PRIVATISATION LAW

(Updated text)

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# PRIVATISATION LAW

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## ARTICLES WHICH ARE NOT INCLUDED IN REVISED TEXT
PRIVATISATION LAW

Note: This is a true translation of the original Law, but it is not legally binding.

Original title:
ZAKON O PRIVATIZACIJI
I BASIC PROVISIONS

1. Subject of the Law and Principles of Privatisation

Article 1

This law shall govern the conditions and the procedure for changing the ownership of socially or state owned capital (hereinafter: privatisation).

Article 2

Privatisation shall be based on the following principles:
1. Creation of conditions for economic development and social stability;
2. Transparency;
3. Flexibility; and
4. Formation of sale price in accordance with market conditions.

2. Subject of Privatisation and Entities Undergoing Privatisation

Article 3

The subject of privatisation shall be socially owned and/or state owned capital (hereinafter: the capital) in enterprises and other legal entities (hereinafter: the entities undergoing privatisation), unless otherwise provided by special regulations.

Privatisation may also involve the sale of assets, wholly or in part or the sale of certain parts of the entities undergoing privatisation.

The provisions of this law shall apply to entities undergoing privatisation, the registered office of which is in the territory of the Republic of Serbia.

Natural resources and goods in general use, as well as goods of general concern may not be the subjects of privatisation.

* Revised text.

The official version in Serbian was published in the "Službeni glasnik RS" Nos. 38/2001, 18./2003 and 45/2005 on 31 May 2005. (The latest changes are given in italic).
3. Entity Conducting Privatisation

Article 4

The privatisation conducting entities shall be the following ones:
1. The Privatisation Agency;
2. The Share Fund;
3. The Central Securities Registry.

The Privatisation Register shall be kept in the privatisation procedure.

Article 5

The Privatisation Agency (hereinafter: the Agency) shall be the legal entity that sells capital and/or assets and promotes, instigates, conducts and oversees the conduct of privatisation in accordance with law.

Besides the operations referred to in paragraph 1 of this Article, the Privatisation Agency (hereinafter: the Agency) shall also perform the duties of a receiver, if the bankruptcy panel appoints it for the performance of such duties pursuant to the law dealing with bankruptcy proceedings.*

In checking the privatisation procedure pursuant to the privatisation regulations, the Agency shall check the following: assessed value of the capital or assets of the entity undergoing privatisation; conformity of the privatisation programme or restructuring programme with regulations; conformity of the inflow of funds based on the sale effected with the sales contract and performance of the sales contract to which the Agency is a party, as well as the transfer of gratis shares to employees.

A special law shall regulate the status, rights, duties and other matters of importance for the Agency's work.

Article 6

The Share Fund shall be the legal entity to which shares are transferred for the purpose of being sold, in conformity with this Law and the law dealing with the Share Fund.

Article 7

The Central Securities Registry (hereinafter: the Central Registry) shall include a single database relating to all issued shares, as well as any changes to such data, in accordance with law.

Article 8

A record shall be kept in the Privatisation Register of the part of capital of the entities undergoing privatisation, expressed in shares, which shall be transferred to citizens gratis in accordance with this Law.

The Privatisation Register shall be kept in the ministry dealing with privatisation.

The Privatisation Register shall include the following: name of the entity undergoing privatisation, a part of whose capital is entered in the Privatisation Register, value of the capital and/or number of shares which are registered, and other data.

The minister dealing with privatisation shall set the contents and mode of keeping the Privatisation Registry.
<span class="zakonPodnaslov2">4. Models of Privatisation</span>

Article 9

The models of privatisation shall be as follows:
1. Sale of capital;
2. Transfer of capital free of charge.

Article 10

The sale of capital and/or assets of the entity undergoing privatisation shall be carried out by the following methods:
1. Public tender;
2. Public auction.

Article 11

The gratis transfer of capital shall be carried out after the sale of capital, as follows:
1. By transferring shares to employees;
2. By transferring shares to citizens.

<ct class="zakonPodnaslov2">5. Buyers in the Privatisation Procedure</ct>

Article 12

The buyer of capital or property may be any domestic or foreign legal entity or individual, in conformity with law.

Domestic or foreign legal entities or individuals may unite for the purpose of buying the capital or property of the entity undergoing and authorise a person to represent them.

The following persons may not be the buyers of capital or assets:
1) A domestic legal entity operating using majority socially owned capital;
2) An individual, legal entity or founder of a legal entity which had outstanding debts to the party undergoing privatisation prior to the date of invitation to tender or registration for participation in the auction.
3) A person with whom the capital and/or assets sales contract has been broken because of defaulting.

The buyer of the capital or assets of a parent or affiliated enterprise undergoing privatisation may not be its affiliate or parent enterprise.

Article 12a*

If the participant in a public auction who has been proclaimed as buyer or who has made the second best bid fails to sign the minutes or fails to make payment within the set term, he/she shall forfeit the status of buyer and the right to participate in the future auctions staged for the enterprise undergoing privatisation concerned, as well as the right to recover the bid bond.

The person referred to in paragraph 1 of this Article shall pay for the damage caused to the enterprise undergoing privatisation and the Agency 30% of the sale price in the Agency’s account, of which 15% belongs to the enterprise undergoing privatisation. *

Službeni glasnik RS, No. 45/2005
Neither a member of the family of a person who has forfeited the buyer status, nor a legal entity formed by him/her, may participate in the future auctions staged for the enterprise undergoing privatisation referred to in paragraph 1 of this Article.

For the purposes of paragraph 3 of this Article, family members shall mean the buyer’s descendants, legitimate or illegitimate spouse and parents. *

Article 12b

A person who has forfeited the buyer status pursuant to Article 12a of this Law and members of his/her family shall not have the right to participate in future auctions staged for any other enterprise undergoing privatisation within six months from the date of the auction at which he/she has forfeited the buyer status.

If after the expiration of the term referred to in paragraph 1 of this Article, a person forfeits the buyer status again, he/she shall forfeit the right to participate in future auctions staged for any enterprise undergoing privatisation. *

6. Means of Payment in Privatisation

Article 13

The means of payment in privatisation may consist of domestic or foreign convertible currency.

The means of payment may also include the bonds based on unpaid household foreign exchange savings that fall due by the date of sale of capital or assets, which are issued to individuals who are the citizens of the Republic of Serbia.

The means of payment may also consist of bonds issued against unpaid household foreign exchange savings to individuals who are citizens of the Republic of Serbia, regardless of their maturity, if the capital and/or assets have not been sold by public auction for the means of payment referred to in paragraphs 1 and 2 of this Article.

