

2019 –  
2021

Republic of Serbia  
Securities  
Commission  
COMMUNICATION  
ON ENGAGEMENT  
(COE)

2019–2021

Communication on Engagement January 2019 – January 2021



# COMMUNICATION ON ENGAGEMENT (COE)

## Republic of Serbia Securities Commission

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## II Statement of Continued Support

29 January 2021

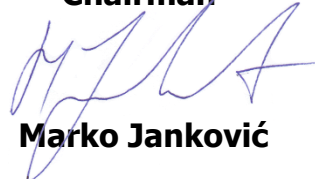
To our stakeholders:

I am pleased to confirm that the Republic of Serbia Securities Commission reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

**Chairman**

A handwritten signature in blue ink, appearing to read 'M. Janković', is positioned above the printed name.

**Marko Janković**

### **III About the Republic of Serbia Securities Commission**

The Securities Commission is an independent and autonomous organization of the Republic of Serbia, established in January 1990. It is managed by five Commissioners, including the President of the Commission – Chairman, elected and dismissed by the National Assembly of the Republic of Serbia. Its role is to safeguard orderly functioning of the capital market, enhancing investor protection and ensuring integrity, efficiency and transparency of the market.

The Securities Commission of the Republic of Serbia is an ordinary member of the International Organization of Securities Commissions (IOSCO). It means that it cooperates in development and application of the internationally recognized standards of regulation, supervision and investor



protection and the exchange of information, both globally and regionally. On 22 October 2009, the Securities Commission became a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU) – a common understanding amongst its signatories about how they will consult, cooperate, and exchange information. It's an instrument for promoting cross-border regulatory and enforcement cooperation, reducing global systemic risk, investor protection and ensuring fair and efficient securities markets.

United Nations Global Compact Membership: The Republic of Serbia Securities Commission was admitted to the United Nations Global Compact on 3 February 2017.

#### **Information dissemination and publications**

The Securities Commission provides information services to the stakeholders on the capital market. The information is disseminated via different channels and publications. The Commission's website provides regular information on the capital market developments, information on changes in the capital market legislation, changes and amendments to the SEC rulebooks, new obligations of the supervised entities, new market participants, sanctions imposed etc. The important information, developments and reports are also sent to the five groups of supervised entities in the field of the anti-

money laundering (broker-dealers, authorized banks, custody banks/depositaries, investment fund management companies and audit firms) by circular email notifications. The Commission regularly updates and publishes the Information on Operations of the Securities Commission on its website – at the end of each month for all the changes in the month. There is also an account [office@sec.gov.rs](mailto:office@sec.gov.rs) in addition to the website form, where clients are able to send their enquiries. A small investor education section of the website provides some information to investors and prospective investors on various topics (warnings, how to avoid fraud, how to notify the Commission of the frauds on the market – Tips and Complaints etc.). The Commission is planning to further expand its investor education activities.

Moreover, the Commission publishes on its website – its annual and half-yearly reports on operations and developments and trends on the capital market.

### Employee structure

The Securities Commission has 44 employees out of which 27 are women, comprising 61% of the total number of employees, in contrast to the 39% of male employees.

### Management gender structure

The gender structure in the management is as follows: out of five heads of organizational units, three are women. The management's gender structure (Commissioners and Secretary General) includes two women and four men in top management positions (officials).

All employees are required to adhere to the **Professional Code of Conduct** detailing the principles which the employees should adhere to in their professional duties, preserving and growing the repute of and confidence in the Securities Commission and the capital market, and protecting public interests. The employees and officials are required to meet high professional and moral standards in their actions while discharging their official duties.

## **Prohibition of discrimination**

In performance of their duties, employees shall not discriminate unlawfully against any person, and they shall cooperate with respect with other employees, clients and third parties, regardless of their race, gender, nationality, color, social origin, birth, religion, political beliefs or other affiliation, marital status, sexual orientation, wealth, culture, language, age, health, disability, membership in a union or other personal trait.

