations which commenced their activity on the territory of the Republic of Serbia prior to the date of enactment of this Law shall bring their activity into accord with this Law and file an application for registration in the Register of Foreign Associations attaching all the required documents, within three months from the date of commencement of implementation of this Law.

If a foreign association fails to proceed in accordance with provision of para. 1 of this Article, the Foreign Associations Registrar shall issue a decision on termination of operations thereof, until its registration in the Register of Foreign Associations.

The decision issued under para. 2 of this Article may be appealed to the Minister. The decision rendered by the Minister is final and the administrative dispute may be instigated against it.

The Serbian Business Registers Agency shall, within 30 days from the date of effectiveness of this Law, obtain from the competent authorities the existing records of the foreign associations.

#### Art. 87

The Serbian Business Registers Agency shall take over from the Ministry in charge of administrative affairs and the Ministry in charge of internal affairs the registers of social organizations and citizens' associations, case files, archives and registration office material collected in the course of the register administration activities, within 60 days from the date of effectiveness of this Law.

#### Art. 88

Until commencement of the work of the first-instance courts, the procedure for invalidation of the association's general act under Article 20 of this Law shall be instituted before the competent municipal court.

#### Art. 89

As of the date of enactment of this Law, the provisions of the Law on Social Organizations and Citizens' Associations ("Official Gazette of the SRS", no. 24/82, 39/83, 17/84, 50/84, 45/85 and 12/89 and "Official Gazette of the RS", no. 53/93, 67/93 and 48/94) and the Law on Association of Citizens into Associations and Social Organizations and Political Organizations Founded for the Territory of the Socialist Federal Republic of Yugoslavia ("Official Gazette of the SFRY" no. 42/90 and "Official Gazette of the FRY", no. 24/94, 28/96 and 73/2000) shall cease to apply to citizens' associations, social organizations and affiliations thereof, with the exception of sports organizations and associations.

Articles 67 to 75 of the Law on Movement and Stay of Foreign Nationals ("Official Gazette of the SFRY", no. 56/80, 53/85, 30/89, 26/90 and 53/91) and Article 60. para. 1, item 2 of the Law on Establishment of Specific Competencies of the Autonomous Province ("Official Gazette of the RS, No. 6/02), shall cease to be effective as of the date of enactment of this Law.

#### Art. 90

This Law shall come into force on the eighth day from the date of publication in the "Official Gazette of the Republic of Serbia", and shall be enacted as of the date of expiry of the term of three months from the date of effectiveness, with the exception of Art. 32, para. 4, which shall be enacted as of the date of expiry of a term of two years from the date of effectiveness.



## **16. Annex XVII. Rulebook on Cross-Border Transfer of Currency and other Bearer Negotiable Instruments Declaration**

Rulebook  
on Cross-Border Transfer of Currency and other Bearer Negotiable Instruments Declaration  
("Official Journal RS", no. 78/2009)

### **Article 1**

This Rulebook prescribes the form and content of the cross-border currency declaration of transfer of cash and other bearer negotiable instruments, amounting to or exceeding 10.000 EUR in dinars or foreign currency (hereinafter referred to as: the form of the declaration), instructions for completing and submitting the declaration, as well as the manner of informing persons crossing the border on the requirement to declare the transfer.

### **Article 2**

The declaration referred to in Article 67, para.1 of the Law on the Prevention of Money Laundering and Terrorism Financing ("Official Journal of RS", no. 20/09 and 72/09 – hereinafter referred to as the: Law) is submitted in the PPS Form, which also contains the instructions for its completion.

The PPS Form comprises three identical copies, printed on the self-copying paper, marked 1,2 and 3 in the right upper corner, and the copy marked as number 3 contains the instructions for the completion.

The PPS Form is printed along this Rulebook and is its integral part.

### **Article 3**

The declarant fills in the form in block capitals in the Serbian or English language and submits the signed Form to the customs officer.

The customs officer inspects the data from the Form, validates it with his/her signature and fac simile, keeps the copy marked as 1 for the official use, sends the copy marked as 2 to the Administration for the Prevention of Money Laundering in the manner and within the deadline prescribed by Article 70 of the Law, and returns the copy marked as 3 to the declarant.

### **Article 4**

The relevant customs authority is obliged to put visible notice of the requirement to declare currency and other bearer negotiable instruments at each border crossing point.

### **Article 5**


The relevant customs authority is obliged to provide the declaration Forms with instructions for their completion in sufficient numbers for persons crossing the border at each border point.

### **Article 6**

This Rulebook enters into force on the day following its announcement in the "Official Journal of the Republic of Serbia".

