ANNEX 10 - LAW ON THE NATIONAL BANK OF SERBIA
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LAW ON THE NATIONAL BANK OF SERBIA

BASIC PROVISIONS

Article 1
This Law shall govern the status, organization, powers and tasks of the National Bank of Serbia (hereinafter: the NBS), as well as the relations between the NBS and the institutions of the Republic of Serbia, international organizations and institutions.
The Republic of Serbia shall guarantee for the obligations of the NBS.

Article 2
The NBS shall be the central bank of the Republic of Serbia, performing tasks set forth by this and other laws.
The NBS shall be autonomous and independent in performance of the tasks laid down by this and other laws and shall be accountable for its operations to the National Assembly of the Republic of Serbia (hereinafter: the National Assembly).
The NBS shall neither receive nor seek instructions from government institutions and other persons with respect to performance of its tasks.

Article 3
The primary objective of the NBS shall be achieving and maintaining price stability.
In addition to its primary objective, the NBS shall also strive for maintaining financial stability.
Without prejudice to its primary objective, the NBS shall support the pursuance of economic policy of the Government of the Republic of Serbia (hereinafter: the Government), [2] operating in accordance with the principles of market economy.

Article 4
Tasks of the NBS shall be to:
1) determine and implement monetary policy;
2) autonomously pursue the dinar exchange rate policy and determine the dinar exchange rate regime with the consent of the Government;
3) hold and manage foreign currency reserves;
4) issue banknotes and coins;
5) regulate, control and promote unhindered functioning of internal and external payment operations;
6) issue and revoke operating licenses, carry out supervision of banks and other financial institutions and enact regulations in this field;
6. a ) issue and revoke licenses, i.e. authorization for carrying out the insurance operations, performs control i.e. supervision over such operations and also carry out other duties in line with legal regulation governing the field of insurance;
7.) perform statutory tasks for the Republic of Serbia and the State Union Serbia and Montenegro;
8.) perform other tasks provided for by this and other laws in accordance with the principles of central banking.

Article 5
The NBS shall be a legal entity.
The NBS shall not be subject to registration in the registry of legal entities. The seat of the NBS shall be in Belgrade.
The NBS shall have a seal containing the name of the NBS and the coat of arms of the Republic of Serbia.

Article 6
The NBS shall have its By-Laws, ratified by the National Assembly.
The NBS By-Laws shall be published in the "Official Gazette of the Republic of Serbia."

Article 7
The NBS may set up subsidiaries.
The internal organization, scope of activities, rights and responsibilities of the subsidiaries shall be set forth by the NBS By-Laws.

Article 8
A specialized organization shall operate within the NBS, with duties and responsibilities laid down by this Law and the NBS By-Laws, entitled: the National Bank of Serbia - Institute for Banknotes and Coins - Topcider, which prints banknotes and mints coins.

Article 9
The Governor of the NBS (hereinafter: the Governor) shall represent and act on behalf of the NBS.

Article 10
The NBS shall cooperate with the Government and other state institutions in performing its tasks and shall undertake measures within its scope of authority to promote that cooperation.

Article 11
The NBS may be a member of international financial organizations and institutions and may cooperate with national financial and credit institutions for the purpose of pursuing its primary objective and performing its tasks.
The NBS may represent the Republic of Serbia in international financial organizations and institutions and other forms of international cooperation with the consent of the Government.

II. BODIES OF THE NATIONAL BANK OF SERBIA

Article 12
The bodies of the NBS shall be:
1) the Monetary Board of the NBS (hereinafter: the Monetary Board);
2) the Governor of the NBS;
3) the Council of the NBS (hereinafter: the Council).

Monetary Board of the National Bank of Serbia

Article 13
Members of the Monetary Board shall be the Governor and Vice Governors of the NBS.