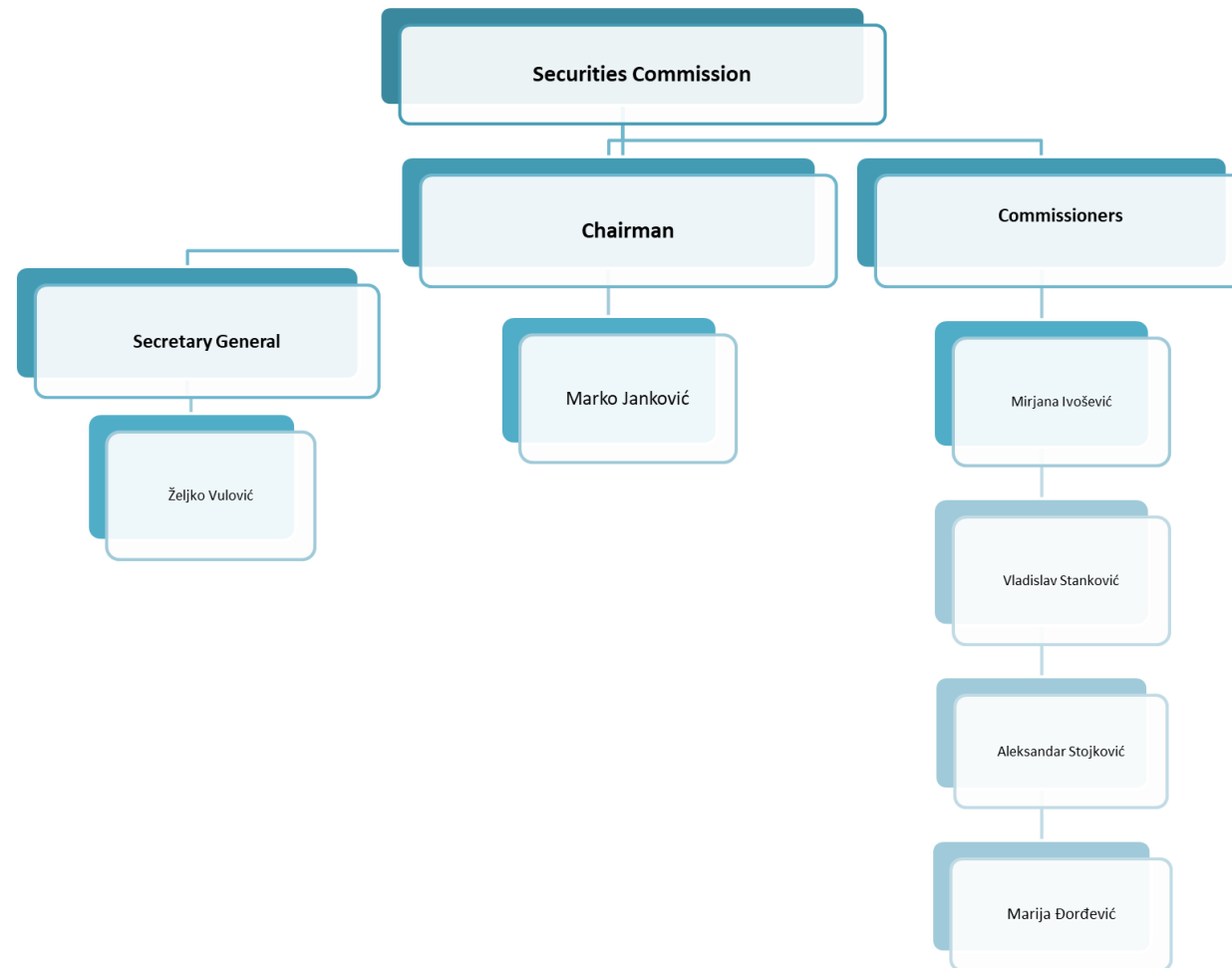
In communication with clients, employees must take care about respecting personal dignity of clients, repute of the Commission and their personal reputation. Employees must act equally towards all clients without discrimination based on age, nationality, ethnicity or social affiliation, language and race, political or religious beliefs, disability, education, social standing, gender, marital status, sexual orientation, or any other grounds.