## DECLARATION FORM

## PPS 1 Form

	<b>REPUBLIKA SRBIJA</b> <b>REPUBLIC OF SERBIA</b>	<b>1</b> Broj/ No.	
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<b>2</b> Datum prijema prijave/ Date of receiving the declaration		<b>3</b> <b>Prijava prenosa fizički prenosivih sredstava plaćanja preko državne granice / Declaration of cross-border transfer of cash and other bearer negotiable instruments</b>	
<b>4</b> Nadležni organ za prijem prijave/ Relevant authority to receive the declaration		YES	NO
<b>5</b> Granični prelaz /Border Crossing Point			

<b>6</b> Vrsta prijave (označite) / Type of declaration (please tick)	<b>6.1</b> Ulazak u RS / Entering RS		<b>6.2</b> Izlazak iz RS / Leaving RS	
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**DEO I. / PART I.**

<b>7</b> Podaci o podnosiocu prijave / Information of the declarant		<b>9</b> Podaci o vlasniku fizički prenosivih sredstava plaćanja ako nije istovremeno podnosilac prijave / Details of the owner of cash and other negotiable instruments if different from the declarant	
<b>a</b> Ime i prezime / Name and surname		<b>a</b> Ime i prezime ili naziv pravnog lica / Name and surname or the name of the legal person	
<b>b</b> Državljanstvo / Nationality		<b>b</b> Državljanstvo / Nationality	
<b>v</b> Datum rođenja / Date of birth		<b>v</b> Datum rođenja / Date of birth	
<b>g</b> Mesto rođenja / Place of birth		<b>g</b> Mesto rođenja / Place of birth	
<b>d</b> Zanimanje / Occupation		<b>d</b> Zanimanje / Occupation	
<b>đ</b> Adresa stanovanja / Address		<b>đ</b> Adresa stanovanja / Address	

<b>e</b> Grad / Town		<b>e</b> Grad / Town	
<b>ž</b> Poštanski broj / Post code (Zip)		<b>ž</b> Poštanski broj / Post code (Zip)	
<b>z</b> Država / Country		<b>z</b> Država / Country	
<b>8</b> Podaci o pasošu ili ličnoj karti / Passport or ID details		<b>10</b> Podaci o pasošu ili ličnoj karti / Passport or ID details	
<b>a</b> Broj / Number		<b>a</b> Broj / Number	
<b>b</b> Datum izdavanja /Date of issue		<b>b</b> Datum izdavanja / Date of issue	
<b>v</b> Mesto izdavanja / Place of issue		<b>v</b> Mesto izdavanja / Place of issue	

<b>DEO II: OPIS FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART II: DESCRIPTION OF CASH AND OTHER BEARER NEGOTIBALE INSTRUMENTS</b>		
	<b>11</b> Iznos / Amount	<b>12</b> Valuta / Currency
<b>a</b> Novčanice, kovani novac / Banknotes, coins		
<b>b</b> Čekovi, putnički čekovi / Cheques, traveller cheques		
<b>v</b> Drugo (navedite) / Other (please specify)		

<b>DEO III: POREKLO I NAMENA FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART III: SOURCE AND INTENDED USE OF CASH AND OTHER BEARER NEGOTIABLE INSTRUMENTS</b>		
<b>13</b> Poreklo / Source		
<b>14</b> Primalac sredstava (ako niste vi) / Intended recipient (if other than you)	<b>a</b> Ime i prezime / Name and surname	
	<b>b</b> Adresa / Address	
<b>15</b> Namena sredstava / Intended use		

<b>DEO IV: PODACI O PREVOZU / PART IV: TRANSPORT INFORMATION</b>										
<b>16</b> Način prevoza (označite) / Means of transport (please tick)	Vazdušni / Air		Drumski/ Road		Železnički/ Rail		Rečni/ River		Drugi/ other	
<b>17</b> Maršruta/ Transport route										

<b>a</b> Zemlje polaska/ Country of departure		<b>b</b> Zemlja tranzita / Country of tranzit		<b>v</b> Zemlja dolaska/ Country of destination	
<b>g</b> Datum polaska (dd/mm/gg) / Departure date (DD/MM/YY)		<b>d</b> Datum dolaska (dd/mm/gg) /			

		Arrival date (DD/MM/YY)			
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<b>d</b> Transportno preduzeće / Transport company	
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<b>e</b> Referentni broj (npr. broj leta) / Transport ref. (e.g. flight number)	
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<b>18</b> Da li je ovo vaš prvi dolazak u RS? (označite) / Is this your first visit to the RS?		Da/Yes		Ne (Navedite broj poseta) / No (please indicate number of previous visits)	
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**Svojim potpisom potvrđujem da su svi gore navedeni podaci tačni / I hereby confirm with my signature that all the above data are correct**

Potpis podnosioca prijave/Signature of the declarant	Potpis i pečat nadležnog organa/ Signature and seal of the relevant authority	Notes (by the relevant authority)
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### PPS 2 Form

	<b>REPUBLIKA SRBIJA</b> <b>REPUBLIC OF SERBIA</b>	<b>1</b> Broj/ No.	
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<b>2</b> Datum prijema prijave/ Date of receiving the declaration		<b>3</b> <b>Prijava prenosa fizički prenosivih sredstava plaćanja preko državne granice / Declaration of cross-border transfer of cash and other bearer negotiable instruments</b>	
<b>4</b> Nadležni organ za prijem prijave/Relevant authority to receive the declaration		DA/YES	NE/NO
<b>5</b> Granični prelaz/Border Crossing Point			

<b>6</b> Vrsta prijave (označite) / Type of declaration (please tick)	<b>6.1</b> Ulazak u RS / Entering RS		<b>6.2</b> Izlazak iz RS / Leaving RS	
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### DEO I. / PART I.