The means of payment may not include the bonds based on unpaid household foreign exchange savings issued to individuals who are the citizens of the Republic of Serbia, which did not fall due by the date of sale of capital and/or assets, if the contracted price is payable in not more than six yearly instalments.*

7. Privatisation Deadlines

Article 14

Privatisation of socially owned capital shall be carried out within four years from the effective date of this Law

8. Funds for Nationalised Property

Article 15

When the privatisation procedure applies to the property confiscated from individuals and legal entities pursuant to the regulations dealing with confiscation of property in the Republic of Serbia, which is determined by a special regulation dealing with issues relating to the restitution of property (hereinafter: the nationalised property), the former own-
ers shall be compensated for the value of such property exclusively from the funds secured for such purposes by the Republic of Serbia.

<span class="zakonPodnaslov">II PREPARATIONS FOR PRIVATISATION</span>

<span class="zakonPodnaslov2">1. Instigation of Privatisation Procedure</span>

Article 16

The privatisation procedure shall be instigated by a motion made by the competent body of the entity undergoing privatisation (hereinafter: the privatisation motion) and the drafting of the prospectus for privatisation (hereinafter: the prospectus).

For the purposes of this Law, a privatisation motion is an act of the entity undergoing privatisation rendered in writing and expressing its intention to carry out privatisation.

The privatisation motion shall be presented to the labour unions operating in the entity undergoing privatisation, and the employees shall be notified thereof in the manner set out in a general regulation of the entity undergoing privatisation.

The privatisation motion and prospectus shall be presented to the Agency within five days from the date on which it was made.

The privatisation procedure may also be instigated at the initiative of the ministry dealing with privatisation and interested buyers.

In the case referred to in paragraph 5 of this article, the entity undergoing privatisation shall forward the prospectus to the Agency within seven days from the date of receipt of the motion.

Article 17

The motion for privatisation in the entities having majority state-owned capital shall be forwarded by the ministry dealing with privatisation to the Government of the Republic of Serbia for approval.

<span class="zakonPodnaslov2">2. Prospectus</span>

Article 18

For the purposes of this Law, the prospectus is a presentation of the main particulars about the entity undergoing privatisation, according to the latest financial statement.

The minister dealing with privatisation shall set the prospectus form.

The Agency shall publish the prospectus in the mass media (press, television and Internet) within 15 days from the date on which the prospectus was delivered.

The publication referred to in paragraph 3 of this Article shall be carried out for the purpose of establishing the number of potential buyers.

Any potential buyer may express its interest in buying capital and/or assets of an entity undergoing privatisation in writing and notify the entity undergoing privatisation and the Agency accordingly, within the term set by the Agency in the public announcement.

The cost of publishing the prospectus shall be borne by the entity undergoing privatisation.

Službeni glasnik RS, No. 45/2005
Within 5 days from the expiration of the deadline for establishing the number of potential buyers, the Agency shall notify the entities undergoing privatisation of the method of sale and/or of the need for restructuring, in accordance with this Law.

3. Restructuring in the Course of Privatisation Procedure

Article 19

Should the Agency find that the capital and/or assets of the entity undergoing privatisation cannot be sold by public tender or public auction without prior restructuring, the Agency shall render a decision for restructuring.*

For the purposes of this Law, the restructuring in the course of the privatisation procedure (hereinafter: the restructuring) in accordance with this Law shall be understood to mean changes in the entity undergoing privatisation and its affiliates that would make it possible to sell its capital and/or assets, including the following ones in particular:

1) Change of status, change of legal form, change of internal organisation and other organisational changes;
2) Writing off the debt principal, interest accrued and other claims, wholly or partly;
3) Withdrawal of debt wholly or partly for the purpose of satisfying the creditors from the proceeds from the sale of capital and/or assets of the entity undergoing privatisation.*

The Agency shall sell the capital and/or assets in the restructured entities undergoing privatisation, by public tender or public auction.*

Article 19a*

The restructuring decision shall include the following: registered name and office of the enterprise undergoing privatisation and term within which the creditors should file their claims, as well as other data of importance for restructuring.

The decision referred to in paragraph 1 of this Article shall be registered in conformity with the law governing the registration of businesses.

The restructuring decision shall be published in the media (in one of the daily newspapers, on Internet or television), within 15 days from the date on which it was rendered.*

Article 20*

Public enterprises, Taxation Administration, Republic Old Age Pension and Disability Insurance Fund, Republic Health Insurance Office, Republic Buffer Stocks Office, Republic of Serbia Development Fund and other republic authorities and organisations (hereinafter: the government creditors) shall withdraw wholly the debts owed to them by an enterprise undergoing privatisation in that enterprise’s restructuring procedure and have their claims settled from the proceeds of sale of the capital or assets of the enterprise undergoing privatisation.

The Bank Deposit Insurance, Financial Rehabilitation, Bankruptcy and Liquidation Agency shall also be deemed a government creditor when acting as the receiver and/or liquidator of banks gone bankrupt and/or those being liquidated and when managing on behalf and for account of the Republic of Serbia the claims of the Republic of Serbia based on assumed foreign debts.
Other creditors may withdraw their debts from an enterprise undergoing privatisation for the purpose of settling claims from the proceeds from the sale of capital or assets of the enterprise undergoing privatisation (hereinafter: other creditors).

If other creditors do not withdraw their debts from an enterprise undergoing privatisation, the terms of settlement of their claims shall be stipulated by an agreement made with the buyer of the capital of the enterprise undergoing privatisation concerned.*

Article 20a

Any government creditor shall file its claim in writing within 15 days from the date of publication of the restructuring decision in a daily newspaper.

The claim shall include particularly the government creditor’s name, legal grounds of the claim and the amount claimed, stating the principal and interest separately.

If the enterprise undergoing privatisation does not agree with the amount of a government creditor’s filed claim, the filed claim may be contested by filing an objection with an arbitration panel within eight days from the claim filing date.

If a government creditor rejects the objection referred to in paragraph 3 of this Article, the arbitration panel shall decide on the amount of the state creditor’s claim.*

Article 20b*

The arbitration panel referred to in Article 20a of this Law shall consist of three members.

The parties shall determine the composition of the arbitration panel in such a way that one arbitrator is named by the government creditor and the other by the entity undergoing privatisation, and the panel chairman shall be a representative of the Serbian Chamber of Industry and Commerce.

The arbitration panel shall decide on the amount of the government creditor’s claim within 15 days from the filing date of the objection concerning the amount of claim.

The provisions of the law governing the litigation proceedings shall apply mutatis mutandis to the arbitration proceedings.