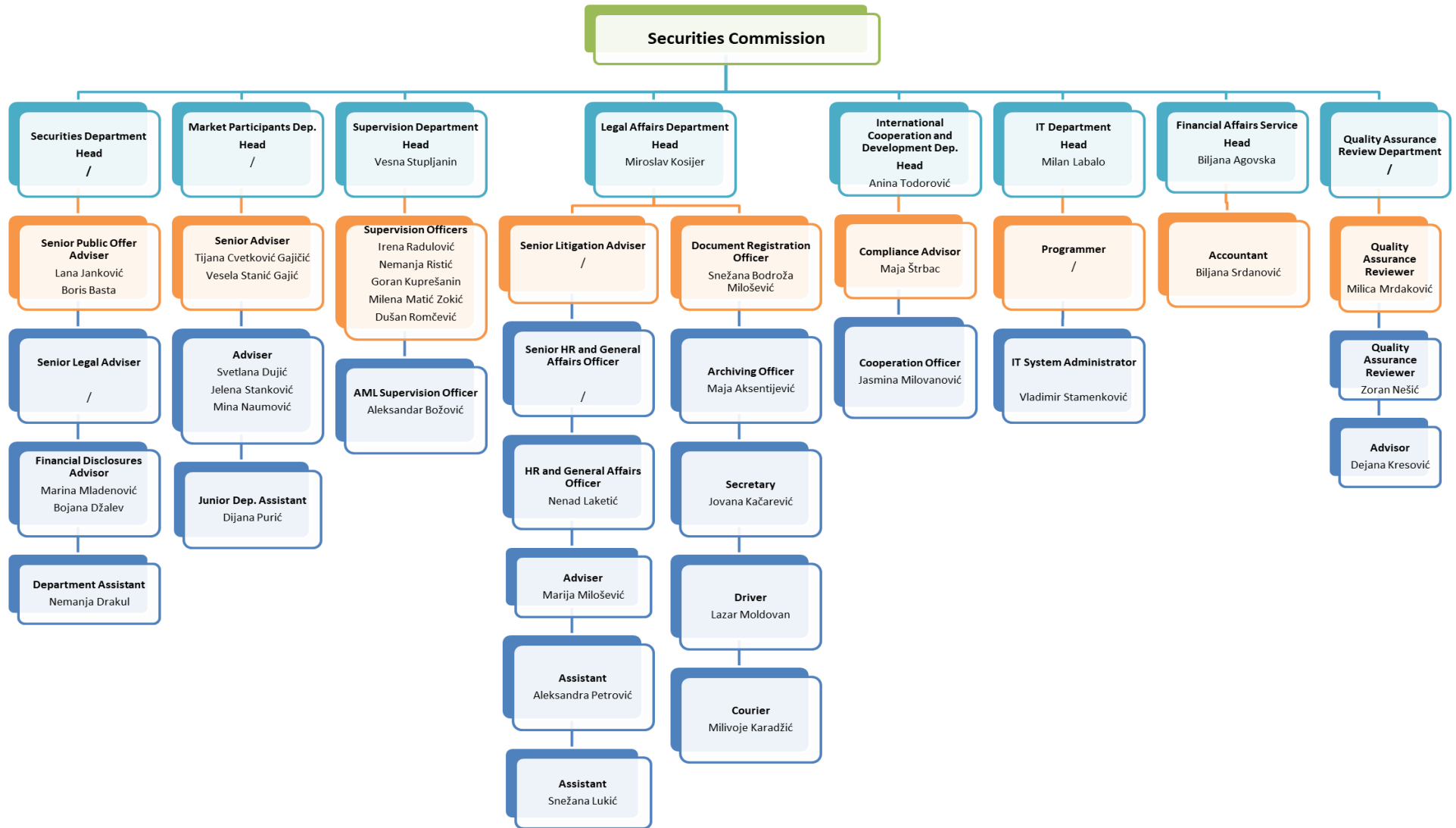
Employees are required to treat each other with mutual respect and refrain from any behavior which might be deemed as offensive. Sexual harassment is forbidden, especially between employees in subordinate/superior positions, entailing assessment of work and decisions on advancement, status, benefits or rewards.

Persons with disabilities (employees or clients/parties) have a special care treatment. When dealing with clients, employees demonstrate interest and patience especially with uneducated clients, guided by the principles of equality without prejudice to characteristics and personal traits of clients and pay special attention in dealing with persons with disabilities.

## ORGANIZATIONAL CHART

Republic of Serbia Securities Commission







## **Capacity building, professional development and training**

The Securities Commission management strongly encourages its employees to take part in the training programs and capacity building opportunities as much as it is possible. In the course of the reporting period employees were sent to different training courses organized by the Joint Vienna Institute (JVI) in Vienna, Austria, IOSCO online educational programs and the National Academy for Public Administration which is the central institution of the professional development system in public administration of the Republic of Serbia, officially recognized provider of informal adult educational activities, providing continuous professional development for civil servants and public services.

