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Pursuant to Article 6, para. 7, Article 41, para. 5, Article 42, para. 4, Article 47, paras. 6 and 7, Article 56, Article 71, para. 10 and Article 73, para. 7 of the AML/CFT Law (Official Gazette of RS, no. 113/17 and 91/19),

the Minister of Finance hereby passes the

**RULEBOOK**

**on the methodology to comply with the AML/CFT Law**

Official Gazette of RS, 80 of 3 June 2020

Article 1

This Rulebook lays down the following methodology to comply with the requirements of AML/CFT Law (Official Gazette of RS, no. 113/17 and 91/19 - hereinafter referred to as: the Law): how and why the obliged entity classifies a client, business relationship, or service it provides as part of its business or a transaction under the low risk category for money laundering and terrorism financing, in accordance with the recognised international standards and the findings of the national ML Risk Assessment and TF Risk Assessment; how the obliged entity provides the Administration for the Prevention of Money Laundering (hereinafter referred to as: the APML) with the data referred to in Article 47, paras. 1-4 of the Law; when and why the obliged entity is not required to report a cash transaction in the amount of/exceeding 15.000 EUR in Dinar counter value to the APML; how internal audit, storage and protection of data is conducted; record keeping and professional training and specialization of the obliged entity’s employees; list of countries with strategic AML/CFT deficiencies; how the APML is provided with data and information on the basis of Article 71 of the AML/CFT Law for the purpose of analysing efficiency and effectiveness of AML/CFT system and how the obliged data provides data, information and documentation at the APML’s request on the basis of Article 73 of the Law.

I. HOW AND WHY THE OBLIGED ENTITY CLASSIFIES A CLIENT, BUSINESS RELATIONSHIP, A SERVICE IT PROVIDES WITHIN ITS LINE OF BUSINESS OR A TRANSACTION UNDER LOW RISK CATEGORY FOR MONEY LAUNDERING AND TERRORISM FINANCING

Article 2

A public authority, within the meaning of this Rulebook, is a domestic or foreign state authority, an authority of autonomous province, an authority of a local self-government unit, public enterprise, a public agency, public service, public fund, public institute or chamber, as well as another public institution engaging in an activity of public interest on the basis of national legislation, legislation of other countries and that of international organizations or legislation of the European Union (hereinafter: EU).

Article 3

A client classified under the low risk category for money laundering and terrorism financing can be as follows:

1) a public authority meeting following criteria:

(1) one whose identity can be established from publicly available sources;

(2) one whose ways of pursuing its line of business and the outcome of its audit are known and available to public;

2) public joint-stock company or public company listed on a stock-market and subject to disclosure of financial statements according to the stock-market’s rule or by law, which ensures adequate transparency of beneficial ownership;

3) a client which is registered, or is a resident of:

(1) an EU member state,

(2) third countries (non-EU countries) with effective AML/CFT systems, as stated in mutual evaluation reports on AML/CFT systems by international organizations (FATF) and so-called FSRBs, such as Moneyval Committee),

3) third countries (non-EU member states) which were identified by credible sources (e.g. *Transparency International)* as countries with low level of corruption or other criminal activities;

(4) third countries (other non-EU countries) which are, on the basis of credible sources, such as mutual evaluation reports by international organizations (FATF and FSRBs, such as Moneyval Committee) and progress reports on implementing recommendations from MERs, required by law to fight against money laundering and terrorism financing in line with FATF recommendations and effectively implement such requirements.

The client referred to in paragraph 1, items 1) and 2) of this Article, with registered office in a foreign country, can only be classified as low ML/TF risk if the condition referred to in paragraph 1 item 3 of this Article has also been met with respect to the country where it has the registered office.

Article 4

A client classified under the low risk category for money laundering and terrorism financing can be a legal person which is not a public authority if it meets following conditions:

1) it is not a person referred to in Article 4 of the Law;

2) it provides financial services;

3) it is registered in a country within the meaning of Article 3, paragraph 1, item 3) of this Rulebook;

4) it is required in the country of registration to undertake AML/CFT measures and actions;

5) his/her/its identity can be established from publicly available sources;

6) it is subject to mandatory legal registration for pursuing the line of business;

7) it is adequately supervised in undertaking actions and measures referred to in item 4) of this paragraph. Adequate supervision is understood to mean supervision by a relevant state authority, which includes on-site inspection of internal procedures, record keeping and business documentation;

8) there are adequate sanctions for failing to comply with the requirements referred to in item 4) of this paragraph.