<b>7</b> Podaci o podnosiocu prijave / Details of declarant	<b>9</b> Podaci o vlasniku fizički prenosivih sredstava plaćanja ako nije istovremeno podnosilac prijave
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		/ Details of owner of cash if different than the declarant	
<b>a</b> Ime i prezime / Name of person		<b>a</b> Ime i prezime ili naziv pravnog lica / Name of person or company	
<b>b</b> Državljanstvo / Nationality		<b>b</b> Državljanstvo / Nationality	
<b>v</b> Datum rođenja / Date of birth		<b>v</b> Datum rođenja / Date of birth	
<b>g</b> Mesto rođenja / Place of birth		<b>g</b> Mesto rođenja / Place of birth	
<b>d</b> Zanimanje / Occupation		<b>d</b> Zanimanje / Occupation	
<b>d</b> Adresa stanovanja / Adress		<b>d</b> Adresa stanovanja / Address	
<b>e</b> Grad / Town		<b>e</b> Grad / Town	
<b>ž</b> Poštanski broj / Post code (Zip)		<b>ž</b> Poštanski broj / Post code (Zip)	
<b>z</b> Država / Country		<b>z</b> Država / Country	
<b>8</b> Podaci o pasošu ili ličnoj karti / Passport or ID details		<b>10</b> Podaci o pasošu ili ličnoj karti / Passport or ID details	
<b>a</b> Broj / Number		<b>a</b> Broj / Number	
<b>b</b> Datum izdavanja / Issuing date		<b>b</b> Datum izdavanja / Issuing date	
<b>v</b> Mesto izdavanja / Place of issue		<b>v</b> Mesto izdavanja / Place of issue	

**DEO II: OPIS FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART II: DESCRIPTION  
OF CASH AND BEARER NEGOTIABLE INSTRUMENTS**

	<b>11</b> Iznos / Amount	<b>12</b> Valuta / Currency
<b>a</b> Novčanice, kovani novac / Banknotes, coins		
<b>b</b> Čekovi, putnički čekovi / Cheques, traveller cheques		
<b>v</b> Drugo (navedite) / Other (please specify)		

**DEO III: POREKLO I NAMENA FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART  
III: PROVENANCE AND DESTINATION OF CASH**

<b>13</b> Poreklo / Provenance		
<b>14</b> Primalac sredstava (ako niste vi) / Intended recipient (if other than you)	<b>a</b> Ime i prezime / Name	
	<b>b</b> Adresa / Address	
<b>15</b> Namena sredstava / Intended use		

<b>DEO IV: PODACI O PREVOZU / PART IV: TRANSPORT INFORMATION</b>										
<b>16</b> Način prevoza (označite) / Means of transport (please tick)	Vazdušni / Air		Drumski/ Road		Železnički/ Rail		Rečni/ River		Drugi/ other	
17 Maršruta/ Transport route										

<b>a</b> Zemlje polaska/ Country of departure		<b>b</b> Zemlja tranzita / Country of tranzit		<b>v</b> Zemlja dolaska/ Country of destination	
<b>g</b> Datum polaska (dd/mm/gg) / Departure date (DD/MM/YY)		<b>d</b> Datum dolaska (dd/mm/gg) / Arrival date (DD/MM/YY)			


<b>d</b> Transportno preduzeće / Transport company	
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<b>e</b> Referentni broj (npr. broj leta) / Transport ref. Nr. (e.g. flight number)	
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<b>18</b> Da li je ovo vaš prvi dolazak u RS? (označite) / Is it your first visit to this country?		Da/Yes		Ne (Navedite broj poseta) / No (please indicate number of visits)	
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<b>Svojim potpisom potvrđujem da su svi gore navedeni podaci tačni / The undersigned declares that all above details are correct</b>		
Potpis podnosioca prijave/Signature of declarant	Potpis i pečat nadležnog organa/ Signature and seal of the relevant authority	Primedbe nadležnog organa/Notes (by the relevant authority)

### PPS Form 3

	<b>REPUBLIKA SRBIJA</b> <b>REPUBLIC OF SERBIA</b>	<b>1</b> Broj/No.	
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<b>2</b> Datum prijema prijave/Date of receiving the declaration		<b>3</b> <b>Prijava prenosa fizički prenosivih sredstava plaćanja preko državne granice / DECLARATION for controls of cash entering or leaving Republic of Serbia</b>
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<b>4</b> Nadležni organ za prijem prijave/ Relevant authority to receive the declaration		DA/YES	NE/NO
<b>5</b> Granični prelaz/Border crossing point			

