

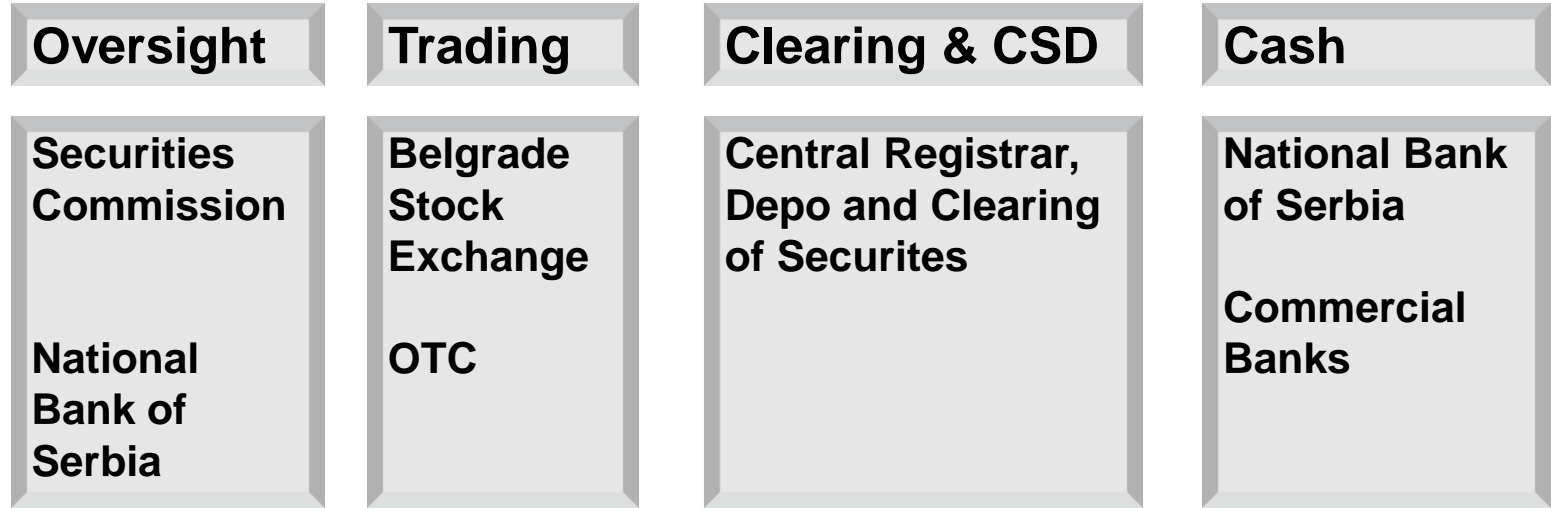
SEE Markets Road Show SERBIA

London, September 10th & 11th , 2013

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The Market Structure - Serbia



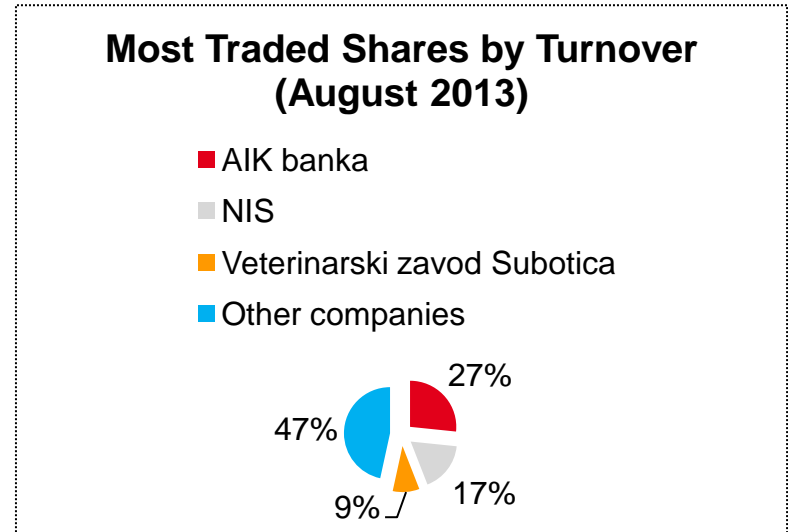
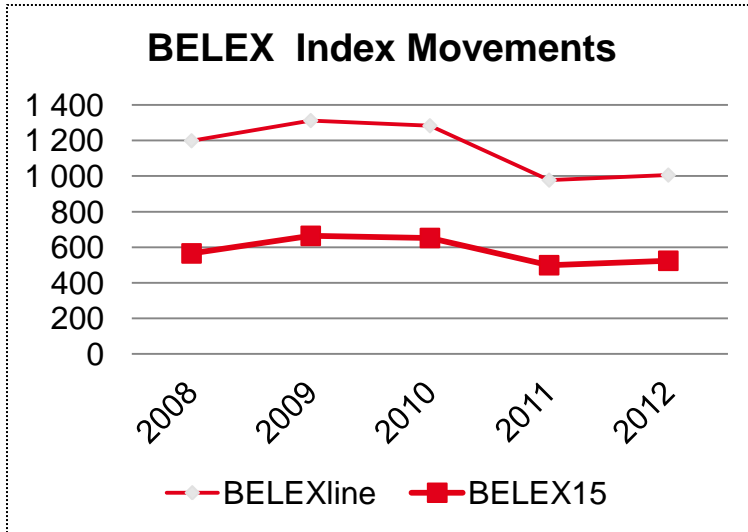
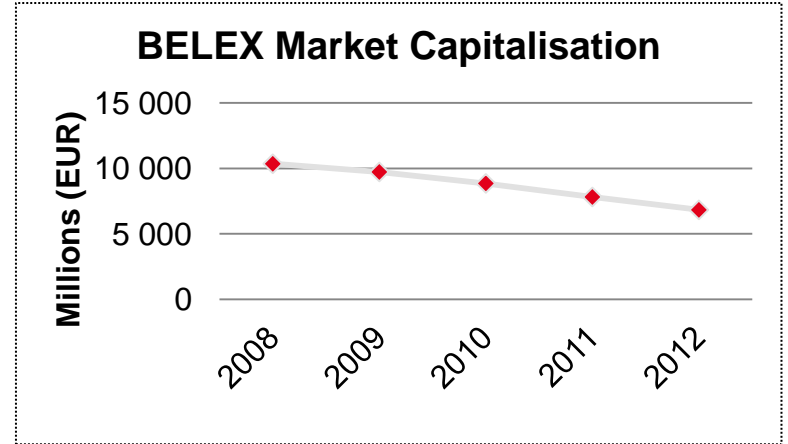
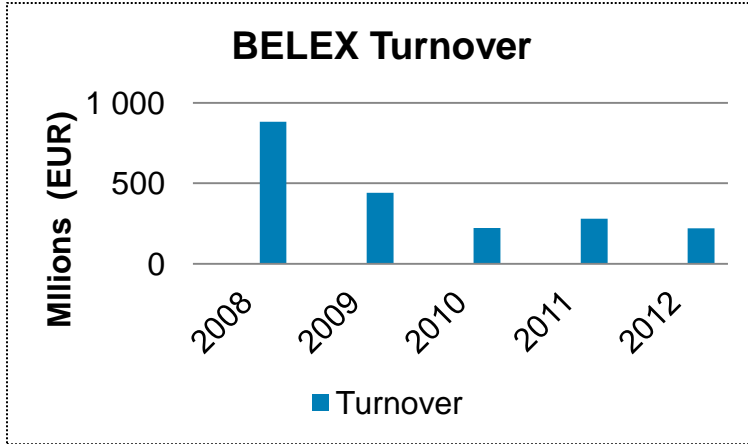
Foreign Investors' Trading:

Equities: 55,81%
Bonds: 11.26%
Total BSE: 47,82%

Key Market Data:

BELEX Cap EUR 6,633 m
BELEX trading EUR 220 m p.a.
Primary T- trading EUR 3,325 m p.a.

Market Trends on Belgrade Stock Exchange



Major Market Issues - Serbia

- **Short term investments prohibited for non-resident investors**
 - **Account opening requirements for beneficiary securities accounts**
 - **Settlement process**
 - No real STP process in place in the market
 - Pre-funding requirement
 - Mandatory settlement of on-exchange transactions
 - Settlement protection instruments (Guarantee Fund, buy-in/sell-out)
 - **Corporate actions**
 - Various sources of information
 - Law on companies and capital market law tackle only major aspects of the corporate actions event cycle
 - No fixed pay dates for income
 - Ex-date concept not recognized by the market, i.e. no market claims
 - **Taxation**
 - Mandatory appointment of local tax attorney
 - Importance of timely submission of Certificate of Residence since there is no guarantee that tax reclaim will be successful
 - Omnibus accounts taxed at account holder level
 - Reporting of securities sales for CGT purposes within 30 calendar days from the settlement date no matter the tax status of the security or the investor
 - **Cash management**
 - Overdrafts restricted to non-resident banks and local currency funds
 - Repatriation of funds
-

Latest market development, changes in the past 24 months

■ Changes in the market infrastructure

■ BELEX

- Delisting of companies & re-structuring of the market

■ CSD

- Securities lending and repo transactions

■ Changes in the regulatory and tax environment

■ Regulatory

- Capital market law
- Law on companies

■ Tax environment

- Increased scope of persons acting as local tax attorneys for non-residents
- Hike in tax rates for private investors
- Distinction between long-term and short-term holdings for private investors
- Identification of tax havens
- Extended CGT reporting period

□ Impact on clients

□ BELEX

- Only companies interested to be traded on-exchange and communicate with investors will remain thus increased transparency of business activities is expected in the future

□ CSD

- securities lending has been introduced as a FOP transaction; repo transactions can now be conducted with all instruments

□ Impact on clients

□ Regulatory

- Easier to recognize regulatory framework (MiFID)
- Increased shareholders' protection

□ Tax environment

- Investors can now appoint legal persons as local tax attorneys
- 15% WHT and CGT is to be paid vs. 10% in the past
- Private investors disposing securities after 10+ years will not pay CGT
- Legal entities residing in tax havens (51 countries) shall pay 25% WHT on interest, instead of 20%
- More time for preparation of tax report

Expected changes in the next 24 months

■ Expected changes in the regulatory and tax environment

- Regulations impacting activities with securities are expected to change as the result of Ministry of Finance initiative to harmonize local regulation

□ Impacts on clients

- Improved market processes are expected as the result of regulation harmonization

The major challenges - Serbia

■ The major challenges in the coming 12 months:

1. Harmonization of laws
2. Market tax procedure
3. Simplification of market corporate actions procedures
4. CSD fees

■ Lobbying for:

1. UniCredit is a working group member appointed by the Ministry of Finance
2. Initiative for abolishing CGT, simplifying CGT reporting, taxation at beneficiary level
3. Proposals for unified and simplified issuers' approach
4. Maximum cap on coupon administration CSD fee was proposed

Disclaimer

This publication is presented to you by:

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