A client classified under the low risk category for money laundering and terrorism financing can be a majority owned branch or subsidiary of the client referred to in paragraph 1 of this Article, if the conditions from Article 48 of the Law have been met.

Article 5

An obliged entity is required to check if the conditions referred to in Articles 3 and 4 of this Rulebook have been met.

An obliged entity is required to obtain a written statement from its client confirming that the conditions from para. 1 of this Article have been met.

A client classified under low risk category for money laundering and terrorism financing and to which simplified CDD measures apply can be any other person classified under low risk category in line with Article 6 of the Law.

Article 6

Following types of business relationships, and/or services or transactions can be classified under low risk category for money laundering and terrorism financing:

1) a life insurance policy with a low premium; a life insurance contract where an individual premium installment or several premium installments 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; life insurance policy in case of death that cannot be used as a collateral;

2) a contract on the membership in a voluntary pension fund or a contract on pension plans on condition that it is not permitted to assign the rights contained under the contracts to a third party, or to use such rights as a collateral for credits or loans.

3) pension or similar benefit for employees after retirement, where contributions are paid by subtracting from a salary, and according to a contract it is not permitted to assign the interest of beneficiaries (it is not possible to transfer the rights from the contract on a third party).

4) a leasing contract, where the total amount of leasing compensation to be received by the client does not exceed the RSD equivalent of EUR 15.000;

5) purchase and sale of immature or future short-term debts, based on a contract on the sale of goods or provision of services in country and abroad, concluded between legal persons and/or sole traders, where the total amount of debts does not exceed RSD equivalent of EUR 15.000;

6) financial products or services provided according to clearly defined criteria in terms of the service content and user, in order to expand the access to those financial services for the purpose of financial inclusion, and upon previous positive opinion (approval) of the relevant supervisory authority;

7) financial products or services where prescribed conditions for their use, such as the restrictions of an *e-wallet* or the transparency of ownership, serve as a mechanism for ML/TF risk management (e.g. some types of electronic money).

An obliged entity is required to notify in writing a relevant supervisory authority on introducing any low risk service into its business offer.

II. HOW INTERNAL AUDIT, STORAGE AND PROTECTION OF DATA IS CONDUCTED; RECORD KEEPING AND PROFESSIONAL TRAINING AND SPECIALIZATION OF THE OBLIGED ENTITY’S EMPLOYEES

Article 7

The purpose of internal audit referred to in Article 54 of the Law is to prevent, detect and address irregularities in the implementation of the Law, as well as to promote internal systems for identifying persons and transactions in respect of which there are reasons to suspect money laundering and terrorism financing.

In conducting internal audit an obliged entity is required to check and test the implementation of AML/CFT system and adopted procedures, using random sampling or another method as appropriate.

Article 8

In the event of change in an obliged entity’s business process (for example, organizational change, change in business procedures, introducing a new service), the obliged entity is required to review and harmonize its procedure within the framework of internal audit, so that they are adequate to comply with requirements from the Law.

An obliged entity is required to conduct a review of the system’s compliance and of procedures for implementation of the Law, as well as of the implementation of the procedures, on an annual basis and whenever a change occurs referred to in para. 1 of this Article, a day before the change is introduced into a business offer, at the latest.

Article 9

An obliged entity and its governing body are responsible for ensuring and organizing internal audit of activities undertaken by the obliged entity in line with the Law.

An obliged entity determines with its own act powers and responsibilities of governing bodies, organizational units, AML compliance officers and other persons within the obliged entity in exercising internal audit, as well as how and when internal audits are conducted.

Article 10

An obliged entity is required to make an annual report on internal audit that has been conducted and on measures undertaken following the audit, and to do so by 15 March of a current year for previous year at the latest.