Should the arbitration panel fail to render an award concerning the amount of claim within the term referred to in paragraph 3 of this Article, the data on the amount of claim included in the restructuring programme shall be taken as true and final.*

Article 20c*

If the enterprise undergoing privatisation is agreeable to the amount of the government creditor’s claim, the Agency may file with the competent authority or organisation a request for postponement of the order prohibiting payments from the account of the enterprise undergoing privatisation on account of outstanding debts for not more than 18 months from the date of the restructuring decision.*

Article 20d*

A government creditor may have its outstanding claims settled from the proceeds of the sale of capital of the enterprise undergoing privatisation, in proportion to its claims in the total claims of all creditors who are to be satisfied from the proceeds from the sale of that enterprise’s capital.

Službeni glasnik RS, No. 45/2005
A government creditor’s claim shall be settled up to the nominal amount of claim plus the accrued interest, before allocation of the proceeds from the sale of capital pursuant to Article 60 of this Law.

The outstanding claims referred to in paragraph 1 of this Article shall mean the claims that have not been settled as on 31 December 2004.*

Article 20e

The withdrawal of a government creditor’s debt, wholly or partly, in relation to an entity undergoing privatisation shall be valid, if the capital and/or assets of the entity undergoing restructuring have been sold by public tender in the privatisation procedure.

The claims of a government creditor shall be deemed settled fully, if they have been settled in the way provided by Article 20d of this Law.*

Article 20f *

The Government of the Republic of Serbia shall set in greater detail the procedure for and way of restructuring the enterprises undergoing privatisation.*

4. Privatisation Documents

Article 21

The entity undergoing privatisation by public tender shall prepare documents in compliance with the regulation referred to in article 33 of this Law.

The entity undergoing privatisation by public auction shall prepare the privatisation programme in compliance with the regulation referred to in article 40 of this Law.

The Agency shall make a restructuring programme or entrust the making of the programme to the entity undergoing privatization or a legal or financial consultant, in conformity with the regulation referred to in Article 20f of this Law, which is binding to the entity undergoing privatization.*

The entity which is making the restructuring programme shall make a comprehensive breakdown of the performance shown by the entity undergoing privatization before making the programme, within a term set by the Agency.*

The Agency may prepare the documents referred to in paragraph 1 of this Article or the programme referred to in paragraphs 2* of this Article, which shall be binding to the entity undergoing privatisation.

Article 22

The privatisation programme shall include particularly the data relating to the performance shown, value of capital and/or assets and organisational form of the entity undergoing privatisation.

The privatisation programme shall be adopted by the competent body of the entity undergoing privatisation.

The privatisation programme shall be submitted to the Agency no later than 90 days from the date on which the presentation of the decision on the method of privatisation.*

Službeni glasnik RS, No. 45/2005
The statement made by the responsible person in the entity undergoing privatisation as to the veracity of the data included in the privatisation programme shall be presented together with the programme referred to in paragraph 3 of this Article. The responsible person shall be liable for any damage caused by his/her statement to the entity undergoing privatisation or buyer of the capital, if the statement was given in gross negligence or with the intention to cause damage.

The Agency shall render a decision accepting the privatisation programme or returning it for the purpose of being corrected and/or amended in accordance with the regulations setting the contents and manner of preparing the privatisation programmes, within 30 days from the programme filing date.

The entity undergoing privatisation shall make corrections and/or amendments to the privatisation programme within the term set by the Agency, which shall not be longer than 60 days from the date of the decision referred to in paragraph 4 of this Article.

If the Agency does not render the decision within the term referred to in paragraph 4 of this Article, the privatisation programme shall be deemed accepted.

The entity undergoing privatisation shall act in conformity with the decision of the Agency.

If the entity undergoing privatisation fails to present the privatisation programme or to act in conformity with the Agency's decision, the Agency shall carry on conducting the procedure of privatisation in accordance with law.

Article 23*

The restructuring programme shall include the following in particular: data on operation, internal organisation and value of capital and assets; annual financial statement; consolidated annual financial statement; modality of paying debts; opening balance sheet; position of sections and/or organisational units; social welfare programme; environmental protection programme, as well as other data of importance for restructuring of the enterprise undergoing privatisation.

The restructuring programme referred to in paragraph 1 of this Article shall be adopted by the competent body of the enterprise undergoing privatisation.

The enterprise undergoing privatisation shall present to the Agency the restructuring programme within 90 days from the date of the Agency’s approval of the all-inclusive analysis of the operation of the enterprise undergoing privatisation.

The Agency may extend the term for presentation of the restructuring programme for up to 90 days at the request of the enterprise undergoing privatisation or a creditor, in the capacity of legal and/or financial consultant, if justifiable reasons exist therefor.

The Agency shall render a decision accepting, rejecting or returning the programme for correction or amendment, within 30 days from receipt of the restructuring programme.

The enterprise undergoing privatisation shall correct or amend the restructuring programme within the term set by the Agency, which may not be longer than 60 days from presentation of the decision referred to in paragraph 5 of this Article.

If the enterprise undergoing privatisation fails to comply with the Agency’s decision within the term referred to in paragraph 6 of this Article, the Agency shall conduct the rest of the privatisation procedure in conformity with this Law.

The restructuring programme shall be deemed adopted once the Agency takes the decision to accept it.*
Article 23a

A restructuring programme adopted in conformity with this Law shall have the force of an enforcing document and be regarded as a contract stipulating the amount and way of settling the creditor’s claims laid down in it.

If proceedings are instituted with the competent authority against an enterprise undergoing privatisation or the buyer of capital after the adoption of the restructuring programme, the competent authority shall bind the enterprise undergoing privatisation or the buyer of capital to pay the claim in the way set by the restructuring programme, if the claim is founded.*

5. Capital or Asset Assessment

Article 24

The entity undergoing privatisation by the public auction method shall assess the range of the value of its capital or assets.

The Agency shall check the assessment referred to in paragraph 1 of this Article.

The price at which the capital or assets are to be sold by the methods referred to in Article 10 of this Law shall be set in accordance with market conditions.

The Government of the Republic of Serbia shall set the methods of assessing the capital or assets of the entity undergoing privatisation.-

III PRIVATISATION OF CAPITAL

1. Sale of Capital

Article 25

The sale of capital shall be carried out in the entities undergoing privatisation, which have organised themselves and brought their general rules in line with the provisions of the law dealing with legal status of enterprises. The subject of sale shall be 70% of the capital to be privatised, unless otherwise provided by the regulations setting the requirements for and way of conducting certain business or performing certain operations, as well as certain forms of organisation.

The entire capital or property of an entity undergoing privatisation, which is being restructured in conformity with law, shall be sold.

