



## PRESS RELEASE

### NEW RULES, IMPLEMENTATION AND EFFECTS OF THE CAPITAL MARKET LAW

BELGRADE – Today’s “Capital Market – Institutions, Investment, and Investor Protection” conference, presided by Prime Minister and Finance Minister Mirko Cvetkovic and the U.S. Embassy’s Chargé d’Affaires Lee Litzenberger, highlighted the new protections the Capital Market Law and its bylaws will provide for investors. The symposium, held at the Grand Hyatt Hotel in New Belgrade, was hosted by the Securities Commission and USAID’s Business Enabling Project.

“The U.S. Government, through USAID, has provided significant assistance to the Government of Serbia to develop the Capital Market Law and relevant bylaws,” said Litzenberger. “The result is that all market participants are now working within a clear regulatory framework.”

The new legal framework for the Serbian capital market involves Law on Capital Market, Law on Companies, and Law on Takeover. International standards and European Union’s directives had a major influence on the new regulations which will improve the market’s operation.

The conference was an opportunity “for discussion of important issues to define the direction and procedures necessary for the creation of a more efficient, deeper, and more liquid market,” said Securities Commission President Zoran Cirovic, adding that the laws would help attract Serbian and foreign investors.

“A capital market, together with sound financial institutions and a well-organized regulatory system, improves the mobilization of savings of an economy and their distribution into the most productive investments in the corporate sector,” added Litzenberger. “The financial crisis has highlighted the need for emerging economies to diversify their financial systems and not overly rely on bank financing.”

The Securities Commission’s guidelines for the issuance of securities are more detailed than in the past, dictating who may issue securities and under what conditions, and whether a prospectus is required. Increased regulation and more detailed prospectus contents will contribute to improved safety for investors.

The additional information that the new Law on Capital Markets requires affords further protection for investors who can now better judge whether issues meet their financial goals and provide the level of security they require. This extra protection will create a safer, more efficient market. In addition, the new law stipulates fines and imprisonment for market manipulators and people abusing insider information.



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The new laws provide new possibilities for investment, including secondary trading – a multi-lateral trading platform – the regulated market, and over-the-counter trading.

In addition, a new entity – The Investors Protection Fund, founded by the Agency for Deposit Insurance – will protect investors whose funds or financial instruments are exposed to risk due to the bankruptcy of investment companies, banks or managing companies. The Investors Protection Fund insures up to €20,000 per client.