## **Labor – measures taken in response to the outbreak of COVID-19 to preserve safety and health of workers**

As the coronavirus (COVID-19) pandemic continues to severely affect public health and cause unprecedented disruptions to economies worldwide, the Securities Commission has undertaken measures to contain the spread of the virus.

In the course of 2020 and continuing in 2021, as a response to the Covid-19 disease and preventing transmission of the virus among its employees, the Republic of Serbia Securities Commission organized the work of its employees in such a way allowing the employed to work 50 percent of their hours at home.

The IT Department made all the necessary “working from home” arrangements, facilitating remote work for the first time. The arrangements were deployed quickly and effectively ensuring smooth running of the office and meetings.

This measure has proven to be highly effective as it preserved the health of the employees and at the same time it provided support to the families of employees, allowing them to spend more time at home and allocating the hours as required, achieving better work-life balance as they avoid long and stressful commutes between home and the workplace. The Securities Commission’s management has demonstrated responsiveness to the situation, adaptability and flexibility, balancing the needs of the employer and its workers.

## Environment, humanitarian and voluntary activities

### Donations

As reported in the previous Communication on Engagement, the Securities Commission was proud to donate a PEUGEOT 406 vehicle to the students of the Technical and Transportation High School Zemun. The motor car was donated in accordance with the Contract on the transfer of vehicle usage rights in April 2017. The students of the Zemun Technical School thus will be able to work on the maintenance of the motor car and use it in their workshop for their practical maintenance and driving lessons. However, unfortunately the Securities Commission was unable to make any donations in this reporting period.

### Bottle cap for handicap

Employees of the Securities Commission have been successfully participating in the initiative "Bottle cap for handicap" for the last couple of years. The initiative is launched by the Association of Citizens from Zrenjanin, Serbia "Bottle cap for handicap" a grassroots citizen initiative to help the disabled and the poor in obtaining the much-needed orthopedic aid and assistive devices. The caps from the water bottles the employees use on a daily basis are collected for recycling and sent to the Primary School Radoje Domanovic, Novi Beograd as a point of collection of the bottle caps which in turn forwards them to the initiative "Bottle cap for handicap". From the sale of the collected bottle caps this organization has managed to help many disable persons and to recycle 415t of bottle caps!



### Paper waste management

The Administration for Joint Services of the Republic Bodies of the Republic of Serbia organizes waste paper and recycling services for the occupants of the office building in which the premises of the Securities Commission are located. The Securities Commission has participated in their paper sorting and collection program.

## IV Description of Actions

### A. The Securities Commission Financial Education Activities

#### ✓ **The Securities Commission Linked-in account opened and running**

In this reporting period, at the end of 2019, the Republic of Serbia Securities Commission has opened a Linked-in page which can be viewed at the following link <https://www.linkedin.com/company/>, gaining 1300 followers in a short period of time. In the course of the year 2020, the Commission had numerous informative posts, warnings and alerts, notices of the upcoming reporting deadlines etc., notifying the general public, the experts and other interested parties on all important developments in the area of the capital market and concerning the Securities Commission activities.

Moreover, the Securities Commission opened and maintains its Youtube channel for educational and information-dissemination purposes. The Securities Commission's YouTube channel contains a series of video instructions on how to use the Electronic Submissions Gateway. The Securities Commission's Electronic Submissions Gateway was developed and launched for easy and quick electronic filing of regulated information by persons required by the law to file regulated information and reports with the Commission.

#### ✓ **Caution urged for investing in cryptoassets**

On 7 February 2019, the Securities Commission issued a warning in order to alert the public and draw the attention of prospective investors to the risks associated with investing in cryptoassets, such as cryptocurrencies and digital tokens. The Commission warned that some of the main risks associated with this type of investments were fraud and other illicit activities, extreme price volatility and lack of exit options, lack of relevant information (on the instrument issuer, characteristics of the instrument) which is required to make informed investment decisions and the protection of personal data. For these reasons, the Commission advised (prospective) investors to be wary when investing in cryptoassets. If an investor considers investing in cryptoassets, it was recommended that exposure to risks associated with cryptoassets to be carefully examined. Furthermore, the Commission recommended that if a person finds themselves to be a victim to a fraud or any other illicit activity in relation to the Commission powers, to please notify the Commission using the email [office@sec.gov.rs](mailto:office@sec.gov.rs) so that relevant steps could be undertaken.