<b>6</b> Vrsta prijave (označite) / Type of declaration (please tick)	<b>6.1</b> Ulazak u RS / Entering RS		<b>6.2</b> Izlazak iz RS / Leaving RS	
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<b>DEO I. / PART I.</b>			
<b>7</b> Podaci o podnosiocu prijave / Information of the declarant		<b>9</b> Podaci o vlasniku fizički prenosivih sredstava plaćanja ako nije istovremeno podnosilac prijave / Details of the owner of cash and other negotiable instruments if different from the declarant	
<b>a</b> Ime i prezime / Name of person		<b>a</b> Ime i prezime ili naziv pravnog lica / Name of person or company	
<b>b</b> Državljanstvo / Nationality		<b>b</b> Državljanstvo / Nationality	
<b>v</b> Datum rođenja / Date of birth		<b>v</b> Datum rođenja / Date of birth	
<b>g</b> Mesto rođenja / Place of birth		<b>g</b> Mesto rođenja / Place of birth	
<b>d</b> Zanimanje / Occupation		<b>d</b> Zanimanje / Occupation	
<b>đ</b> Adresa stanovanja / Adress		<b>đ</b> Adresa stanovanja / Address	
<b>e</b> Grad / Town		<b>e</b> Grad / Town	
<b>ž</b> Poštanski broj / Post code (Zip)		<b>ž</b> Poštanski broj / Post code (Zip)	
<b>z</b> Država / Country		<b>z</b> Država / Country	
<b>8</b> Podaci o pasošu ili ličnoj karti / Passport or ID details		<b>10</b> Podaci o pasošu ili ličnoj karti / Passport or ID details	
<b>a</b> Broj / Number		<b>a</b> Broj / Number	
<b>b</b> Datum izdavanja / Date of issue		<b>b</b> Datum izdavanja / Date of issue	
<b>v</b> Mesto izdavanja / Place of issue		<b>v</b> Mesto izdavanja / Place of issue	

<b>DEO II: OPIS FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART II: DESCRIPTION OF CASH AND OTHER BEARER NEGOTIABLE INSTRUMENTS</b>
--

	<b>11 Iznos / Amount</b>	<b>12 Valuta / Currency</b>
<b>a</b> Novčanice, kovani novac / Banknotes, coins		
<b>b</b> Čekovi, putnički čekovi / Cheques, traveller cheques		
<b>v</b> Drugo (navedite) / Other (please specify)		

**DEO III: POREKLO I NAMENA FIZIČKI PRENOSIVIH SREDSTAVA PLAĆANJA / PART  
III: PROVENANCE AND DESTINATION OF CASH**

<b>13</b> Poreklo / Provenance		
<b>14</b> Primalac sredstava (ako niste vi) / Intended recipient (if other than you)	<b>a</b> Ime i prezime / Name	
	<b>b</b> Adresa / Address	
<b>15</b> Namena sredstava / Intended use		

**DEO IV: PODACI O PREVOZU / PART IV: TRANSPORT INFORMATION**

<b>16</b> Način prevoza (označite) / Means of transport (please tick)	Vazdušni / Air	Drumski/ Road	Železnički/ Rail	Rečni/ River	Drugi/ other
<b>17</b> Maršruta/ Transport route					

<b>a</b> Zemlje polaska/ Country of departure		<b>b</b> Zemlja tranzita / Country of tranzit		<b>v</b> Zemlja dolaska/ Country of destination	
<b>g</b> Datum polaska (dd/mm/gg) / Departure date (DD/MM/YY)		<b>d</b> Datum dolaska (dd/mm/gg) / Arrival date (DD/MM/YY)			

<b>d</b> Transportno preduzeće / Transport company	
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<b>e</b> Referentni broj (npr. broj leta) / Transport ref. Nr. (e.g. flight number)	
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<b>18</b> Da li je ovo vaš prvi dolazak u RS? (označite) / Is it your first visit to this country?	Da/Yes	Ne (Navedite broj poseta) / No (please indicate number of visits)
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**Svojim potpisom potvrđujem da su svi gore navedeni podaci tačni / The undersigned declares that  
all above details are correct**

Potpis podnosioca	Potpis i pečat nadležnog	Primedbe nadležnog organa/ Notes (By
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prijave/Signature of declarant	organa/Signature and seal of the relevant authority	the relevant authority)
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## **17. Annex XVII. Recommendations For Suspicious Transaction Reporting, Customer Due Diligence, and No Tipping Off**

### **RECOMMENDATIONS FOR SUSPICIOUS TRANSACTION REPORTING, CUSTOMER DUE DILIGENCE, AND NO TIPPING OFF I LEGAL GROUNDS AND REASONS FOR ENACTING**

Legal grounds for adopting the Recommendations for suspicious transaction reporting, customer due diligence, and no tipping off (hereinafter referred to as: the Recommendations) are embodied in Articles 65 and 87 of the Law on the Prevention of Money Laundering and Terrorism Financing (hereinafter referred to as: the AML/CFT Law) which require from the Administration for the Prevention of Money Laundering (hereinafter referred to as: the APML) to prepare and issue recommendations for a uniform application of the AML/CFT Law, and give a possibility to the supervisory authorities to issue recommendations or guidelines, independently or in cooperation with other authorities, for the application of the AML/CFT Law.