Article 14
The Monetary Board shall determine monetary policy, and in particular:
1. terms and manner of issuing short-term securities;
2. terms and manner of conducting open market operations and discount operations;
3. policy of granting of short-term loans;
4. the dinar exchange rate policy and, with the consent of the Government, the dinar exchange rate regime;
5. manner in which foreign currency reserves are managed;
6. discount rate and other interest rates of the NBS;
7. bases for calculation of the reserve requirement, reserve ratios, as well as the manner of, conditions and time limits for holding and maintenance of banks' required reserve funds held...
Article 15
Meetings of the Monetary Board shall be held when necessary, but no less than once in 15 days. Meetings of the Monetary Board shall be held if at least two thirds of its members are present. The Monetary Board shall take decisions on the basis of the majority of votes cast, and in the case of a tie, the Governor's vote shall decide. Meetings of the Monetary Board shall be chaired by the Governor. The manner of convening and holding meetings of the Monetary Board shall be laid down in further detail by the NBS By-Laws. Minister of Finance shall participate in the meetings of the Monetary Board, without the right to vote.

Governor and Vice Governors of the National Bank of Serbia

Article 16
The Governor shall be nominated by the National Assembly's Finance Committee and appointed by the National Assembly, for a term of five years, with the right to reelection. Such person may be elected Governor who satisfies the general requirements for employment in the public administration, holds a university degree, has a relevant professional experience in the fields of economy, finance and banking and who has earned reputation as an expert or scholar in those fields. The Governor whose term of office expired shall serve pending the election of a new Governor.

Article 17
The Governor shall be responsible for the accomplishment of the NBS's objectives, and in particular for:
1) implementation of decisions of the Monetary Board and the Council;
2) organization and operation of the NBS;
3) preparation of regulations and decisions within the scope of authority of the NBS;
4) adoption of regulations and decisions within the scope of authority of the NBS which, in accordance with this law, are not within the scope of authority of the Monetary Board or the Council;
5) performance of other tasks laid down by this and other laws, provided they are not contrary to the primary objective referred to in Article 3 of this Law.

Article 18
The Governor shall submit to the members of the Council a report on the implementation of monetary policy, issuance and revoking of operating licenses and supervision of banks and other financial institutions, adoption of regulations within the scope of authority of the NBS and other tasks within his/her scope of authority, no later than seven days prior to a meeting of the Council.

Article 19
The NBS shall have three to five Vice Governors. The Vice Governors shall be nominated by the Governor and appointed by the Council, for a term of five years, with the right to reelection. Such persons may be elected Vice Governors who satisfy the requirements set forth in Article 16 (2) of this Law. The scope of authority of the Vice Governors shall be laid down in further detail by the NBS By-Laws. A Vice Governor whose term of office expired shall serve pending the election of a new Vice Governor.
Article 20
The Governor shall, at the beginning of his/her term of office, designate a Vice Governor to replace the Governor if the latter is prevented from performing his/her tasks.

Article 21
For the purposes of performing tasks within the scope of authority of the NBS, the Governor shall enact regulations, as well as pass decisions, unless otherwise provided for by this Law.
The regulations referred to in para. 1 of this Article shall be published in the "RS Official Gazette".

Article 22
The Governor and Vice Governors shall be employees of the NBS.

Council of the National Bank of Serbia

Article 23
The Council shall have a Chairman and four members appointed by the National Assembly, for a five-year term, with the right to reelection.
The National Assembly shall appoint the Chairman and members of the Council upon nomination by the National Assembly's Finance Committee.
Such persons may be elected Council members who satisfy the requirements set forth in Article 16 (2) of this Law.

Article 24
The Council shall, at the proposal of the Governor:
1) adopt the financial plan of the NBS;
2) adopt the annual financial statement of the NBS;
3) set a unified rate the NBS is charging for the services it has rendered;
4) set the remuneration of the Governor and Vice Governors of the NBS;
5) establish a list of positions with special authorities and set the criteria for determining the remuneration of employees with special authorities in the NBS;
6) appoints the external auditor;

Article 25
Meetings of the Council shall be held when necessary, but no less than once in three months.
The meetings of the Council shall be held if at least three members are present.
The Council shall take decisions on the basis of the majority of votes of all of its members.
The Council shall adopt its Rules of Procedure, particularly governing the manner in which its meetings are convened and held, issues to be considered at the meetings and other matters related to the work of the Council.