#### ✓ **Call for consultation on regulation of cryptoassets**

On 5 March 2019, the Securities Commission launched the public consultation process regarding the issue, trading and additional regulation of cryptocurrencies and digital tokens in Serbia. The consultation was launched in cooperation with the Office of the Prime Minister Ana Brnabić by making public the Consultation Paper and was be open to the public for more than two months, until 15 May 2019. The call was addressed to all interested parties, primarily to the expert public and the persons already dealing with cryptoassets, with an objective to express their views and suggestions and provide comments to the presented analysis and preliminary Commission standpoints.

✓ **A round table on cryptoassets**

On 30 May 2019, after the successful completion of the public consultation process regarding the issue, trading and additional regulation of cryptocurrencies and digital tokens, the Securities Commission organized and held a round table further exploring the cryptoasset regulation issues. The round table was attended by representatives from the Prime Minister's Office, Ministry of Finance, Belgrade Stock Exchange, Foreign Investors Council, USAID and the representatives from the industry and law firms, and engineers who took part in the Commission's public consultation process.

Safety and trust mattered the most and the Commission's goal was to protect investors not only from fraud, but from incompetent actors and non-professional practices as well.

The Foreign Investors Council lauded the Commission's initiative and efforts to organize an open discussion, and especially its demonstrated agility in recognizing and reacting to the newest global trends.



✓ **A round table on capital market issues**

On Tuesday, 29 October 2019, a round table was held on capital market topical issues on the University of Singidunum premises. Marko Janković, Chairman of the Securities Commission delivered an introductory speech. Mr Janković talked about the laws recently adopted, governing undertakings for collective investment in transferable securities and other forms of investment funds. Specifically, the Law on Alternative Investment Funds and the Law on Open-End Investment Funds with a Public Offering were discussed,

including other topical issues of importance to the capital market development. It was concluded that it was a good thing that the capital market was recognized as of strategic importance for the development of economy in Serbia, and that the adoption of the mentioned laws was an important step towards the development of the market itself and the economy alike.

#### ✓ **Round table about the development of the capital market in Serbia**

On 19 February 2020, a round table about the development of the capital market in Serbia was held in Belgrade. The event gathered together representatives of the Ministry of Finance, National Bank of Serbia, Belgrade Stock Exchange, Central Securities Depository and Clearing House, Securities Commission and their international partners from the World Bank, European Bank for Reconstruction and Development (EBRD), United States Agency for International Development (USAID) and the United Nations Development Program (UNDP).

Chairman of the Serbian Securities Commission Mr Marko Jankovic underlined that at this moment there were parallel, concurrent processes taking place – harmonization of the capital market legal framework with the EU acquis and institutional capacity building of the Commission. In this regard, Mr Jankovic said that he believed that the adoption of the Capital



Market Development Strategy would spur the processes, bringing about positive, beneficial effects on the capital market.

#### ✓ **Detecting fraud**

On 28 February 2020, the Securities Commission and the Serbian Chamber of Commerce, Association of Certified Fraud Examiners Serbia (ACFE Serbia Chapter\*) held a seminar on detecting fraud in the capital market. The Securities Commission

Supervision Officers presented various forms capital market frauds can take before representatives of the government and private sector, professionals in the field of fraud and corruption prevention, detection and investigation, prosecutors, external and internal auditors, compliance officers, executive and operations managers, public and private investigators, forensic accountants and fraud prevention specialists in all fields.



✓ **A visit by Singidunum University students**



Students of the first and fourth year of the Belgrade Singidunum University, Faculty of Business, visited the Belgrade Stock Exchange and the Securities Commission, on Tuesday, 5 March 2019. Together with the university students, a number of high-school

students, the winners of the competition "Challenges in organizational behavior" also paid a visit to the capital market institutions. The students learned more about the formation and development of the Belgrade Stock Exchange, the work of the Securities Commission and participants on the capital market. Ms Tijana Cvetković Gajičić, senior adviser in the Securities Commission, held a lecture and a presentation for the visiting students.



### ✓ **Western Balkans Digital Summit held**

On April 4-5, 2019, Serbia hosted the second Western Balkans Digital Summit in Belgrade, at the Palace of Serbia. The summit explored the topics of development of digital technologies, innovation and gave examples of best practice.



The Summit brought together representatives of governments, businesses, regional organizations, civil society organizations, academic community and the youth, with the aim of setting up a digital platform for the exchange of ideas and proposals.