Article 25a

If such circumstance arise in the conduct of the privatisation procedure as render the sale of the capital and/or assets of an entity undergoing privatisation, which were not known when the procedure was started up, the Agency may suspend the procedure for the duration of the reasons for suspension, though not for longer than 90 days from the date on which the decision for suspension was rendered. All of the stipulated deadlines shall cease to run for the duration of suspension.*
An enterprise that conducts business using majority socially owned capital may change in the privatisation procedure the provisions of the individual collective agreement dealing with employee wages, subject to the Agency’s prior agreement, if such provisions are conducive to an increase in the employee wages by a percentage that is higher than the projected growth of retail prices and if the enterprise had run losses in the previous financial year.

1.1. Public Tender

**Article 26**

The sale of capital and/or assets by public tender is a method of privatisation involving the public collection of tenders from potential buyers in conformity with established sale terms.

The sale by public tender shall be organised and conducted by the Agency.

**Article 27**

The procedure for sale by public tender includes the following: preparations for sale by public tender, public invitation to tender, submission and reception of tenders, opening and appraisal of tenders, conclusion of contracts and other operations of importance for the conduct of sale by public tender.

**Article 28**

The Agency shall announce a public invitation to tender.

The public invitation referred to in paragraph 1 of this Article shall include the following: name and other particulars about the entity undergoing privatisation, ownership structure of capital, percentage of capital offered for sale, and other data of importance for informing the participants in the sale by public tender.

**Article 29**

The ministry dealing with privatisation shall form a Commission to oversee the sale by public tender (hereinafter: the Tender Commission).

The Tender Commission shall have a chairman and four members.

The Tender Commission shall approve the results of sale by public tender at the recommendation of the Agency within 15 days from receipt of the recommendation.

The Tender Commission shall draw up a report on its proceedings and present it to the Agency within 15 days from completion of sale by public tender.

The report referred to in paragraph 4 of this Article shall be forwarded to the ministry in charge of privatisation, which shall notify the Government of the Republic of Serbia within 15 days from its receipt.

**Article 30**

The bidders shall pay deposit tender bonds.

The participant in a tender whose bid was proclaimed best or the next best bidder, who has failed to conclude the contract or to pay the contracted price within the set term shall lose the right to be paid back the deposit.*

The minister dealing with privatisation shall set the value of the tender bond referred to in paragraph 1 of this Article and the method of depositing it.

**Article 31**

(Deleted)
Article 32

Once the procedure for sale by public tender has been completed, the Agency shall notify all bidders of the results of that procedure and of the name of the buyer.

Any participant in the sale by public tender has the right to raise an objection concerning the lawfulness of the conducted procedure.

The objection shall be filed with the ministry dealing with privatisation, within 8 days from receipt of the public tender results.

The objection shall be decided on within eight days from its receipt.

The decision reached on the objection shall be final.

Article 33

The Government of the Republic of Serbia shall set out in greater detail the procedure for and manner of selling capital and/or assets by public tender.

1.2. Public Auction

Article 34

The sale of capital and/or assets by public auction is the method of privatisation involving a public contest of potential buyers in compliance with determined conditions of sale.

The sale by public auction shall be organised by the Agency.

Article 35

The procedure for the sale of capital and/or assets by public auction includes the following: preparations for public auction, registration of participants, conduct of public auction, contract conclusion and other operations of importance for the conduct of public auction.

Article 36

An Auction Commission formed by the Agency shall conduct the sale by public auction. The Auction Commission shall have a chairman and two members.

Article 37

The Auction Commission shall conduct the sale by auction, register all persons having the right to participate in the auction, declare the auction unsuccessful, signs the record of auction and perform other operations of importance for the conduct of public auction.

The Auction Commission shall draw up a record of its proceedings and a report on the public auction results and present them to the Agency, the ministry dealing with privatisation, and the Government of the Republic of Serbia, within 15 days from the date of completion of sale by public auction.

Article 38

A public invitation to participate in public auction shall be announced.

The Agency shall announce the public invitation not less than 30 days prior to the date of public auction.

The public invitation referred to in paragraph 1 of this Article shall include the following: name of the entity undergoing privatisation, location, place, address, date and time of the public auction, auction bond and manner of depositing it and other data of importance for the conduct of public auction.

Službeni glasnik RS, No. 45/2005
The public invitation referred to in paragraph 1 of this Article may also include the obligation of the buyer to invest in the entity undergoing privatisation, deal with employee problems and provide for continued operation and environmental protection.

The public invitation shall be published via Internet on a special web site of the Government of the Republic of Serbia, and in domestic and foreign mass media, the minister dealing with privatisation shall determine the list of which.

**Article 39**

The public auction participants shall deposit the auction bonds.

The minister dealing with privatisation determines the value of auction bonds referred to in paragraph 1 of this Article and the mode of depositing them.

**Article 39a**

Any participant of auction shall have the right to make a complaint as to the lawfulness of the conducted procedure, within eight days from the date of auction.

A complaint may be filed with the ministry in charge of privatisation, which shall render a decision on the complaint within eight days from receipt of the complaint.

The decision on the complaint shall be final.

**Article 40**

The Government of the Republic of Serbia shall set out in greater detail the procedure for and manner of selling capital and/or assets by public auction.

**1.3. Contract of Sale**

**Article 41**

Any contract of sale of capital and/or assets shall include provisions dealing with the following: contracting parties, subject matter of sale, contract price, payment deadline, use of land, way, forms and deadline for the buyer’s investment in the entity undergoing privatisation for the purpose of conducting its registered business, way of dealing with employee issues and other matters agreed on by the contracting parties.

Any contract referred to in paragraph 1 of this Article shall be deemed concluded once it is signed by the buyer and the Agency and it shall be subject to court certification. *

Any contract of sale of capital and/or assets shall be forwarded by the Agency to the ministry in charge of finances for record-keeping purposes and to the employees and minority shareholders of the entity undergoing privatisation, at their own request, for the purpose of getting acquainted with it. *

**Article 41a**

A contract of sale of capital and/or property shall be deemed cancelled because of defaulting by the buyer in the following cases:

1) If the buyer fails to pay the contract price or any instalment due;

2) If the buyer fails to make an investment in the enterprise undergoing privatisation in the way, form and term stipulated by the contract, within the set term;

3) If the buyer manages the assets of the enterprise undergoing privatisation contrary to the provisions of the contract of sale;

* Službeni glasnik RS, No. 45/2005
4) If the buyer fails to provide for continuity of the registered business for the purpose of which the enterprise undergoing privatisation was established;

5) If the buyer fails to present the guarantee for investment as stipulated by the contract;

6) If the buyer fails to execute the provisions on dealing with the employee issues within the term set;

7) In other cases stipulated by the contract.