Article 26
The Council shall submit a report on its work to the National Assembly when necessary, but no less than once a year.

Article 27
Members of the Council shall not be employees of the NBS. Members of the Council shall receive compensation from the NBS. Incompatibility of offices, conflict of interest and termination of office.

Article 28
The Governor, Vice Governors, members of the Council and employees with special authorities may not:
1) be deputies to the National Assembly, members of the Government, officers of political organizations, members of the bodies of local self-government, members of trade unions, members of managing or supervisory boards and/or external contractors of banks, other financial institutions and auditing firms or other legal entities that the NBS supervises or cooperates with in the performance of its tasks;  
2) hold equity or debt securities of banks, other financial institutions and auditing firms or other legal entities that the NBS supervises or cooperates with in the performance of its tasks.

Article 29
The Governor, Vice Governors and members of the Council shall submit a written affidavit to the National Assembly after their election stating that they do not hold equity or debt securities of banks, other financial institutions and auditing firms or other legal entities referred to in Article 28 (2) of this Law.
Paragraph 1 of this Article shall be applicable accordingly to employees with special authorities.

Article 30
The office of the Governor, Vice Governors and members of the Council shall be terminated before the expiry of their term of office upon their request or when they reach age of retirement, as well as in the case of dismissal.  
The Governor, Vice Governors and members of the Council shall be dismissed:
1) if they were convicted of a business crime or an offense against labor relations, property, judiciary, public order and public administration;
2) if it is determined they performed their tasks in an incompetent or imprudent manner and serious mistakes were made in the implementation of decisions and organization of operations of the NBS, resulting in substantial deviations from the accomplishment of its primary objective referred to in Article 3 of this Law;
3) if, on the basis of findings and opinions of the competent medical institution, it is established that, due to their health status, they have permanently lost their capacity to work and perform their duties,
4) if they fail to submit or submit a false statement regarding the information referred to in Article 28 of this Law;
5) if it is established that they do not satisfy the requirements for appointment as set out in Article 16 (2) of this Law.

Article 31
The Council shall determine whether the conditions for the termination of office, viz. the dismissal of the Governor are satisfied and shall institute the proceedings before the National Assembly's Finance Committee within 60 days from the day these conditions were determined.  
In assessing whether the conditions referred to in para. 1 of this Article are satisfied, the National Assembly's Finance Committee shall seek the Governor's declaration.
The National Assembly's Finance Committee shall, if, based on the Council report and Governor's declaration, it assesses that certain conditions referred to in para. 1 of this Article are satisfied, notify the National Assembly accordingly, which shall take a decision on the termination of office, viz. the dismissal of the Governor.
The Governor shall determine whether the conditions for the termination of office, viz. the dismissal of Vice Governors are satisfied and shall notify the Council accordingly, which shall take a decision on the termination of office, viz. the dismissal of Vice Governors.

Article 32
The National Assembly's Finance Committee shall determine whether the conditions for the termination of office, viz. the dismissal of the Council members are satisfied and shall institute the proceedings before the National Assembly within 60 days from the day these conditions were determined.
The National Assembly shall take a decision on the termination of office, viz. the dismissal of the members of the Council.

Article 33
The Governor, Vice Governors and members of the Council may not be employed by banks and other financial institutions in the period of one year after their dismissal.

III. DETERMINATION AND IMPLEMENTATION OF MONETARY POLICY

Article 34
The NBS shall determine and implement monetary policy in the Republic of Serbia by:
1) issuing short-term securities;
2) conducting open market operations;
3) performing discount operations;
4) granting short-term loans;
5) setting the banks' reserve requirements to be held with the NBS;
6) setting the discount rate and other interest rates of the NBS;
7) determining measures for maintaining liquidity of banks and other financial institutions;
8) enacting regulations and undertaking measures, as well as carrying out other activities in the field of foreign currency transactions laid down by this Law;
9) issuing banknotes and coins;
10) determining other monetary policy instruments and measures;
11) performing other tasks set out in this and other laws, provided they are not contrary to the primary objective referred to in Article 3 of this Law.

