

Based on Article 6, Paragraph 7, Article 41, Paragraph 5, Article 42, Paragraph 4, Article 47, Paragraphs 6 and 7, Article 56, Article 71, Paragraph 10, and Article 73, Paragraph 7 of the Law on the Prevention of Money Laundering and the Financing of Terrorism ("Official Gazette of the RS" Nos. 113/17 and 91/19),

the Minister of Finance brings the

## **RULES**

### **of the methodology for performing the activities in compliance with the Law on the Prevention of Money Laundering and the Financing of Terrorism**

"Official Gazette of the RS" No. 80, dated June 3, 2020

#### Article 1

These Rules, as a methodology for performing the activities in compliance with the Law on the Prevention of Money Laundering and the Financing of Terrorism ("Official Gazette of the RS" Nos. 113/17 and 91/19 – the Law), shall prescribe the method and the reasons based on which the obligor classifies the client, business relationship, and service provided within its activity or transaction into the category of low risk of money laundering and financing of terrorism under the recognized international standards and the results of the Money Laundering Risk Assessment and Terrorism Financing Risk Assessment; the method of submission of the data from Article 47, Paragraphs 1 to 4 of the Law to the Administration for the Prevention of Money Laundering (the Administration); the method and reasons when the obligor is not obliged to report to the Administration a cash transaction of EUR 15,000 or more in dinar equivalent for a specific client; the method of internal control, data storage and protection, record keeping and professional education, training, and development of employees of the obligor; list of countries with strategic deficiencies in the prevention of money laundering and financing of terrorism; the method of submission of data and information to the Administration based on Article 71 of the Law for an analysis of the efficiency and effectiveness of the system for prevention and detection of money laundering and terrorism financing and the method of submission of data, information, and documentation by the obligor at the request of the Administration based on Article 73 of the Law.

#### **I. THE METHOD AND THE REASONS BASED ON WHICH THE OBLIGOR CLASSIFIES THE CLIENT, BUSINESS RELATIONSHIP, AND SERVICE PROVIDED WITHIN ITS ACTIVITY OR TRANSACTION INTO THE CATEGORY OF LOW RISK OF MONEY LAUNDERING AND FINANCING OF TERRORISM**

#### Article 2

A public body, in the sense of these Rules, shall mean a domestic or foreign government body, autonomous province body, local self-government unit body, public company, public agency, public service, public fund, public institute or chamber, and any other public institution that performs activities of public interest

based on national regulations, regulations of foreign countries and international organizations or legislation of the European Union (EU).

### Article 3

A client classified into the category of a low risk of money laundering and terrorism financing can be:

1) a public body that meets the following criteria:

- (1) it can be identified from publicly available data,
- (2) its method of performing its activities and audit results are known and available to the public;

2) a public joint-stock company or a public listed company that is subject to the obligation of publishing financial statements according to the rules of the stock exchange or by operation of law, thus ensuring adequate transparency of beneficial ownership;

3) a client that is registered in or is a resident of:

- (1) EU member states,
- (2) third countries (countries other than EU members) with effective money laundering and terrorism financing preventing systems, assessed in reports on the assessment of national systems for combating money laundering and terrorism financing by international institutions (Financial Action Task Force - FATF) and so-called regional bodies operating according to the FATF model such as the Moneyval Committee of the Council of Europe),
- (3) third countries (countries other than EU members) marked by reliable sources (e.g., Transparency International) as countries with a low level of corruption or other criminal activities,
- (4) third countries (countries other than EU members) that, based on credible sources, such as reports on the assessment of national systems for combating money laundering and terrorism financing by international institutions (FATF and the so-called regional bodies operating on FATF model, such as the Moneyval Committee of the Council of Europe) and published reports on the progress of that country in fulfilling the recommendations from the assessment report, have obligations prescribed by the Law to combat money laundering and terrorism financing following FATF recommendations and effectively implement those obligations.

Any client from paragraph 1, items 1) and 2) of this Article based in a foreign country may be classified in the category of low risk of money laundering and terrorism financing only if the condition from paragraph 1, item 3) of this Article is also met for the country of its seat.

#### Article 4

A client classified as a low risk of money laundering and terrorism financing may be a legal entity other than a public body if it meets the following requirements:

- 1) it is not an entity from Article 4 of the Law;
- 2) it provides financial services;
- 3) it is registered in the country in terms of Article 3, paragraph 1, item 3) of these Rules;
- 4) it is obliged in the country of registration to undertake measures and actions to prevent and detect money laundering and financing of terrorism;
- 5) it can be identified from publicly available data;
- 6) it is subject to mandatory legal registration for performing activities;
- 7) it is adequately supervised in the performance of actions and measures from item 4) of this paragraph. Adequate supervision is considered supervision by the competent state authority, which includes direct control of internal procedures and records of data and business documentation;
- 8) adequate sanctions are prescribed for failure to comply with obligations from item 4) of this paragraph.