In the event of cancellation of a contract pursuant to paragraph 1 of this Article, the employees of the enterprise undergoing privatisation shall reserve the right of ownership of the capital acquired in conformity with the provisions of Articles 42 through 44 of this Law and the capital that was the subject matter of sale shall be transferred to the Shares Fund.

In the event of cancellation of the contract of sale of capital or assets because of defaulting by the buyer of capital, the buyer of capital, being a party in bad faith, shall not have the right to recover the amount paid on account of the contract price, for the sake of general interests.

Article 41b

The proceeds from the sale of capital in the privatisation procedure shall be paid in the Agency’s account.

The proceeds referred to in paragraph 1 of this Article shall be paid in the revenue account of the Republic of Serbia Budget, once the sale costs of the privatisation procedure and the special remuneration acquired by concluding the contract of sale of capital and/or assets (the fees), as the priority satisfaction of creditors of the entity undergoing privatisation in which the restructuring has been done,* have been paid.

For the purposes of paragraph 2 of this Article, the sale costs shall be understood to mean the fees of the financial and legal consultants employed in the financial procedure, cost of announcing invitations that is not borne by the entity undergoing privatisation pursuant to the Law and other costs

*The fees referred to in paragraph 1 of this Article shall be fixed by the minister in charge of privatisation.*

Article 41c

The Government of the Republic of Serbia shall set in greater detail the way of and conditions under which the debts to banks and other creditors of the legal entities that have started up their privatisation procedure, as well as the legal entities being restructured in the privatisation procedure, may be settled.

Article 41d*

The funds going towards elimination of the damage caused to the environment by the enterprise undergoing privatisation before the contract of sale of capital or assets was concluded, shall be provided from the Republic of Serbia Budget.

The Government of the Republic of Serbia shall set in greater detail the way and conditions for disbursement of the funds referred to in paragraph 1 of this Article.*

1.4. Provisional Capital Representative

Službeni glasnik RS, No. 45/2005
Službeni glasnik RS, No. 45/2005
Article 41e

The Share Fund shall appoint a provisional representative of capital (hereinafter: the capital representative) on the date of cancellation of the contract of sale of capital or assets, for the purpose of controlling the enterprise undergoing privatisation pending the sale of the latter.

Any shareholder of the enterprise undergoing privatisation or any person outside the enterprise undergoing privatisation may be appointed as the capital representative.

The capital representative shall control the enterprise undergoing privatisation in proportion to the share of the capital that was the subject matter of sale in the total capital of the enterprise undergoing privatisation, when the sale contract was cancelled.

The capital representative shall have the right to remuneration for the work done and reimbursement for actual expenses (hereinafter: remuneration and reimbursement). The cost of remuneration and reimbursement shall be borne by the enterprise undergoing privatisation in the amount fixed by the minister in charge of privatisation.

The registration of data on the provisional capital representative and its publication shall be carried out in conformity with the law governing the registration of businesses.

Article 41f

The capital representative shall do the following in particular:

1) Take all necessary steps for protection of the assets of the enterprise undergoing privatisation;

2) See to the completion of started up operations of the enterprise undergoing privatisation, as well as the operations necessary for preventing damage to the assets of the enterprise undergoing privatisation, in the way expected of a good businessman;

3) Perform other duties when and if necessary.

The capital representative shall perform the duties assigned to him/her independently and with due care of good businessman, in conformity with this Law.

The capital representative shall present monthly reports to the Share Fund on the status of the assets of and performance shown by the enterprise undergoing privatisation. The representative shall also present other reports at the Share Fund’s request, including financial reports.

Article 41g

The capital representative shall be liable directly with his/her own assets for any damage done to the enterprise undergoing privatisation, if the damage was done deliberately or through gross negligence.

The claims for damages shall fall under the statute of limitations five years from the date of damage.

The Share Fund shall dismiss the capital representative if it finds that he/she is not performing the duties provided by this Law. The capital representative may also be relieved of duty at his/her own request.*

1.5. Relinquishment of the Capital and/or Asset Sale Contract

Article 41h

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The buyer of capital (hereinafter: the relinquisher) may relinquish the capital and/or asset sale contract to a third party (hereinafter: the recipient) on the terms provided by this Law and the law governing contracts and torts, having obtained the Agency’s approval beforehand.

The recipient may be a person who meets the requirements for buyers of capital or assets.

The relinquisher shall guarantee to the Agency for the fulfilment of the recipient’s duties stipulated by the capital and/or asset sale contract.

With the relinquishment of the capital and/or asset sale contract, the recipient shall become the holder of all rights and duties stipulated by the sale contract.*

2. Gratis Transfer of Capital

2.1. Transfer of Shares to Employees

Article 42

A part of the capital of an entity undergoing privatisation shall be transferred to employees gratis, in the form of shares.

The employees referred to in paragraph 1 of this Article shall be understood to mean the citizens of the Republic of Serbia:

Who are or used to be employed in the entity undergoing privatisation;

Who are employed in a holding or subsidiary enterprise, if the entity undergoing privatisation is that holding or subsidiary enterprise.

The persons that used to be employed as referred to in paragraph 2, item 1) of this Article also include pensioners.

Article 43

Employees shall be entitled to gratis shares for each full year of employment in an entity undergoing privatisation.

The right to acquire gratis shares may be exercised for up to 35 years of employment.

The right to acquire gratis shares may not be exercised in the entities undergoing privatisation in which not more than 50% of the socially owned capital has been sold, as well as in the entities undergoing privatisation which are being restructured.

The employees of the entities undergoing privatisation possessing majority state-owned capital shall be entitled to shares free of charge, in conformity with the regulations setting the conditions for and way of conducting certain business or performing certain operations and the regulations dealing with the legal status of certain forms of organisation.

Article 44

The entity undergoing privatisation shall render the decision on the issuance of gratis shares and notify the employees by public call accordingly.

The entity undergoing privatisation shall take the decision to issue gratis shares within the term set by the Agency.

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18 ■ PRIVATISATION LAW
The public call referred to in paragraph 1 of this Article shall include the date, time and place of subscription to shares, number of shares and par value of shares, as well as other information in accordance with the decision on the issuance of gratis shares.

The public call referred to in paragraph 1 of this Article shall be displayed on the notice board of the entity undergoing privatisation and published in the "Službeni glasnik Republike Srbije" and a daily newspaper.

The term for subscription to gratis shares shall run from the date of publication of the call in a daily newspaper.*

### 2.1.1. Transfer of Shares to Employees in the Case of Sale by Public Auction

**Article 45**

The capital for the acquisition of shares without charge in the sale of capital by public auction may not be greater than 30% of the capital to be privatised.