Issuance of Short-Term Securities and Open Market Operations
Article 35
The NBS may issue short-term securities denominated in the domestic or a foreign currency, on the basis of a decision setting forth the amount of the issue, maturities, and other terms for issuing securities, as well as the manner of placement and payment of those securities.

Article 36
The NBS shall conduct open market operations through purchases and sales of securities.
The NBS shall determine the type and quality of the securities referred to in para. 1 of this Article, as well as the terms and manner under which it purchases and sells these securities.

Discount Operations

Article 37
The NBS may purchase [3] securities from banks.
The NBS may sell the purchased securities referred to in para. 1 of this Article prior to their maturity.
The NBS shall determine the type and quality of the securities referred to in para. 1 of this Article, as well as the terms and under which it purchases and sells these securities.

Granting of Short-Term Loans
Article 38
The NBS may grant loans to banks with maturities not exceeding one year, against collateral of securities portfolio.
The NBS shall determine the type and quality of the collateral for the loans referred to in para. 1 of this Article, as well as the terms and manner of granting these loans.
Article 39
The NBS may grant loans to the Republic of Serbia for the purposes of financing the temporary illiquidity of the budget, generated by the imbalances in the flow of revenues and expenditures in the course of the budget execution.
The loans referred to in para. 1 of this Article may be granted within the framework of the determined monetary policy and they may not exceed 5% of the average current budget revenue over the preceding three years, while the total amount of the Republic of Serbia's debt incurred on this basis may not exceed the triple amount of the prescribed minimum capital and special reserve funds of the NBS.

Reserve Requirements
Article 40
The NBS shall determine the amount of required reserve of banks by prescribing the reserve ratio, types of deposits and other liabilities the ratio is applied to.
The NBS may set the amount of the required reserve referred to in para. 1 of this Article for other financial institutions as well.
The NBS may also set different reserve ratios, depending on the types and maturities of deposits and other liabilities.
The NBS shall lay down the terms and manner of calculating and maintenance of the required reserves in further detail.

Discount Rate and Other Interest Rates
Article 41
The NBS shall determine the discount rate of the NBS.
The NBS shall determine interest rates on placements and other receivables of the NBS, as well as interest rates on the funds on which the NBS pays interest, and prescribe the manner of interest calculation, collection, and payment.
Notwithstanding para. 2 of this Article, the interest rates on the interest bearing funds of the Republic of Serbia, on which the NBS pays interest, shall be determined in a contract between the NBS and the Republic of Serbia.
Other claims referred to in para. 2 of this Article shall also include the funds maintained by the NBS, which are lower than prescribed.
Interest rates on placements and other claims of the NBS may not be lower than the discount rate.

Measures for Maintaining Liquidity of Banks and Other Financial Institutions
Article 42
For the purposes of maintaining liquidity of banks, the NBS may prescribe:
1) the terms and manner of granting deposit and credit facilities;
2) the terms and manner of securing liquidity of payments of deposits of natural persons and legal entities with banks;
3) other measures for the maintenance of banks' liquidity.
The NBS may lay down the minimum requirements for credit rating of banks in dealings with the NBS.
The NBS shall lay down the measures to be applied to other financial institutions and determine to which financial institutions these measures are to be applied.

Regulations, Measures and Activities in the Field of Foreign Exchange Transactions
Article 43
The NBS shall autonomously pursue the dinar exchange rate policy.
The NBS shall determine the dinar exchange rate regime with the consent of the Government.

Article 44
The NBS shall purchase and sell foreign exchange and foreign banknotes and coins in the foreign exchange market with a view to managing the dinar exchange rate and maintaining the foreign exchange reserves level. The NBS may purchase and sell foreign exchange and foreign banknotes and coins in the foreign exchange market also for the purpose of maintaining external payment liquidity.

Article 45
The NBS shall prescribe:
1) the terms and manner of the NBS's intervention in the foreign exchange market;
2) the terms and manner of performing external payment operations,
3) the manner of maintaining foreign exchange savings books and foreign exchange accounts;
4) the type of foreign exchange and foreign banknotes and coins it purchases and sells in the foreign exchange market.