A business unit or a subsidiary majority-owned by the client from paragraph 1 of this Article may be the client that falls into the category of low risk of money laundering and terrorism financing if it meets the requirements from Article 48 of the Law.

#### Article 5

The obligor must check the fulfillment of the requirements from Articles 3 and 4 of these Rules.

The obligor must obtain from the client a written statement on complying with the requirements from paragraph 1 of this Article.

Any other person classified as a low risk under Article 6 of the Law may be the client classified as a low risk of money laundering and financing of terrorism and subject to simplified actions and measures of knowing and monitoring the client.

#### Article 6

The following types of business relationships, i.e., services or transactions may be classified as low risk of money laundering and terrorism financing:

- 1) low premium life insurance policy; life insurance contract where the single or multiple premium installments to be paid in one calendar year do not exceed the

total amount of EUR 1,000 in dinar equivalent or if the payment of a one-time premium does not exceed EUR 2,500 in dinar equivalent, life insurance policy which cannot be used as security;

2) a voluntary pension fund membership or a pension plan agreement, provided that it is not possible to transfer the rights from those agreements to a third party or use those rights as security for a loan or borrowing;

3) pension or similar compensation for employees after retirement, where contributions are paid by deduction from salary, and the transfer of the beneficiary's interest is not allowed according to the contract (it is not possible to transfer the rights from those contracts to a third party);

4) leasing contract, where the total amount of the leasing fee paid by the lessee is not higher than EUR 15,000 in dinar equivalent;

5) purchase and sale of an existing non-due or future short-term monetary claim, arising from a contract for the sale of goods or the provision of services in the country and abroad, concluded between legal entities and entrepreneurs where the total amount of the claim is not higher than EUR 15,000 in dinar equivalent;

6) financial products or services provided according to clearly defined criteria in terms of the content of the service and the customer to expand access to those financial services for financial inclusion purposes and based on the previous positive opinion of the competent supervisory authority;

7) financial products or services where prescribed conditions for their use, such as electronic wallet restrictions or transparency of ownership, represent a mechanism for managing the risks of money laundering and terrorism financing (e.g., kinds of electronic money).

The obligor should notify the authority responsible for supervising the implementation of the Law in writing about the introduction of each low-risk service into the business offer.

## II. THE METHOD OF INTERNAL CONTROL, DATA STORAGE AND PROTECTION, RECORD KEEPING AND PROFESSIONAL EDUCATION, TRAINING, AND DEVELOPMENT OF EMPLOYEES OF THE OBLIGOR

### Article 7

The purpose of internal control from Article 54 of the Law is to prevent, detect, and eliminate deficiencies in the application of the Law and improve internal systems for detecting persons and transactions for which there are grounds for suspicion of money laundering and terrorism financing.

In carrying out internal control, the obligor should, using the method of random sampling or otherwise, check and test the application of the system for preventing money laundering and financing of terrorism and of the adopted procedures.

## Article 8

In the event of a change in its business process (e.g., organizational changes, changes in business procedures, and introduction of a new service), the obligor should check and harmonize its internal control procedures to be adequate for compliance with the obligations under the Law.

The obligor should check the system and procedures for compliance with the Law and the application of those procedures once a year and upon every change from paragraph 1 of this Article, no later than the date of introducing such change into the business offer.

## Article 9

The obligor and its governing bodies are responsible for ensuring and organizing the internal control of the works performed by the obligor under the Law.

The obligor determines by its act the powers and responsibilities of the governing bodies, organizational units, authorized persons, and other persons with the obligor and the method and schedule of the exercise of internal control.

## Article 10

The obligor must prepare an annual report on internal control and any subsequently taken measures no later than March 15 of the current year for the previous year.