**Article 46**

Employees shall have the right to acquire shares without charge pursuant to Article 43, paragraph 2, of this Law, in the sale by public auction, the nominal value of which is the dinar equivalent of € 200, calculated at the official exchange rate valid on the date of the public invitation referred to in Article 44, paragraph 1, of this Law, for each full year of pensionable service.

**Article 47**

(Deleted)

**Article 48**

The shares left over after the sale of capital by public auction and the transfer of gratis shares under the conditions and in the manner set out in Articles 44 and 45 of this Law shall be transferred to the Share Fund for the purpose of being sold.

### 2.1.2. Transfer of Shares to Employees in the Case of Sale by Public Tender

**Article 49**

The capital on the basis of which gratis shares are to be issued by an entity undergoing privatisation in the case of sale by public auction may amount up to 15% of the privatised capital:

In a case referred to in paragraph 1 of this Article, employees shall be entitled to gratis shares, the total par value of which amounts to the dinar equivalent of € 200, calculated at the official exchange rate on the date of the public call referred to in Article 44, paragraph 1 of this Law, for each full year of employment, but for not more than 35 years of employment, regardless of the time it takes to carry out the privatisation.

The shares left over after the sale by public tender and the transfer of gratis shares to employees shall be entered in the Privatisation Register.

### 2.1.3. Proportional Reduction of the Entitlement to Gratis Shares
Article 50

If the value of the capital available for the issuance of gratis shares is lower than the total par value of the gratis shares to be issued to employees, employees shall be entitled to a smaller number of shares, in proportion to the ratio between those values.

2.1.4. Rights Stemming from the Gratis Shares Transferred to Employees

Article 51

The gratis shares transferred to employees shall be ordinary and registered. Shares shall carry the rights to:
1. Control;
2. Dividends; and
3. A share in the bankruptcy estate remaining after debts have been paid to creditors.

2.2. Transfer of Shares to Citizens

2.2.1. Entering Shares in the Privatisation Registry

Article 52

The shares of the entities undergoing privatisation by public tender, amounting to at least 15% of the capital being privatised, shall be entered in the Privatisation Register. Having fulfilled the requirements for shares to be entered, the entity undergoing privatisation shall notify the ministry in charge of privatisation, within 15 days, for the purpose of having its shares entered in the Privatisation Registry.

The shares entered in the Privatisation Registry shall be distributed to citizens within two years from the expiration of the term set for privatisation to be carried out.

Article 53

The dividends from the shares entered in the Privatisation Registry shall be transferred to the republic fund for old age pension and disability insurance of the employed, pending the transfer of shares to citizens.

The right of control stemming from the shares entered in the Privatisation Registry may not be exercised pending the transfer of shares to citizens.

2.2.2. Transfer of Shares Entered in the Privatisation Registry to Citizens

Article 54

The right to acquire the gratis shares entered in the Privatisation Registry may be exercised by any citizen of the Republic of Serbia who was over 18 years of age on the effective date of the decision on the transfer of gratis shares to citizens rendered by the Government of the Republic of Serbia.

The citizens referred to in paragraph 1 of this Article shall acquire the right to equal parts of capital expressed in shares.

Citizens who have exercised that right wholly or in part as employees in conformity with this Law may not exercise the right to gratis shares.
The Government of the Republic of Serbia shall set out the method of acquisition, distribution and other issues pertaining to the shares entered in the Privatisation Registry.

3. Decision on Changing the Organisational Form of the Entity Undergoing Privatisation

Article 55

Following the sale of capital and recording of shares in the Privatisation Registry, any entity undergoing privatisation that is not set up as a company shall render a decision on changing its organisational form into that of a company.

Besides the provisions of the founding document set pursuant to the law dealing with legal status of enterprises, the decision referred to in paragraph 1 of this Article shall also include provisions on other matters of importance for organising the entity undergoing privatisation into a company.

4. Privatisation Costs

Article 56

The costs incurred by the Agency in the privatisation procedure shall be borne by the entity undergoing privatisation.

The minister dealing with privatisation shall determine the costs referred to in paragraph 1 of this Article.

5. Equal Applicability

Article 57

The provisions of this Law relating to shares shall also equally apply to interests.

The Agency shall keep a record of interests and issue certificates to the entities undergoing privatisation that are set up as limited liability companies.

6. Central Registry

Article 58

The Central Registry shall issue to the entities undergoing privatisation the documents on the basis of which the book of shareholders is kept.

The entity being privatised shall enter any new shareholder in the book of shareholders on the basis of the document issued by the Central Registry.

The rights stemming from shares shall be proven by the document issued by the Central Registry.

7. Trading of Shares

Article 59

The shares issued in the privatisation procedure may be traded on the secondary market freely, through the stock exchange.
IV  PURPOSE OF THE PROCEEDS OF PRIVATISATION

Article 60

The proceeds of privatisation referred to in Article 41b, paragraph 2, of this Law shall be used for the following purposes:

1. Financing the Republic Old Age Pension and Disability Insurance Fund;
2. Development fostering;
3. Payment of compensation to persons whose property was nationalised;
4. Payment of debts for which the Republic of Serbia is the payer or guarantor;
5. Financing the special economic development and environmental protection programmes introduced by administrative agencies of local self-government.
6. Other purposes.

Article 61

The funds referred to in Article 41b, paragraph 2, of this Law, shall be allocated as follows:

1) 10% to the Republic Old Age Pension and Disability Insurance Fund;
2) 50% towards financing the restructuring and development of industries in the territory of the Republic of Serbia.

If the registered office of an entity to be privatised is in the territory of the Autonomous Province of Vojvodina, 50% shall be allocated towards financing the restructuring and development of industries in the territory of the Autonomous Province of Vojvodina.

3) 5% towards paying compensation to persons whose property has been nationalised;
4) 5% towards financing the development of the local self-government infrastructure at the place where the entity undergoing privatisation has its registered office.

The Government of the Republic of Serbia shall set the amount of funds to be allocated towards payment of debts owed by or guaranteed for by the Republic of Serbia and determine other purposes referred to in Article 60, item 6, of this Law, as well as the amount of funds to be allocated for such purposes.

V  SUPERVISION OVER APPLICATION OF THE LAW

Article 62

The ministry dealing with privatisation shall supervise the application of this Law and the regulations enacted on the basis of it.

The competent committee of the National Assembly of the Republic of Serbia shall oversee the work of the Government of Republic of Serbia and the ministry dealing with privatisation in the conduct of the privatisation procedure.

The ministry dealing with privatisation shall present to the competent committee of the National Assembly of the Republic of Serbia regular monthly reports on the status of privatisation, concluded capital and/or asset sale contracts with attached copies thereof, instigated privatisation procedures and activity of the entities conducting the privatisation referred to in Article 4 of this Law, as well as present all necessary data and information as requested by the competent committee.