Article 46
The NBS may, in accordance with the determined monetary policy, require the banks to hold a certain amount in foreign currency on an account with the NBS or with foreign banks. The NBS may, in accordance with the determined monetary policy, prescribe other measures for maintaining external payments liquidity.

Article 47
The NBS may accept foreign currency deposits from domestic and foreign banks.

Article 48
The NBS may, for the purposes of bridging current imbalances in inflow and outflow of foreign exchange, borrow abroad in its own name and for its own account, with maturities not exceeding one year.
Notwithstanding para. 1 of this Article, the NBS may borrow from the International Monetary Fund with maturities exceeding one year.
The NBS may borrow abroad in its own name and for the account of the Republic of Serbia, with maturities exceeding one year, based on a statute enacted therefore.

Article 49
The foreign exchange reserves of the NBS shall encompass:
1) receivables on the accounts of the NBS kept abroad;
2) securities denominated in foreign currency held by the NBS;
3) special drawing rights and the reserve position with the International Monetary Fund;
4) gold and other precious metals;
5) foreign banknotes and coins.

Article 50
The NBS shall decide on the manner of forming, managing, utilizing and disposing of the foreign exchange reserves referred to in Article 49 hereof, in the manner most adequate to monetary and foreign exchange policies and that contributes to the unimpeded settlement of the external debt obligations of the Republic of Serbia.

Article 51
The NBS shall purchase and sell foreign currency abroad so as to secure an appropriate currency structure of the foreign exchange reserves referred to in Article 49 of this Law.

Article 52
For the purposes of this Law, gold shall be mean gold ingots and coins. The NBS may export and take out of the country, and import and bring into the country from abroad, gold in the form of coins and bullion.

Issue of Banknotes and Coins
Article 53
The legal tender of the Republic of Serbia shall be the dinar, consisting of 100 paras. The NBS shall have the exclusive right to issue banknotes and coins in the Republic of Serbia.

Article 54
All pecuniary obligations arising from transactions between companies, other domestic legal entities and citizens in the Republic of Serbia shall be denominated in dinars and effected by dinar denominated means of payment, unless otherwise provided for by law.

Article 55
The NBS shall issue banknotes and coins, determine denominations and basic features of banknotes and coins. Titles and texts on banknotes and coins shall be in written both Cyrillic and Latin alphabet. The NBS shall take decisions on the putting in, and withdrawing from, circulation of banknotes and coins.

Article 56
The Governor shall determine the manner of and the conditions for the withdrawal of worn-out banknotes and replacement of damaged banknotes and coins, the cost of which shall be borne by the NBS.

Article 57
The NBS, upon previously obtained approval of the Government, shall decide on the issuance of banknotes for the country’s extraordinary needs due to an imminent threat of war, a state of war or a state of emergency.

Article 58
Banknote counterfeits and coin counterfeits as well as damaged (punched) coins shall not be the legal tender. Banknotes and coins referred to in para. 1 of this Article shall be delivered to the NBS without any compensation.

Domestic Payment Operations Article 59
The NBS shall regulate and promote domestic payment operations, control the execution of payment operations in banks and perform other tasks related to domestic payment operations in accordance with the law.

Article 60
The treasury single account, for dinar and foreign exchange funds, as well as other accounts set forth by the law, shall be held with the NBS. The NBS shall supply banks and other financial institutions with banknotes and coins. Banks and other financial institutions shall bear the costs of banknotes and coins procurement.

Tasks for the Republic of Serbia and the State Union Serbia and Montenegro Article 61
The NBS may, on the basis of an agreement or a statute, perform tasks for the Republic of Serbia in connection with securities, borrowing and other tasks. The NBS shall not charge the Republic of Serbia any fees for performing tasks referred to in para. 1 of this Article. Notwithstanding para. 2 of this Article, the payment of fees may be agreed in a contract.
Article 62
The NBS may perform tasks for the State Union Serbia and Montenegro related to the external borrowing by the State Union Serbia and Montenegro, in accordance with a statute enacted therefore.