The annual report from paragraph 1 of this Article shall contain the following data:

- 1) the total number of reported cash transactions of EUR 15,000 or more in dinar equivalent;
- 2) the total number of reported persons or transactions suspected of being related to money laundering and terrorism financing;
- 3) the total number of persons or transactions suspected of being related to money laundering and terrorism financing, as reported to an authorized person by employees of the obligor but not to the Administration;
- 4) the total number of established business relationships where the client was identified based on its qualified electronic certificate or in the video-identification procedure, and the total number of business relationships established through a proxy;
- 5) the frequency of use of individual indicators (the indicators) for identifying suspicious transactions when reporting transactions to an authorized person by employees of the obligor;
- 6) the total number of internal controls performed based on these Rules and internal control findings (number of observed and corrected errors, description of observed errors, etc.);
- 7) measures taken based on the performed internal controls;

8) about the performed internal control of information technologies used in the application of the provisions of the Law (ensuring the protection of data transmitted electronically, storing client and transaction data in a centralized database);

9) about the content of the training program in the detection and prevention of money laundering and terrorism financing, the place and person conducting the training program, the number of employees attending the training, and the assessment of the need for further training and improvement of employees;

10) about the measures taken to protect data marked as secret;

11) the total number of established business relationships where a third party is entrusted with specific actions and measures of knowing and monitoring the client.

The obligor should submit the report from paragraph 1 of this Article to the Administration and the bodies that supervise the implementation of the Law, upon their request, within three days after the date of submission of such request.

#### Article 11

The obligor should keep records of the data and information collected under the Law and these Rules in electronic form and the documentation related to those data and information in chronological order, allowing adequate access to such data, information, and documentation.

The obligor should provide an adequate search of data and information records kept in electronic form minimum according to the following criteria: first name, last name, name of a legal entity, date, amount, and currency of transaction, and country with which the transaction is carried out.

The obligor determines by its acts the method and place of storage and the persons who have access to the data, information, and documentation from paragraph 1 of this Article.

#### Article 12

The annual professional education, training, and development program intended for employees of the obligor from Article 53, paragraph 3 of the Law contains at least:

1) the planned number of training sessions on an annual basis;

2) the planned number of employees who will attend the training sessions and the target employee profile;

3) topics in the field of prevention of money laundering and financing of terrorism that will be the subject of training and in the field of limiting the disposal of assets to prevent terrorism and the proliferation of weapons of mass destruction;

4) method of training implementation (seminars, workshops, etc.).

In the year for which the annual professional education, training, and development program was adopted, and no later than the end of March of the following year, the obligor should conduct the training prescribed by the above program following Article 53, paragraph 1 of the Law, and make a formal memo about it.

The formal memo from paragraph 2 of this Article must at least contain the time and place of the training, the number of attendees, the first and last name of the person conducting the training, and a brief description of the topic covered.

The obligor should keep the annual professional education, training, and development program for employees and related documentation (formal memos, presentations, etc.) according to Article 95, paragraph 3 of the Law.

### III. THE METHOD OF SUBMISSION OF DATA TO THE ADMINISTRATION BY THE OBLIGOR AND COMPETENT BODIES BASED ON ARTICLE 71 OF THE LAW

#### Article 13

The obligor should submit to the Administration data on transactions and clients from Article 47, paragraphs 1 to 4 of the Law, as follows:

- 1) by phone;
- 2) by fax;
- 3) by registered mail;
- 4) by courier service;
- 5) electronically through a protected application, as agreed with the Administration.

#### Article 14

The obligor should submit data from Article 47, paragraphs 1 to 4 of the Law using the Form for reporting cash and suspicious transactions and suspicious activities (Form 1), printed with these Rules, including instructions for filling it out, forming an integral part of this document.

#### Article 15

The obligor can submit the data by phone or fax only when they relate to a transaction or a client for which there are grounds for suspicion of money laundering and terrorism financing.

In the case referred to in paragraph 1 of this Article, the obligor should submit the data to the Administration no later than the first following working day using one of the methods referred to in Article 13, items 3)–5) of these Rules.

#### Article 16

The obligor submits data on cash transactions using one of the methods from Article 13, items 3) to 5) of these Rules immediately and no later than three days after the transaction.

If the last day of the deadline from paragraph 1 of this Article falls on a national holiday or a non-working day of the Administration, the deadline expires on the first following working day.

#### Article 17

The obligor can submit data to the Administration electronically, as agreed with the Administration, based on which the Administration issues a certificate.

If unable to submit the data from these Rules electronically, the obligor should use an alternative medium (compact disc, USB disc, etc.) or submit them in writing.

The Administration confirms the receipt of data from these Rules in writing or electronically.

#### Article 18

The obligor submits data, information, and documentation from Article 73 of the Law by sending them in a table to the Administration using the Form for submission of data by the obligor (Form 2), printed with these Rules and forming an integral part of this document. The Form for the submission of data by the obligor is available on the website of the Administration and is filled out electronically. The data, information, and documentation are submitted electronically or on an alternative medium (compact disc, USB disc, etc.).