Article 63

The supervision referred to in article 62, paragraph 1 of this law shall also include super-
vision over the sale of shares issued in the privatisation procedure on the stock exchange for as long as they are quoted there.

VI PENAL CLAUSES

1. Criminal Acts

Article 63a

The responsible person in an enterprise undergoing privatisation for presentation of the untrue or incomplete data included in the privatisation programme shall be punished by three months to five years in prison and a fine of up to 800,000 dinars.*

2. Economic Offence*

Article 64

Any entity undergoing privatisation shall be fined 200,000 to 3,000,000 * dinars for economic offence if it:
1) Instigates the privatisation procedure without a privatisation motion made by the competent agency (Article 16, paragraph 1);
2) Fails to submit to the Agency the privatisation notion and prospectus within the set term (Article 16, paragraph 4);
3) Fails to submit the prospectus to the Agency within the set term (Article 16, paragraph 6);
4) Fails to submit the privatisation programme and/or restructuring programme to the Agency within the set term (Article 22, paragraph 3, and Article 23, paragraph 4);
5) Fails to make the correction and/or amendment to the privatisation programme within the term set by the Agency (Article 22, paragraph 5);
6) Fails to make the correction and/or amendment to the restructuring programme within the term set by the Agency (Article 23, paragraph 6);
7) Acts contrary to the provision of Article 25a, paragraph 2, following the start up of privatisation;
8) Transfers the gratis shares to employees contrary to the provisions of Articles 42 and 43 of this Law;
9) Acts contrary to Article 44 of this Law;
10) Acts contrary to the provisions of Articles 45 and 46 of this Law;
11) Transfers gratis shares to employees contrary to Article 49 of this Law;
12) Fails to have the shares entered in the Privatisation Register in the set amount and within the set term (Article 52, paragraphs 1 and 2.);
13) Fails to bring the data relating to the status of shares in line with the data from the Temporary Registry within the term set in Article 23 of this Law.

The responsible person in the entity undergoing privatisation shall also be fined 20,000 to 200,000 * dinars for any economic offence referred to in paragraph 1 of this Article.

3. Infraction

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Article 65
Any individual who acquires the gratis shares referred to in Articles 42 and 54 of this Law on the basis of false data shall be fined 5,000 to 50,000 dinars* for infraction.
In addition to a fine for the infraction referred to paragraph 1 of this Article, any proprietary benefit from the committed infraction shall also be confiscated.

VII TRANSITIONAL AND CONCLUDING PROVISIONS

1. Enterprises Privatised under Earlier Regulations

Article 66
Any enterprise that has privatised a part of the socially owned or state capital prior to the effective date of this Law in conformity with the provisions of the Socially Owned Capital Law (Službeni list SFRJ, Nos. 84/89 and 46/90) and the Law Setting the Conditions and Procedure for Transforming Social Ownership into Other Ownership Forms (Službeni glasnik RS, Nos. 48/91, 75/91, 48/94 and 51/94) shall privatise the remaining socially owned and/or state capital in conformity with the provisions of this Law.

2. Transfer of Shares to the Shares Fund and Shares Trading

Article 67
The shares for which no public call has been made for subscription and sale prior to the effective date of this Law in companies which have privatised a part of socially owned and/or state capital in accordance with the Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001) shall be transferred to the Share Fund.

Article 68
The shares of the shareholders who have desisted from paying for the subscribed shares, which are payable for pursuant to the Socially-owned Capital Law (Službeni list SFRJ, Nos. 84/89 and 46/90), the Law Setting the Conditions and Procedure for Transforming Social Ownership into Other Ownership Forms (Službeni glasnik RS, Nos. 48/91, 75/911, 48/94 and 51/94), and the Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001), shall be transferred to the Share Fund.

Article 69
The Share Fund shall sell the shares transferred to it, with the exception of the shares that the ministry in charge of privatisation decides to have entered in the Privatisation Register.
The shares referred to in paragraph 1 of this Article shall be sold by public auction or through stockbrokers on the stock exchange.
Notwithstanding the provision of paragraph 2 of this Article, shares may also be sold by public tender or public offering in accordance with law.

Article 70
The Share Fund shall sell the shares, which have been transferred to the Republic Fund for Old Age Pension and Disability Insurance of the Employed prior to the effective date of this Law.
The proceeds of the sale of shares of the Republic Fund for Old Age Pension and Disability Insurance of the Employed shall be transferred to that Fund wholly.

Article 71

The Share Fund shall sell the shares referred to in Articles 67 through Article 70 of this Law not later than six years from the effective date of this law.

Article 72

The Share Fund may simultaneously sell all transferred shares of a company at its disposal, as well as the shares it is selling on behalf of other shareholders.

If the Share Fund is simultaneously selling all transferred shares of a company, it may send a call to other shareholders, if they are interested in selling their shares as part of a joint offer.

Article 73

The shares acquired pursuant to the Socially-owned Capital Law (Službeni list SFRJ, Nos. 84/89 and 46/90), the Law Setting the Conditions and Procedure for Transforming Social Ownership into Other Ownership Forms (Službeni glasnik RS, Nos. 48/91, 75/911, 48/94 and 51/94) and the Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001) may be traded on the stock exchange freely.

The shares referred to in paragraph 1 of this Article may not be traded as of the effective date of this law, if the enterprise data about the status of shares are not in line with the data in Central Registry or Temporary Registry.

Enterprises shall bring in line the data referred to in paragraph 2 of this Article within four months from the effective date of this law.

If enterprises fail to bring in line the data within the term set in paragraph 3 of this Article, the Privatisation Agency shall bring in line the data at the expense of enterprises.

The shareholders who had acquired shares pursuant to the law referred to in paragraph 1 of this Article shall not have the right of pre-emption.

3. Acquired Right to Gratis Shares

Article 74

The right to acquire gratis shares under this Law may not be exercised by persons who had exercised that right Under the Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001).

4. Applicability of Assessment

Article 75

Any entity undergoing privatisation, which has received the capital assessment certificate pursuant to the Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001), need not have its capital subjected to assessment.

The provision of paragraph 1 of this Article shall also apply to the capital assessments, which were presented, prior to the effective date of this Law, to the Capital Assessment Office for the purpose of being checked and verified, and found by the ministry dealing with privatisation to have been done in keeping with the law referred to in paragraph 1 of this Article.

5. Temporary Registry of Shares
Article 76

The Temporary Registry of Shares shall be formed in the Agency's framework, pending the formation of the Central Registry.