IV. SUPERVISORY FUNCTION OF THE NATIONAL BANK OF SERBIA

Article 63
The NBS shall issue and revoke operating licenses, perform supervision of banks and other financial institutions, and take other measures in accordance with the law governing the operation of banks and other financial institutions. The NBS shall adopt regulations laying down the prudential banking standards.

Article 64
In performing supervision referred to in Article 63 of this Law, the NBS shall have the right to examine the books and other documentation of banks and other financial institutions, as well as of legal entities connected by ownership, managing or business relations with the bank or the other financial institution which is the subject of supervision. The NBS shall prescribe, in further detail, the conditions and manner of performing the supervisory function in accordance with this and other laws.

Article 65
The NBS shall cooperate with foreign institutions responsible for banking supervision and domestic bodies and institutions responsible for supervision in the field of financial transactions, with an aim of promoting the supervisory function of the NBS. The NBS may exchange data gathered in performance of the supervisory function with foreign and domestic bodies and institutions referred to in para. 1 of this Article.

V. SPECIAL AUTHORITIES OF THE NATIONAL BANK OF SERBIA

Article 66
The NBS may grant an authorization for the performance of external payment and credit operations to a bank, at the request of a bank, provided that it established that the bank satisfied the conditions for performing such operations prescribed by the NBS. The NBS may revoke the authorization referred to in para. 1 of this Article if the bank does not satisfy the conditions referred to in para. 1 of this Article.

Article 67
The NBS shall maintain a registry of banks authorized to perform external transactions, a registry of branch offices and other forms of financial activities of domestic banks and other financial institutions abroad, and a registry of branch offices and other forms of financial activities of foreign banks and other financial institutions in the country. The NBS shall prescribe the terms of registration and the method of maintaining the registries referred to in para. 1 of this Article. The registries referred to in para. 1 of this Article shall be public. The data entered in the registers referred to in para. 1 of this Article shall be public.

VI. THE INFORMATION SYSTEM OF THE NATIONAL BANK OF SERBIA

Article 68
The NBS may prescribe an obligation for banks and other financial institutions to record, compile, process and submit the relevant data.
The NBS shall prescribe, in further detail, the contents of the data referred to in para. 1 of this Article and the manner in which they are to be submitted.

Article 69
For the purpose of efficient execution of its functions and attainment of its objectives, the NBS shall develop automated information systems, and prescribe the method and conditions for inclusion of banks and other financial institutions into those systems.

Article 70
Based on the data obtained from banks and other financial institutions, its own databases and automated information systems, the NBS shall compile balance sheets and statements, in accordance with the law.

VII. RELATION OF THE NATIONAL BANK OF SERBIA
VIII. TO THE NATIONAL ASSEMBLY AND THE GOVERNMENT OF THE REPUBLIC OF SERBIA

Article 71
The NBS shall communicate a monetary policy program for the forthcoming year to the National Assembly, for information thereof, no later than 15 December of the current year.
The NBS shall submit to the National Assembly, no later than 30 June of the following year, a report on its operations and activities and a report on monetary policy, explaining all the factors affecting the implementation of monetary policy.
The NBS shall submit to the National Assembly an annual report on the state of the banking sector and the overall financial system of the country no later than 30 September of the following year.
The contents of the reports referred to in paras. 2 and 3 of this Article shall be set out in the NBS By-Laws.
The NBS shall be obliged to publish the monetary policy program referred to in para. 1 of this Article in the "RS Official Gazette" within a month from the day of its communication to the National Assembly.

Article 72
The Governor shall attend the Government meetings where matters related to the pursuance of objectives and tasks of the NBS are discussed.
The Ministry of Finance shall communicate to the NBS, with a view to obtaining the opinion thereof, drafts of laws and regulations related to the objectives and tasks of the NBS.
The Ministry of Finance shall communicate to the NBS, with a view to obtaining the opinion thereof, a draft of the Budget, Economic and Fiscal Policy Memorandum and a draft of the Budget Law, pursuant to the time limits laid down by the Budget System Law.
At the motion of the NBS, the Government may propose to the National Assembly the adoption of laws related to the pursuance of objectives and tasks of the NBS.