The reason to adopt the Recommendations are, first of all, difficulties and dilemmas encountered in the application of the suspicious transaction reporting requirement, as well as implementation of customer due diligence actions and measures and client monitoring.

Another reason is the recommendation of the MoneyVal Committee given in the Report on anti-money laundering and counter-terrorism financing actions and measures undertaken by the Republic of Serbia, and which was adopted at the 31<sup>st</sup> MoneyVal Plenary held in Strasbourg, on 9 December 2009.

### **II RECOMMENDATIONS FOR REPORTING SUSPICIOUS TRANSACTIONS AND PERSONS**

#### **II.1. PROBLEM STATEMENT**

##### **II.1.1. ADMINISTRATION FOR THE PREVENTION OF MONEY LAUNDERING**

The difficulty encountered by the APML is too large a number of received suspicious transaction reports (hereinafter referred to as: STR) which are rather superficially or not at all analyzed by the obligors, in terms of the suspicion on money laundering in the specific case. This results in an enormous number of STRs which contain no information good enough to be used by the APML in its further analyses.

Annex 1 of these Recommendations contain examples of STRs sent to the APML in 2010, as well as diagrams of STRs sent in 2009 and 2010, sorted by the codes of transactions in question.

If we analyze the transactions shown in Annex 1, we will conclude that the most of the reported STRs in 2009 was carried out using the transaction grounds code „221”, which represents the *sale of goods and services*.

##### **II. 1.2. NATIONAL BANK OF SERBIA**

In its bank compliance supervision, the National Bank of Serbia has identified a considerable number of transactions that are covered in some of the suspicious transaction indicators, and which should have been, as such, subject to the analysis of the bank's staff. The Annex 2 of these Recommendations gives examples of such transactions.

In none of the cases described in Annex 2 of these Recommendations were the supervisors of the National Bank of Serbia provided a written proof that the transactions were subject to bank staff's analysis as suspicious.

### **II.1.3. OBLIGORS**

Difficulties faced by obligors are related mainly to assessments whether there is reason to suspect money laundering or terrorism financing in a specific case. Annex 3 of these Recommendations describes specific transactions in which there are dilemmas whether to report them to the APML or not.

### **II.2 RECOMMENDATIONS**

Suspicious transaction is a transaction for which there are reasons for suspicion on money laundering or terrorism financing, or transaction which is performed by a person reasonably suspected to be involved in money laundering or terrorism financing. In establishing whether there are reasons to classify a transaction or person as suspicious, we should always have in mind the suspicious transaction indicators. However, if a transaction meets the conditions from one of the indicators it does not have to mean that this is a suspicious transaction and that it should be reported to the APML. We need to consider a wider framework, in line with the principle that the obligor knows its client best, and assess if a certain transaction goes beyond the line of usual, i.e. expected business operations of the client. The opposite is true as well: a transaction can be suspicious without being covered by any of the suspicious transaction indicators.

The STR recommendations aim to facilitate the detection, processing and reporting of transactions for which there are indications of their being related to money laundering or terrorism financing.

#### **Transaction analysis**

Analysis of a transaction or client, in terms of MF/TF suspicion, should include, among other things, data relating to:

- client's account history;
- frequency of transactions in client accounts;
- link between the analysed transaction and other transactions;
- client's business activity;
- code of grounds under which a transaction is carried out;
- identifying and combining more than one suspicious transaction indicators;
- information from the media (TV, radio, Internet, etc)
- information from publicly available databases (Business Registers Agency, etc);
- frequency of transactions where the originator is a particular legal/natural person;
- authorisations to use accounts of other natural persons;
- the origin of funds held in the client's account and how the funds are used.

If the analysis has led to a suspicion on money laundering or terrorism financing, such transaction or person should be reported to the APML. The STR should include all information arrived at in the analysis.

#### **Transactions whose analysis must be documented in a note, but which are not reported to the APML**

The bank analyses a transaction which has not yet been characterised as suspicious, but meets criteria from some of the indicators, or if a transaction is considered as posing a high level of ML/TF suspicion, or if some other circumstances indicate that a specific transaction should be subject to a further adequate analysis. This analysis need not be too extensive; in some cases it will suffice to inspect the client account history, which will in itself eliminate the ML/TF suspicion.

Analysis and assessment of transactions and persons, in terms of ML/TF suspicion, should also be done when no specific suspicious indicator can apply, namely based on employees' experience, and

bearing in mind the ML/TF risk assessment guidelines.