The annual report referred to in para.1 of this Article contains following data:

1) total number of reported CTRs in the amount of or exceeding 15.000,00 EUR in Dinar counter value;

2) total number of reported persons or transactions suspected of being related to money laundering and terrorism financing;

3) total number of persons or transactions suspected of being related to money laundering and terrorism financing, which were reported to the compliance officer by the obliged entities staff but not to the APML;

4) total number of established business relationships where the client’s identity was established based on a qualified electronic certificate or in the video-identification procedure, as well as the total number of busienss relationships established through proxy;

5) how often are individual indicators for recognizing suspicious transactions (hereinafter referred to as: the indicators) used in reporting transactions to the AML compliance officers;

6) total number of internal audits conducted on the basis of this Rulebook, as well as the findings of internal audit (number of perceived and corrected irregularities, description of perceived irregularities, etc).

7) measures undertaken on the basis of internal audits;

8) on conducted internal audit of information technologies used in implementing provisions of the Law (ensuring the protection of data electronically transferred, storing data on clients and transactions in a centralized database);

9) on the content of training programme for detecting and preventing money laundering and terrorism financing, on the location of training and the person who provided it, number of employees attending the training, as well as assessment of need for further training and specialization;

10) on measures undertaken to store data that is marked as classified;

11) total number of established business relationships involving reliance on the third party for certain CDD measures.

An obliged entity is required to provide the APML and supervisory authorities with the report referred to in para.1 of this Article, at their request within three days after the request is made.

Article 11

An obliged entity is required to keep records electronically of data and information collected in line with the Law and this Rulebook, as well as on documentation related to the data and information in chronological order and in the way which enables adequate access to such data, information and documentation.

An obliged entity is required to enable adequate search of records on data and information kept in an electronic form by following criteria as a minimum: name, surname, name of legal person, date of transaction, amount of transaction, currency of transaction and the country with which the transaction is conducted.

An obliged entity in its acts determines how and where data, information and documentation referred to in para.1 of this Article are kept.

Article 12

Professional annual training and specialization plan for obliged entities’ staff referred to in Article 53, para. 3 of the Law shall include at least the following:

1) planned number of training events annually;

2) planned number of employees to attend trainings, as well as the profile of employees for whom trainings are intended;

3) AML/CFT topics which will be the subject of trainings, as well as those in the area of freezing of assets with the aim of preventing terrorism and proliferation of weapons of mass destruction;

4) forms of trainings (e.g. seminars, workshops, etc).

An obliged entity is required to implement trainings determined by the professional annual training plan in the same year the plan was introduced, in line with Article 53, para 1 of the Law, and to make an official memo of such trainings.

Official memo referred to in para. 2 of this Article must contain time and place of training, number of employees who attended it, name and surname of the person that provided the training and a summary of the topic.

An obliged entity is required to keep the Professional Annual Training Programme, as well as the supporting documentation (official memos, presentations, etc.) in line with Article 95, para. 3 of the Law.

III HOW THE OBLIGED ENTITIES AND RELEVANT AUTHORITIES REFERRED TO IN ARTICLE 71 OF THE LAW PROVIDE INFORMATION TO THE APML

Article 13

Information on transactions and clients referred to in Article 47, paras. 1-4 of the Law is provided by the obliged entity to the APML in one of the following ways:

(1) by telephone;

2) by fax;

3) by registered mail;

4) by a courier;

5) electronically through encrypted application based on an agreement with the APML.

Article 14

Information referred to in Article 47, paras. 1-4 of the Law is provided by an obliged entity using the Form for Reporting Cash and Suspicious Transactions (Form no.1), which has been printed along the Rulebook, together with Instructions for Completion and is its integral part.

Article 15

An obliged entity can provide information by telephone or fax only in case it relates to a transaction or client in respect of which there are reasons to suspect money laundering and terrorism financing.

In the case referred to in para. 1 of this Article an obliged entity is required to provide the APML with information no later than the first subsequent working day, in one of the ways referred to in Article 13, items 3) to 5) of this Rulebook.

Article 16

Information on cash transactions is provided by an obliged entity in one of the ways referred to in Article 13, item 3) to 5) of this Rulebook as soon as the transaction has been conducted, and within three days after the transaction has been conducted at the latest.

If the last day of the deadline referred to in para.1 of this Article falls on a day of state holiday or on a day when the APML is closed, the deadline expires on the close of the first working day to follow.

Article 17

Obliged entities can provide the APML with data electronically on the basis of an agreement signed with the APML, based on which the APML shall issue a certificate.

If an obliged entity cannot provide the information referred to in this Rulebook electronically, it is required to provide it in an alternative medium (a compact disc, USB, etc) or in written form.