VIII. PROPERTY, CAPITAL, REVENUE, EXPENDITURE AND RESERVES OF THE NATIONAL BANK OF SERBIA

Article 73
The assets of the Republic of Serbia used by the NBS shall comprise of dinar and foreign currency short-term and long-term placements, foreign exchange funds, securities, other assets and claims held by the NBS, chattels and realties, and pecuniary assets in the gyro account of the NBS.
The assets referred to in para. 1 of this Article shall be used for the operation of the NBS.

Article 74
The Governor shall pass decisions on the procurement, management, use and disposal of the assets referred to in Article 74 of this Law, with the exception of the disposal of realties.

Article 75
The NBS shall collect revenue from:
1) interest on, and other revenues from, the funds deposited abroad;
2) interest on loans and placements from the reserve money creation;
3) fees for rendering services;
4) purchase and sale of securities;
5) exchange rate gains;
6) other revenues collected through its operations and operations of the specialized organization within it.

Article 76
The following expenditures shall be covered out of revenues collected by the NBS:
1) interest and other costs arising from foreign loans;
2) interest on funds held by the NBS;
3) interest on and other costs arising from securities;
4) costs of printing banknotes and minting coins;
5) material and non-material costs and depreciation costs;
6) exchange rate losses;
7) salaries of the NBS employees;
8) other operating costs of the NBS and of the specialized organization within it.

Article 77
The capital of the NBS shall consist of fixed capital and special reserves.
The minimum fixed capital of the NBS shall amount to 10 billion dinars and shall be replenished by the surplus of revenues over expenditures of the NBS.
The special reserves shall be replenished by appropriations of no more than 30% of the realized surplus of revenues over expenditures of the NBS, and may not exceed the value of the fixed capital of the NBS.
The remaining amount of the surplus of revenues over expenditures, reduced by the amount of unrealized gains, and after subtracting the special reserve funds, shall constitute the revenue of the Republic of Serbia's budget.
The excess of expenditures over revenues shall be covered out of the special reserves, and where these funds are insufficient, that excess shall be covered by the budget of the Republic of Serbia or by debt securities issued therefore by the Republic of Serbia and transferred to the NBS.
Payment against the transfer of securities referred to in para. 5 of this Article the NBS shall effect out of the surplus of revenues over expenditures it shall have realized in the following period.

Article 78
Special reserve funds shall be provided for by the financial plan and finally determined by the annual financial account of the NBS.
The Governor shall decide on the use of the special reserve funds.

IX. FINANCIAL REPORTS

Article 79
The annual financial statement of the NBS shall be prepared in accordance with the law governing accounting and auditing, as well as the International Accounting Standards.
The annual financial statement of the NBS, together with an external auditor's report, shall be submitted by the Council to the National Assembly by 30 June of the following year.
The National Bank of Serbia shall publish the annual financial statement from paragraph 1 hereof in
the "RS Official Gazette" within a month following the date of its submission to the National Assembly.

Article 80
The NBS shall submit the financial plan for the following year to the National Assembly no later than 31 December of the current year.

Article 81
Audit of the annual financial statement shall be carried out in the manner prescribed by the law governing accounting and auditing and the International Accounting Standards.

X. ORGANIZATION, STRUCTURE, AND STATUS OF EMPLOYEES IN THE NATIONAL BANK OF SERBIA

Article 82
The organization and operation of the NBS shall be laid down in further detail by the NBS By-Laws, and in particular:
1) the internal organization and operation of the NBS;
2) the scope of activities of organizational units within the NBS and their mutual relations;
3) the rights, obligations and responsibilities of the staff of the NBS.

Article 83
Law governing labor relations in public administration shall be applicable to the rights and obligations of the NBS's staff arising from their employment, unless otherwise provided for by this Law.

Article 84
The Governor shall hire and select the employees with special authorities of the NBS. The employees with special authorities referred to in para. 1 of this Article shall be subject to re-election every five years.

Article 85
Employees and Council members may not be guided by their political opinions in the performance of their activities.