In the event that the analysis of a transaction or client does not lead to reasons for suspicion this should be reflected in a note, or there should be another written proof that the transaction had been analysed. Accompanying documentation, too, with annotations, received from the organisational unit where the transaction was carried out or business relationship established can be considered proof that a transaction or client has been analysed in terms of ML/TF suspicion. That a transaction has been analysed can be proved also by written commentaries of the compliance officer, emails containing opinions of the client's parent company, other form of correspondence concerning the transaction, printed out or electronically generated client account history, various reports with annotations, saved transaction order or supporting document related to the transaction and the similar, depending on the type of transaction and obligor's methodology.

A note must be made for any transaction which was characterised as suspicious by the bank employee while in a direct contact with the client, and transferred to the bank's compliance officer, who decided, following his own analysis, not to report it to the APML.

If a certain transaction was analysed thoroughly, and in greater detail, the analysis itself being more complex and resulting in sizeable documentation, it is useful to make a note in order to have, after a certain time, an adequate explanation of the reasons why a certain transaction had not been reported to the APML as suspicious.

The notes can also serve as a useful piece of data in later analyses of other transactions made by the same client, and should contain general data: client's name; account name and number; date of transaction analysed; short description and reasons not to report; date and signature.

Due to a large number of transactions which meet some of the criteria covered in the indicators, the bank faces organisational difficulties, i.e. the question arises of who will be required to make the note. The obligor may adopt any of the following methods:

1) A coordinator can be appointed to work with the employees who are in direct contact with the transactions and clients in the transaction analysis process; this coordinator would serve as the first "filter" of suspicion of a certain transaction. Transactions that prove to be suspicious to the coordinator would be sent to the compliance officer accompanied with an appropriate commentary (note) for further analysis.

2) The obligor's employees who are in direct contact with transactions and persons reports the minimum level of suspicion to the compliance officer, who makes further analysis.

3) The employee who is in direct contact with the client makes a note. If the obligor should choose this model, they need to pay great attention to an adequate training of obligor's employees who are in direct contact with the client.

4) If the compliance officer, in the monitoring procedure, identifies a certain person or transaction which is suspicious according to the indicators, they should refer to the employee who works directly with the client in order to get explanation, i.e. provide proof.

In addition to the above options, the obligor may adopt, through its internal procedures, a different method that would be acceptable with respect to its organisational structure, size, human resources, etc.

### **Reasons to refuse business cooperation**

The obligor decides freely whether to establish business cooperation with the client or not. If, based on statutory or other regulations, or internal enactments governing the admissibility of the client, the obligor finds that the client poses an unacceptably high ML/TF risk at the time of or after establishing the business cooperation, business cooperation will be refused or terminated.

### **Frequent transactions that should not be reported to the APML each time they occur, but which need to remain monitored and reported from time to time**

If a person has already been reported to the APML as suspicious, it will suffice to make an analysis once a month, check the turnover in the account, and report suspicious transactions jointly on monthly level, except when:

- the APML requests additional documentation;
- the APML requests monitoring;
- there are other circumstances that do not make joint suspicious transaction reporting justified (circumstances learned through the media, internet, etc);
- there are circumstances indicating that the suspicious activity will end very soon (e.g. firms opened in order "to get cash through" and then closed within around 15 days).

### **Application of indicators**

Suspicious transactions are recognised based on a list of indicators for recognising persons and transactions with respect to which there are reasons for suspicion on money laundering or terrorism financing (hereinafter referred to as: the list of indicators). Recognising certain indicators in a transaction is not in itself proof that a transaction is suspicious. This fact, however, indicates that a further analysis of such a transaction is necessary. The purpose of the list of indicators is to direct attention to relevant cases thereby enhancing the efficiency of the available resources. This means that certain transactions are high risk transactions, and they should be given attention and allocate resource immediately, concurrently with the execution of the transaction. On the other hand, there are moderate risk transactions that need not be analysed directly when the transaction is executed but subsequently, at periodic intervals.

## **III CLIENT IDENTIFICATION**

### **Identification of the beneficial owner**

If it is not possible to obtain all the data from the official, public register, the missing data shall be obtained from the original or validated copy of the original document, or other business documentation delivered by the client. If the missing data is not possible to obtain in the specified manner for objective reasons, such data shall be obtained based on client's written statement. Objective reasons may include as follows: the requested data are not recorded in the country where client's headquarters are located; certificate from the official register does exist but it does not contain the requested data; business documentation containing, as a general rule, the requested data is obtained but such documentation does not contain the requested data either.

If the data is obtained from the client's statement, it is necessary to provide proof that the bank has undertaken all reasonable measures to obtain data from the registration or business documentation of the client.