#### Article 19

The bodies from Article 104 of the Law, the Ministry of Internal Affairs, the Ministry of Justice, Public Prosecutor's Offices, and courts submit to the Administration the data and information under Article 71 of the Law in a table using the Form for the submission of data from the records kept by the competent authorities (Form 3), printed and attached to these Rules as an integral part. The form for the submission of data from the records kept by the competent authorities is available on the website of the Administration and is filled out electronically. The data, information, and documentation are submitted electronically or on an alternative medium (compact disc, USB disc, etc.).

#### IV. THE METHOD AND REASONS WHEN THE OBLIGOR IS NOT OBLIGED TO REPORT TO THE ADMINISTRATION A CASH TRANSACTION OF EUR 15,000 OR MORE IN DINAR EQUIVALENT FOR A SPECIFIC CLIENT

#### Article 20

The obligor is not obliged to provide the Administration with data on each cash transaction of EUR 15,000 or more in dinar equivalent in cases of depositing daily takings from the sale of goods and services of the clients under paragraph 2 of this Article, except when there is a suspicion of money laundering money and terrorism financing or the client has an account with the obligor under the Law.



The client performing the transaction from paragraph 1 of this Article is:

- 1) public company;
- 2) direct and indirect beneficiaries of budget funds of the Republic of Serbia, i.e., local self-government units and mandatory social security organizations, included in the consolidated treasury account system.

#### Article 21

The obligor is not obliged to report to the Administration any cash transaction of EUR 15,000 or more in dinar equivalent, the purpose of which is:

- 1) transfer of money from one client's account to another when the accounts are opened with the same obligor;
- 2) exchange of money in the client's account for another currency when the money remains in the client's account with the obligor;
- 3) fixed-term depositing or re-depositing of money on the client's account.

The obligor is not obliged to report to the Administration any cash transaction made by a client subject to the application of simplified measures of knowing and monitoring the client in compliance with the Law.

#### V. LIST OF COUNTRIES WITH STRATEGIC DEFICIENCIES IN THE PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

#### Article 22

The list of countries with strategic deficiencies in the system for combating money laundering and terrorism financing is published on the Administration's website and based on:

- 1) the FATF announcements about countries with strategic deficiencies in the system for combating money laundering and terrorism financing representing a risk to the international financial system;
- 2) the FATF announcements about countries/jurisdictions with strategic deficiencies in the system for combating money laundering and terrorism financing, which expressed commitment at the highest political level to eliminate the identified deficiencies, created an action plan for this purpose in cooperation with FATF, and which are required to report on the progress they make in eliminating deficiencies;
- 3) the reports on the assessment of national systems for combating money laundering and terrorism financing by international institutions (FATF and the so-called regional bodies operating according to the FATF model, such as the Moneyval Committee of the Council of Europe).

#### Article 23

The countries that apply standards in the prevention of money laundering and financing of terrorism at the level of EU standards or higher are:

- 1) EU member states;
- 2) third countries (countries other than EU members) with effective money laundering and terrorism financing preventing systems, assessed in reports on the assessment of national systems for combating money laundering and terrorism financing by international institutions (FATF and the so-called regional bodies operating according to the FATF model such as the Moneyval Committee of the Council of Europe);
- 3) third countries (countries other than EU members) marked by reliable sources (e.g., Transparency International) as countries with a low level of corruption or other criminal activities;
- 4) third countries (countries other than EU members) that, based on credible sources, such as reports on the assessment of national systems for combating money laundering and terrorism financing by international institutions (FATF and the so-called regional bodies operating on FATF model, such as the Moneyval Committee of the Council of Europe) and published reports on the progress of that country in fulfilling the recommendations from the assessment report, have obligations prescribed by the Law to combat money laundering and terrorism financing following FATF recommendations and effectively implement those obligations.

## VI. TRANSITIONAL AND FINAL PROVISIONS

### Article 24

The Rules of the Methodology for Operations in Compliance with the Law on the Prevention of Money Laundering and the Financing of Terrorism ("Official Gazette of RS" No. 19/18) ceases to be valid on the date of entry into force of these Rules.

### Article 25

These Rules shall enter into force on the eighth day after the publication in the "Official Gazette of the Republic of Serbia."

Number 110-00-208/2020-20

Belgrade, May 7, 2020

Minister,

**Siniša Mali**, duly signed

Annexes

[Form 1 - Form for reporting cash and suspicious transactions and suspicious activities](#)

[Form 2 - Form for submission of data by the obligor](#)

[Form 3 - Form for the submission of data from the records kept by the competent authorities](#)