Ms Bojana Tomić Brkušaniin, the then head of the International

Cooperation and Development Department of the Securities Commission took part in the blockchain panel. She emphasized the importance of cooperation of the institutions with the industry and invited all the companies to provide their feedback to the public consultation the Commission had launched with the purpose to improve the regulatory framework in this area. Series of open discussions were held at the summit, focusing on the four themes the summit was based on: Digital Skills, Trust and Security, Networks and Connectivity, Digital Economy and Society.

### ✓ **Economic knowledge for prosecutors**

In the course of 2019, the Securities Commission employees held a series of two-day trainings entitled „Enhancement of economic knowledge of importance for criminal proceedings“ organized by the Judicial Academy and the British Council led Consortium. The trainings were part of the European Union's Support to the Judicial Academy.

The trainings were held in Novi Sad, Niš, Kragujevac and Belgrade, and they were intended for prosecutors from the appellate jurisdictions.

The topics of the trainings were: Elements and proving of the essence of budgetary criminal offences, Elements of the essence of criminal offences related to the capital market, Elements of the essence of customs criminal offences, Budgetary criminal offences – simulation of the case from practice, Criminal offences related to the capital market, as well as customs criminal offences.



The trainings were provided in order to enhance the knowledge of judicial office holders related to criminal offences, the area of public finance, budget system, capital market, investment funds and acquisitions of joint stock companies. This education is focused on building capacities of prosecutors, deputies and associates and enhancing their knowledge about the relevance and types of evidence that may be used in criminal proceedings. The project is supporting the enhancement of educational activities, functioning of new structures within new competences of the Judicial Academy, and establishment of the consistent judicial system of the Republic of Serbia.



## ✓ Faculty of Organizational Sciences students visited RSSEC

On 16 October 2019, more than fifty students from the Belgrade University, Faculty of Organizational Sciences (BU FOS) attending the fourth year of studies visited the Belgrade Stock Exchange and the Securities Commission, with their professors from the Financial Management and Accounting Department of FOS, professor dr Vesna Bogojević Arsić and assistant professor dr Milica Latinović.



Ms Anina Todorović, then Compliance Adviser in the Securities Commission, International Cooperation Department and Dušan Romčević, Supervision Officer of the On-Site Supervision Department together held a presentation and a lecture for the students.



The legal framework, capital market, market participants and activities of the Commission and its organizational structure and the role of the Commission in the European integration process were explained.

Also, the presenters talked about attractive prospective positions for young people in the areas of prevention of money-laundering, audits and crypto-assets.

## Student Internship Program

In the last several years, around 20 students were able to participate in the work of the Securities Commission and receive training and some professional experience by their participation in the work of the Commission. The first batch of students participated in

the summer internship program in 2015, under the European Law Students Association ELSA and Securities Commission Contract. Students usually spend around two weeks in the Securities Commission dedicating proportionate amount of time to each of the organizational units of the Commission and their activities.

Currently, due to the Coronavirus disease (COVID-19) outbreak, an infectious disease caused by a newly-discovered virus, we have no university students at student practice in the Securities Commission.

## **B. The Securities Commission Anti-Money Laundering Activities**

### **General Information on RS SEC Anti-Money Laundering Activities**

The Securities Commission as a supervisory authority enforcing the Law on the Prevention of Money Laundering and Terrorism Financing plays an important role in the implementation of the National Anti-Money Laundering and Terrorism Financing Strategy in the Republic of Serbia. This strategy entails cooperation among all competent state authorities as the system can only be effective in cooperation of all bodies and the exchange of information and expertise, shared access to data bases and inter-sectoral task forces. In conduct of these activities the international standards have been consistently applied (Recommendations and Methodology by FATF (Financial Action Task Force – FATF) and the European Union directives on prevention of money laundering etc.

In addition to the regular supervision conducted by the Securities Commission over application of the AML and TF Law by the reporting entities supervised by the Serbian Securities Commission (broker-dealer companies, authorized banks, custody banks, investment fund management companies), the Commission is active in combating money laundering and terrorism financing by cooperation and participants in working bodies, in formulation of the National ML/TF Risk Assessment. It regularly notifies its supervised entities on topicalities in the area and organizes presentations and workshops for them on the new developments in the AML/TF area.