APML confirms the receipt of the information referred to in the Rulebook in written or electronic form.

Article 18

An obliged entity provides data, information and documentation referred to in Article 73 of the Law in a table included in the Form for Providing Data to be used by Obliged Entities (Form no.2), which has been printed along with the Rulebook and is its integral part. Form for Providing Data can be found on the APML website and is completed electronically. Data, information and documentation is provided electronically or in an alternative medium (compact disc, USB disc, etc).

Article 19

The authorities referred to in Article 104 of the Law, Ministry of Interior, Ministry of Justice, public prosecutor’s offices and courts provide the APML with data and information referred to in Article 71of the Law in a table included in the Form for Data Provision to be used by relevant authorities (Form no. 3), which has been printed with this Rulebook and makes its integral part. The Form for Data Provision to be used by Relevant Authorities can be found on the APML website and is completed electronically. Provision of data and information is done electronically or in an alternative medium (a compact disc, USB disc, etc).

IV WHEN AND WHY AN OBLIGED ENTITY IS NOT REQUIRED TO REPORT CASH TRANSACTION IN THE AMOUNT OF/EXCEEDING EUR 15.000 IN DINAR COUNTERVALUE

Article 20

An obliged entity is not required to provide the APML with every cash transaction in the amount of/exceeding EUR 15.000 in Dinar counter value in the event of deposits of daily receipts originating from the sale of goods and services of the clients referred to in para. 2 of this Article, except in the case of suspicion of money laundering and terrorism financing or in case when the client holds an account with the obliged entity in line with the Law.

The client conducting a transaction referred to in para. 1 of this Article is a:

1) a public enterprise;

2) direct and indirect users of budget funds of the Republic of Serbia, and/or the unit of local self-government and organizations of compulsory social insurance, which are included in the system of the Treasury’s Consolidated Account.

Article 21

An obliged entity is not required to report to the APML a cash transaction in the amount of/exceeding EUR 15.000,00 in Dinar counter value, in cases of:

1) transfer of funds from one account of the same client into another, when the accounts are opened with the same obliged entity;

2) conversion of one currency into another, if the money remains on the client’s account in the obliged entity;

3) making a fixed-term deposit into the client’s account, or renewing the fixed-term deposit.

An obliged entity is not required to report a cash transaction to the APML, if the transaction is conducted by a client to which simplified CDD measures apply.

V LIST OF COUNTRIES WITH STRATEGIC AML/CFT DEFICIENCIES

Article 22

List of countries with strategic deficiencies in AML/CFT systems is published on the website of the Administration and is based on:

1) FATF Public Statements on countries with strategic deficiencies in AML/CFT systems and which pose a risk for international financial system;

2) FATF Public Statements on countries/jurisdictions with strategic deficiencies in AML/CFT systems, which have expressed political commitment at the highest political level to address the deficiencies, which with that aim developed an action plan together with FATF, and which are required to report on the progress they are making in addressing the deficiencies;

3) mutual evaluation reports by international institutions (FATF and FSRBs, such as Moneyval Committee).

Article 23

Countries applying AML/CFT standards at the level of EU or higher are as follows:

1) EU member states;

2) third countries (non-EU member states) with effective AML/CFT systems, as assessed in MERs by international institutions (FATF and FRBs, such as Moneyval Committee);

3) third countries (non-EU member states) which were identified by credible sources (e.g. *Transparency International)* as countries with low level of corruption or other criminal activities;

4) third countries (non-EU member states) which, based on credible sources, such as MERs by international institutions (FATF and FSRBs, such as Moneyval Committee) and published progress reports on the implementation of recommended actions from MERs, have legal requirements to fight money laundering and terrorism financing in line with FATF Recommendations and to implement them effectively.

VI TRANSITIONAL AND FINAL PROVISIONS

Article 24

The Rulebook on the Methodology to Comply with the AML/CFT Law (Official Gazette of RS, nos. 19/18) shall be repealed as of the date on which this Rulebook takes effect.

Article 25

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

No 110-00-208/2020-20

In Belgrade, 7 May 2020.

Minister,

Siniša Mali, m.p.

Annexes

CTR, STR and SAR reporting form (form 1)

Form for provision of obliged entity data (form 2)

Form for provision of data from records kept by competent authorities (form 3)