Article 86
Employees of the NBS and Council members shall be obliged to keep state, military, professional and business secrets, irrespective of the manner in which they obtained knowledge thereof. The employees' and Council members' obligation to keep the secret referred to in para. 1 of this Article shall be in force for five years after the termination of their employment or engagement at the NBS.

XI. PENAL PROVISIONS 1. Criminal Offenses

Article 87 (Ceased to be in effect).

2. Corporate Offenses

Article 88
A bank or other financial organization shall be fined from 100,000 to 3,000,000 dinars if:
1) it acts in contravention to the regulations of the NBS referred to in Article 40 of this Law;
2) it fails to implement the measures prescribed by the NBS for the purpose of maintaining liquidity of banks and other financial institutions referred to in Article 42 of this Law;
3) it fails to adhere to the regulations of the NBS referred to in Article 45 of the Law;
4) it fails to adhere to the measures prescribed by the NBS for the purpose of maintaining
liquidity of external payments referred to in Article 46 of this Law;
For the offenses referred to in para. 1 of this Article, the responsible person in a bank or other
financial institution shall also be fined from 20,000 to 200,000 dinars.
Article 89
For the offense referred to in Article 88 hereof, a court may, in addition to the fine, ban a bank or other
financial institution from the performance of certain banking operations for a period of six months to
ten years.
Article 90
For the offense referred to in Article 88 hereof, a court may, in addition to the fine, ban a responsible
person in a bank or other financial institution from the performance of certain banking operations for a
period of six months to ten years.

3. Misdemeanors

Article 91
A bank or other financial organization shall be fined from 100,000 to 1,000,000 for a misdemeanor if
it fails to submit to the NBS the relevant data in accordance with the regulations of the NBS referred
to in Article 68 of this Law.
For the offense referred to in para. 1 of this Article, a responsible person in a bank or other
financial institution shall also be fined from 10,000 to 50,000.

XII. TRANSITIONAL AND FINAL PROVISIONS

Article 92
The Governor and Council members shall be elected within two months from the day of entry into
force of this Law.
The Council shall elect Vice Governors within a month from the election of the Governor and
Council members.
For the first term, the Chairman of the Council shall be elected for a five-year term, one member
of the Council for a four-year term, one member of the Council for a three-year term, one member
of the Council for a two-year term and one member of the Council for a one-year term.
Where the office of a Council member terminates prior to the expiry of their term, a newly elected
Council member shall serve until the end of the term of the member whose office terminated.

Article 93
The NBS shall adopt the By-Laws and other regulations within three months from the day of entry into
force of this Law.
The Governor, upon previously obtained approval of the Council, shall issue a decision on the
organization and staff classification of the NBS, no later than a month after the date of the adoption
of the NBS By-Laws.

Article 94
Employees of the NBS shall be assigned to their posts set out by the decision on the organization and
staff classification referred to in Article 94 (2) of this Law, on the following day after the effective
day of that decision.
Employees not assigned to the posts in accordance with the decision on the organization and
staff classification referred to in para. 1 of this Article shall remain unassigned and exercise their
rights in accordance with the law.

Article 95
The NBS shall continue to use realties, equipment, other fixed assets, information systems, pecuniary and other assets, chattels and archives as of the effective date of this Law.

Article 96
Regulations adopted pursuant to the Law on the National Bank of Yugoslavia ("FRY Official Gazette" Nos. 32/93, 41/94, 61/95, 29/97, 44/99 and 73/2000) shall be applied pending the enactment of appropriate regulations pursuant to this Law.

Article 97
On the effective date of this Law, the Law on the National Bank of Yugoslavia shall cease to be in effect ("FRY Official Gazette" Nos. 32/93, 41/94, 61/95, 29/97, 44/99 and 73/2000).

Article 98
This Law shall come into force on the following day after the day of its publication in the "RS Official Gazette".

[1] According to the Law on Banks and Other Financial Institutions, the 'other financial institutions' are savings and savings-and-loan institutions, and thus have to be distinguished from non-bank financial intermediaries
[2] i.e. the Cabinet
[3] discount
[4] i.e. supervision of non-bank financial intermediaries