Moreover, the Commission regularly reports on the activities it undertakes and the progress achieved regarding the application of recommendations Committee of Experts on the Evaluation of Anti-Money Laundering Measures and Financing of Terrorism - MONEYVAL of the Council of Europe, and files quarterly reports to the FATF's International Cooperation Review Group (ICRG).

### **Examples of the specific activities**

#### **✓ AML/TF workshop and presentation of new Guidelines**

The Securities Commission held workshops and presentations on the premises of the Securities Commission on the new developments in the money laundering and terrorism financing area and on the application of the Law on prevention of money laundering and terrorism financing for entities supervised by the Securities Commission. The reporting entities supervised by the Commission are regularly informed by the Commission on all important aspects and developments in this area.

✓ **A workshop on Guidelines for the risk assessment and application of the Law on Prevention of Money-Laundering and Terrorism Financing**

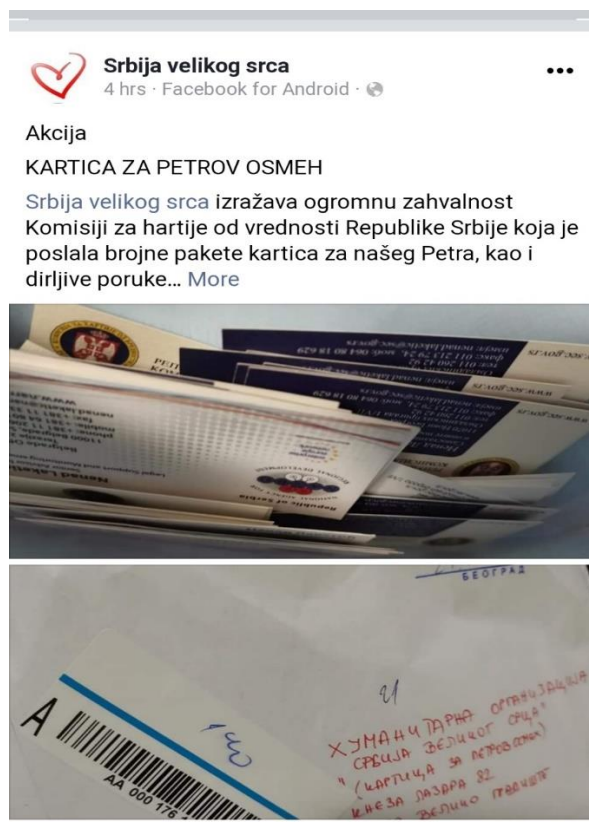
The OSCE Mission to Serbia supported the organization of workshops for the implementation of the National ML/FT risk assessment exercise in Serbia (Vrdnik, Serbia) for the entities supervised by the Securities Commission (broker-dealer companies, authorized banks and audit firms). The workshops



were organized in cooperation with the Republic of Serbia Securities Commission and held in the period from 16 to 18 June 2020.

## C. The Securities Commission Humanitarian Activities

[Serbia of Great Heart](#) (*Srbija velikog srca* [srbijavelikogsrca@gmail.com](mailto:srbijavelikogsrca@gmail.com)) from Veliko Gradiste, Serbia is a nonprofit humanitarian organization founded in 2018, providing regional support to persons with disabilities, malignant and rare diseases and to their families.



Facebook post by Srbija velikog srca

### A BUSINESS CARD FOR PETER'S SMILE – is a standing activity of the

organization, which lasts. Peter is a boy from Serbia – diagnosed as having autism, who cannot go through a day without business cards. They calm him and bring joy to him. This post from the Facebook page of the humanitarian organization Serbia of Great Heart praises the Republic of Serbia Securities Commission for being the greatest support to the boy. The Commission employees have collected and sent to the



Facebook post by Srbija velikog srca

organization numerous packages of business cards. If you would like to take part in this humanitarian initiative please collect and send business cards to the following address of the organization: *Humanitarna organizacija "Srbija velikog srca" ( Kartica za Petrov osmeh ) Kneza Lazara 82, 12 220 Veliko Gradište Srbija.*

[https://paypal.me/srbijavelikogsrca?locale.x=en\\_US](https://paypal.me/srbijavelikogsrca?locale.x=en_US)

*RSD (dinar) account for donations 205-262353-87*

At the end of 2019, the Republic of Serbia Securities Commission employees collected and donated a small sum of money for people without homes responding to the initiative by Blic, a daily newspaper in Serbia, building houses for people without homes, with special emphasis on the affected children.