In the event when the bank, even after it has undertaken activities to obtain additional documentation in order to identify client's beneficial owner, still needs, due to client' complex ownership structure, to obtain a written statement from the representative or compliance officer, it is recommended that the client should be classified as high risk, which implies enhanced customer due diligence. This will be applied in exceptional cases, especially in situations when the decision of the competent registration authority does not contain the beneficial owner, or when the ownership structure is very complex and includes a great number of foreign legal and natural persons. It is recommended that the ownership structure is considered as a possible reason to report suspicious transactions.

In case of sports organisations set up before the entry into force of the Law on Sport ('Republic of Serbia Official Gazette', No. 52/96), when identifying the beneficial owner it will suffice to obtain all data on the natural persons managing the client (Article 81, paragraph 1, under 14 of the Law on the Prevention of Money Laundering and Terrorism Financing – e.g. for Basketball Club (BC) Partizan, BC Crvena Zvezda, Football Club Partizan, etc).

In case of churches and religious organisations, so-called confessional communities whose legal status was regulated by registration under the Law on Legal Status of Religious Communities ('Official Gazette of Federal People's Republic of Yugoslavia, No. 2/1953) and Law on Legal Status of Religious Communities ('Official Gazette of Socialist Republic of Serbia', No. 44/1977), in identifying the beneficial owner it will suffice to obtain all data concerning the natural person managing the client (Article 81, paragraph 1, under 14, of the Law on the Prevention of Money Laundering and Terrorism Financing).

In case of legacies, foundations, and funds, that were founded until the entry into force of the Law on Legacies, Funds, and Foundations ('Socialist Republic of Serbia Official Gazette', No. 59/89), when identifying the beneficial owner it will suffice to obtain all data on the natural persons managing the client (Article 81, paragraph 1, under 14, of the Law on the Prevention of Money Laundering and Terrorism Financing).

In case of civil associations established until the entry into force of the Law on Social Organisations and Civil Associations ('SRS Official Gazette', No. 24/82) and Law on Association of Citizens in Associations, Social Organisations, and Political Organisations established for the Territory of Socialist Federal Republic of Yugoslavia ('SFRY Official Gazette', No. 42/90) when identifying the customer beneficial owner it will suffice to obtain all the data on natural persons managing the customer (Article 81, paragraph 1, under 14, of the Law on the Prevention of Money Laundering and Terrorism Financing).

All model contracts, where possible, should contain the possibility of a unilateral discretionary termination of contract (most banks have done that in their general terms of operation), where account should be taken of the fact that the possibility of a unilateral discretionary termination by a foreign bank can not be contracted in certain transactions, such as for instance in contract on term deposits, open credentials or approved loan or guarantee, or for instance in *ad-hoc* short-term business relationships.

### **Identification of beneficial owner of a legal person in bankruptcy**

Under the Law on Bankruptcy, legal transactions for and on behalf of legal persons in bankruptcy or liquidation are carried out by bankruptcy manager or liquidation manager, and the business name of such legal person is complemented with the words 'in bankruptcy' („y crečajy”). Having in mind that legal persons in bankruptcy, or liquidation, are fully known, and that beneficial owners of the legal person can in no way exert influence on the operations of the legal person once the bankruptcy proceedings have been instituted, we believe it will suffice to obtain a certificate from the public register for that legal person in bankruptcy and the decision on the nomination of the bankruptcy manager, or the decision of the Commercial Court regarding the institution of the bankruptcy proceedings the mandatory part of which is the decision on the nomination of the bankruptcy manager.

### **Can simplified due diligence be applied also in case of a company organised as limited liability company?**

Simplified customer due diligence measures and actions, in line with Article 32 of the AML/CFT Law, can be applied only if the issued securities of the company are listed in the organised security market in the Republic of Serbia, or in a country where security trading standards applied are at the European Union level or higher.

Therefore, only in the situation when the client is a joint stock company meeting the above requirement can simplified customer due diligence be applied, i.e. the beneficial owner of the legal person need not be identified.

A limited liability company can in no way enter into the class of persons in relation to which simplified customer due diligence can be applied. However, if in the process of identifying the beneficial owner of such a customer (a company), it turns out that a joint stock company whose securities are listed in the organised securities market applying the above standards is the owner of 100% of the share of the limited liability company, further identification of such a joint stock company is not necessary.

### **Identification of guarantor as subsidiary debtor**

The bank enters a business relationship with the guarantor at the moment of activation of the accessory contract of guarantee. Therefore, from the point of view of the AML/CFT Law, there are no obstacles for performing customer due diligence after the conclusion of the contract on credit, but no later than before the establishment of the business relationship with the guarantor. However, in this case the obligor may find itself in a situation where it can not collect the debt from the subsidiary owner because it has not obtained the requested information about the debtor.

In case when the guarantor is liable jointly with the main debtor, so-called "guarantor-payer", business relationship with the guarantor is established at the moment of conclusion of the contract of credit, which means that it is then necessary to perform all the actions and measures laid down in the AML/CFT Law.