The Temporary Registry shall keep a record of data about shareholders, kinds of shares and number of shares, as well as changes to these data.

The Temporary Registry shall issue documents for entering the data referred to in paragraph 2 of this Article into the Book of Shareholders of the privatised entities.

The Minister dealing with privatisation shall set in greater detail the contents and modality of running the Temporary Registry.

6. Dissolution of the Capital Assessment Agency

Article 77

The Capital Assessment Agency shall be dissolved as of the effective date of this law.

The ministry dealing with privatisation shall carry on checking and verifying the started up and non-completed ownership transformation and capital valuation procedures, as well as checking the valuations of the capital of parties to status-related changes.

7. Revocation of Regulations

Article 78

The Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/2001) and the regulations enacted on the basis of it shall be revoked on the effective date of this Law.

8. Entry into Force

Article 79

This Law shall enter into force on the eighth day upon its publication in the Službeni glasnik Republike Srbije.

ARTICLES NOT INCLUDED IN THE FINAL TEXT

(Službeni glasnik RS, No. 18./03 of 28 February 2003)

Article 22
Any enterprise that has privatised more than 50% of socially owned capital prior to the effective date of this Law, in conformity with the provisions of the Socially Owned Capital Law (Službeni list SFRJ, Nos. 84-89 and 46/90) and the Law Dealing with the Requirements and Procedures for Converting Social Ownership into Other Forms of Ownership (Službeni glasnik RS, Nos. 48/91, 75/91, 48/94 and 51/94), shall transfer 70% of the non-privatised socially owned capital to the Share Fund.

In a case as that referred to in paragraph 1 of this Article, 30% of the non-privatised socially owned capital shall be transferred to employees without charge, pursuant to Articles 42 through 44 of this Law, following the sale of capital from the Share Fund.

The provisions of paragraph 1 of this Article shall not be applicable to the entities undergoing privatisation whose remaining socially owned capital is to be privatised by the method which has been decided on by the Agency prior to the effective date of this Law.

Article 23

Any enterprise shall bring the data relating to the status of shares acquired on the basis of the Socially Owned Capital Law (Službeni list SFRJ, Nos. 84/9 and 46/90), Law on the Conditions and Procedure for Converting Social Ownership into Other Forms of Ownership (Službeni glasnik RS, Nos. 48/91, 75/91, 48/94 and 51/94) and Ownership Transformation Law (Službeni glasnik RS, Nos. 32/97 and 10/01), in line with data from the Temporary Registry within 4 months from the effective date of this Law.

Article 24

The sale of capital and/or property procedure that has not been completed by the effective date of this Law shall be carried on under the regulations that were in force on the date of the invitation to submit tenders or to bid at auction.

Article 25

In the case of the entities undergoing privatisation that decide in the period from 7 January 2000 to the effective date of this Law, to sell capital and/or property by public auction, their employees shall be entitled to shares without charge amounting to 30% of the capital being privatised.

Article 26

This Law shall come into force on the eighth day upon its publication in the Službeni glasnik Republike Srbije.

* **

ARTICLES NOT INCLUDED IN THE FINAL TEXT

(Službeni glasnik RS, No. 45/2005 of 31 May 2005)

Article 28
If the means of payment are bonds based on unpaid household foreign exchange savings, issued to individuals who are citizens of the Republic of Serbia and which were not due on the date of sale of capital or assets, the proceeds of the sale of bonds before their maturity shall be allocated in conformity with Article 61 of this Law.

Article 29

The enterprises, financial organisations or establishments in which the Federal Republic of Yugoslavia or its bodies have founder’s rights, which are carrying on to operate and the founder’s rights for which have been regulated by an agreement of the member states, shall be privatised in conformity with the privatisation regulations of the member state in which the registered office of the enterprise, financial organisation or establishment concerned is situated.

Article 30

The provisions of this Law dealing with the withdrawal of debts shall also apply to other creditors who withdraw debts from the enterprise undergoing privatisation in the restructuring of that enterprise, for the purpose of settling claims from the proceeds of from the sale of that enterprise’s capital or assets.

Article 31

Forced execution or any measure of the forced execution procedure may not be ordered or carried out in relation to an enterprise undergoing privatisation or its assets, for which the restructuring decision was rendered prior to the effective date of this Law.

If the restructuring decision for an enterprise undergoing privatisation has not been rendered prior to the effective date of this Law, forced execution may not be ordered or carried out in relation to that enterprise or its assets within two years from the date of the restructuring decision.

Any forced execution procedure that is under way shall be discontinued.

Article 32

The provisions of this Law shall apply to any entity undergoing privatisation and being restructured in the process, which had not adopted by the effective date of this Law the decision accepting the restructuring programme, as well as to the companies in which the share of shares in the total number of the company shares transferred to the Share Fund and the Republic Old Age Pension and Disability Insurance Fund is equal to or greater than 33.4%.

Article 33

The sale of the capital or assets of an enterprise which is being privatised by the public tender method and which has debts to a government creditor, shall be carried out in conformity with the provisions of this Law, if no tender has been submitted prior to its effective date.

Article 34

The sale of the capital or assets of an enterprise which is being privatised by the public auction method, which has debts to a government creditor and for which the Agency has
not rendered the decision accepting the programme of privatisation prior to the effective date of this Law, shall be carried out in conformity with the provisions of this Law.

Article 35

The proceeds from the sale of bonds based on unpaid household foreign exchange savings issued to individuals who are the citizens of the Republic of Serbia and which were not due on the date of sale of capital or assets and not allocated prior to the effective date of this Law, shall also be allocated in the way provided by Article 28 of this Law.

Article 36

The Public Enterprise, Tax Administration, Republic Old Age Pension and Disability Insurance Fund, Republic Buffer Stock Office, Republic of Serbia Development Fund and other republic authorities and organisations (hereinafter: the government creditors) shall discharge debts from the companies, whose shares have been partly transferred to the Share Fund pursuant to the Ownership Transformation Law (Službeni glasnik RS, No. 32/97) and cover their claims from the proceeds from the sale of company shares owned by the Share Fund.

The Deposit Insurance and Bank Financial Rehabilitation, Bankruptcy and Liquidation Agency shall also be regarded as a government creditor, when it is acting as the receiver or liquidator of bankrupt banks or those being liquidated and when it is managing in the name and for account of the Republic of Serbia the Republic of Serbia claims based on the taken on foreign commitments.

The provisions of paragraph 1 of this Article shall apply if the share of the shares transferred to the Share Fund and the Republic Old Age Pension and Disability Insurance Fund in the total number of the company shares is equal to or greater than 33.4%.

Article 37

This Law shall come into force on the eight day upon its publication in the Službeni glasnik Republike Srbije.