### **Who can be third party in terms of the AML/CFT Law, i.e. can a trading company be relied on for customer due diligence actions and measures?**

Article 23 of the AML/CFT Law clearly specifies who can be relied on, in the capacity of the third party, for customer due diligence actions and measures laid down in the AML/CFT Law. A trading company can in no way be considered a third party in terms of the AML/CFT Law.

In case of specific-purpose credits used to purchase fast moving consumer goods, which are approved directly in trading companies which sell such goods, client identification is performed by the bank. However, based on the contract concluded between the trading company and the bank, employees of the trading company who performs client identification takes on the role of the 'bank employee' when issuing specific-purpose credit to purchase of a certain product and is required to perform all the actions and measures provided for in the AML/CFT Law. The bank will be held responsible for any deficiencies in terms of the requirements laid down in the AML/CFT Law, so it is necessary that the bank pays particular attention, when concluding such a contract, to the risk assessment of the trading company with which it intends to conclude the contract.

### **What documentation is obtained when the client is an employee of the embassy of a foreign country requesting to open an account with the bank for the embassy?**

Pursuant to Article 32 of the AML/CFT Law, simplified customer due diligence actions and measures are applied when business relationship is established with a state body. As the embassy is undoubtedly a state body, data specified under Article 33, paragraph 1 of the AML/CFT Law are to be obtained when establishing business relationship with the embassy.

## **IV PROHIBITION OF DISCLOSURE (NO TIPPING OFF)**

Tipping off means disclosure to the bank's client of information that the bank's employee has learned of while performing his business activities, directly or indirectly.

In this sense, the information includes the following:

- That the APML has been sent or that it will be sent data, information, and documentation on the client or transaction suspected to be money laundering or terrorism financing;
- That the APML has issued an order for a temporary suspension of execution of a transaction;
- That the APML has issued an order for monitoring of the financial operations of the customer;
- That a proceedings have been instituted or may be instituted against a customer or a third party in relation to money laundering or terrorism financing.

In performing customer due diligence measures and client monitoring, special attention should be given to decreasing the risk of tipping-off, by adopting clear internal procedures defining behaviour of employees in the above listed cases.

The bank should ensure that all the employees are acquainted with these procedures, giving special attention to the employees that are in direct contact with clients and their transactions. All employees should be acquainted with the consequences of non-compliance with the no-tipping off requirement, and the no-tipping-off rule should form integral part of AML/CFT training.

## 18. Annex XVIII. Summary of trainings delivered

**Trainings organised by the APML and USAID-s SEGA (Serbian Economic Growth Activity) Project in 2009 and 2010, for obligors and supervisors, including an awareness raising programme on AML/CFT for journalists and Law Faculty Students where the APML staff held trainings**

Group trained	Location	Date	Number trained
<b>Professional accountants</b>	Belgrade	26.06.2009	<b>220</b>
	Novi Sad	12.10.2009	
	Kragujevac	26.10.2009	
	Nis	22.10.2009	
	Novi Sad	02.03.2010	
<b>Brokers</b>	Belgrade	07.07.2009	<b>65</b>
	Belgrade	30.09.2009	
<b>Bank compliance officers</b>	Belgrade	22.02.2010	<b>51</b>
<b>Insurance companies</b>	Belgrade	25.02.2010	<b>15</b>
<b>NBS insurance supervision</b>	Belgrade	24.02.2010	<b>20</b>
<b>Leasing companies</b>	Belgrade	12.03.2010	<b>15</b>
<b>Real Estate agents</b>	Belgrade	11.03.2010	<b>20</b>
<b>Ministry of Trade and Services</b>	Belgrade	09.03.2010	<b>30</b>
<b>Tax Administration</b>	Belgrade	02.10.2009	<b>270</b>
	Kragujevac	27.10.2009	
	Nis	23.10.2009	
	Novi Sad	09.10.2009	
<b>Journalists</b>	Belgrade	08.07.2009	<b>20</b>
<b>Faculty of Law students</b>	Belgrade	19.02.2010	<b>50</b>
Group trained	Location	Date	Number trained
<b>Individual banks</b>	APML	Throughout 2009	<b>All banks</b>
<b>Broker-Dealer Companies</b>	Securities Commission	September 2009	<b>25</b>
<b>Banks</b>	Bankers' Association	February 2010	<b>All banks</b>
<b>Banks</b>	organised by Bankers' Association at Palić	April 2010	<b>All banks</b>
<b>Banks</b>	APML	Throughout 2010	<b>All banks</b>
<b>Leasing</b>	Palata «Srbija» Building Belgrade	March 2010	<b>20</b>
<b>Real Estate</b>	Serbian Association of Accountants	March 2010	<b>31</b>
<b>Insurance</b>	Palata «Srbija» Building, Belgrade	March 2010	<b>36</b>
<b>Factoring and Forfeiting</b>	Ministry of Finance	June 2010	<b>-</b>
<b>Auditors</b>	Ministry of Finance and Belgrade Business School	August and October 2010	<b>130</b>