

LAW ON PLEDGE OF MOVABLE ASSETS REGISTERED IN THE PLEDGE REGISTRY

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I. GENERAL PROVISIONS

Subject Matter of the Law

Art. 1

This Law governs pledge, without transfer of possession, of movable assets and rights for the purpose of securing the pledgee's receivables, the pledge agreement, the rights and liabilities of the contractual parties, pledge right registration, settlement of payment obligations to the pledgee and pledge cessation.

Pledge of movable assets and rights shall arise at the moment of their registration in the respective Pledge Registry established in accordance with this Law.

Unless otherwise specified by this Law, all legal relations shall be governed by provisions applicable to obligations, property relations and other regulations.

Pledge Agreement

Art. 2

The pledge agreement obliges the pledger to secure the pledgee's receivables by registering the pledgee's right to the pledger's assets in the Registry of Pledges (hereinafter: Pledge Registry).

The pledger can be a debtor or a third party.

The pledge agreement shall govern all rights and liabilities of the pledger and pledgee.

Content and Form of the Agreement

Art. 3

The pledge agreement shall contain, specifically: the date of stipulation, the first and last name or company name, address and place of residence, or office address of the pledger

and pledgee, as well as the debtor when these are different persons, the object of pledge with the required identification and data on receivables secured by the right of pledge.

The pledge agreement shall be stipulated in writing.

Acquisition of the Right of Pledge

Art. 4

Unless otherwise prescribed by the law, the pledgee shall acquire the right of pledge by registration in the Pledge Registry.

If the pledger has no ownership of the pledged asset, or if the pledge has no validity for other reasons, the registration in the Pledge Registry shall have no legal effect.

Pledge Registration

Art. 5

The registration of the right of pledge in the Pledge Registry may be requested either by the pledgee or the pledger.

If the registration is requested by the pledgee, a statement by the pledger is required, in which he explicitly agrees that the pledgee may register the pledge right in the Pledge Registry.

Legal Effect of the Right of Pledge

Art. 6

The pledgee whose right of pledge is registered in the Pledge Registry has priority to other creditors in satisfying the secured claim, if his claims have not been settled by due date.

The right referred to in paragraph 1 of this Article shall also be effective in relation to third persons who have procured the pledged asset from the pledger, as well as to persons who have acquired the pledged asset subsequently.

Secured Claim

Art. 7

A pledge right can secure financial claims expressed either in domestic or foreign currency amounts.

The right of pledge can secure a certain amount of the main claim, accrued interest rates and costs of claim settlement.

A pledge right can also secure future and conditional receivables.

In the case referred to in paragraph 3 of this Article, the maximum amount of the main claim up to which the pledge right shall secure conditional or future receivables shall be registered in the Pledge Registry.

Legal Effect in Case of Bankruptcy

Art. 8

In the event of bankruptcy proceedings instituted against the pledger's property, the settlement to be effected from the value of the pledged assets shall be subject to the rules of the Law governing the matter of bankruptcy.

II. THE OBJECT OF PLEDGE

Movable assets

Art. 9

The object of pledge may be an individually specified asset, that the pledger can freely dispose of.

Movable assets categorized by kind may also be pledged, if their quantity and manner in which they can be differentiated from other assets of the same kind is specified in the pledge agreement.

A body of movable assets can also be the object of pledge, such as goods in a specific warehouse or store, the inventory used for conducting commercial activities and other, in accordance with the pledge agreement.

Right of claim and other rights

Art. 10

The pledgee's claims towards the debtor can also be the object of pledge, even in the event when the pledgee is the pledger's debtor, with the exception of those claims whose transfer is prohibited by law and those that are unalienable from an individual or may not be transferred to others.

The right of pledge over claims is acquired by registration in the Pledge Registry.

Other property rights that can be freely disposed of by their owner can also be the object of pledge.

Unless prescribed otherwise, the provisions that govern pledged assets shall also apply to pledged claims and other rights.

Effect of a pledge of claims

Art. 11

Until receiving written notification of the establishment of the right of pledge, a debtor of the pledged claim may continue to fulfil his obligation towards the pledger.

The debtor can be notified about the pledged claim referred to in paragraph 1 of the present Article either by the pledger or the pledgee.

From the date of notification of the existence of the right of pledge, the debtor of the pledged claim may settle the claim of the pledgee and not the pledger as well, unless he has been instructed otherwise by the pledgee.

An excerpt from the Registry to the effect that the pledgee has the right of pledge over a claim is evidence for the debtor of the pledged claim that he is to pay the claim to the pledgee.

Common shared ownership

Art. 12

The pledge right may be established over a share of a movable asset or of a body of movable assets in common shared ownership.

The pledge right may also be established over an ideal share of ownership rights.

Future assets and rights

Art. 13

Assets or rights that the pledgee shall acquire in the future may also be the object of pledge.

The right of pledge referred to in paragraph 1 of this Article shall arise when the pledger acquires the right of ownership of the asset, or the right of claim or other ownership rights.

The pledgee is entitled to seek the registration of the pledge right to a future asset in the Pledge Registry.

Other applicable regulations

Art. 14

The provisions of this Law shall not apply to pledge of vessels and aircrafts, for which registries have been instituted in accordance with special regulations.

The provisions of this Law shall not apply to the pledge of securities, for which a Registry has been instituted in accordance with special regulations, in which the rights of third persons to securities are registered.

The provisions of this Law shall apply to the pledge of intellectual property rights, and the pledge upon these rights shall be registered in the Registry of the institution competent for intellectual property, specifically: trademark registry, patent registry, small patents registry, registry of models, registry of samples, registry of geographic designation of origin and registry of topographies.

III. CONTRACTUAL PARTIES

The Pledgee

Art. 15

For the purpose of this Law, the pledgee is a creditor who has acquired the right of pledge by registration in the Pledge Registry.

Designating a Third Party

Art. 16

One or more pledgees may designate a third party or one of them to undertake legal actions to protect and settle the pledged claim.

In the event referred to in paragraph 1 of this Article, the third party shall have the rights of a pledgee in relation to the pledger.

The name of the third party referred to in paragraph 1 of this Article shall be registered in the Pledge Registry instead of the pledgee's.

The Pledger

Art. 17

For the purpose of the law, the pledger is an obligor who has right of ownership over a movable asset or the capacity of holder of a right that he is free to dispose of.

The pledger may be a third party providing security for another's debt.

IV. LEGAL EFFECTS OF THE PLEDGE AGREEMENT

1. OBLIGATIONS OF THE PLEDGER

The obligation to keep and preserve the pledged asset

Art. 18

Upon stipulation of the pledge agreement, the pledger shall be obliged to keep the object of pledge right with the care of a good host and in accordance with good business practices.

The pledger shall be obliged to preserve the object of pledge right in a running condition and make the required repairs.

Insurance of the pledged asset

Art. 19

The pledge agreement may foresee the obligation of the pledger to insure the pledged asset.

2. RIGHTS OF THE PLEDGER

Possession and use

Art. 20

Even after the registration of the pledge right in the Pledge Registry, the pledger has the right of possession of the pledged asset.

Should the pledger fail to settle his obligations to the pledgee, he shall lose the right of possession.

The pledger is entitled to use the object of pledge in accordance with its intended purpose.

Right to fruits

Art. 21

If the pledged asset bears fruits, the pledger shall be entitled to reap these.

The pledge agreement may stipulate that the pledgee, instead of the pledger, shall be entitled to reap the fruits generated by the pledged asset.

Lease

Art. 22

The pledger shall have the right to lease the object of pledge and enter into other agreements whereby the object of pledge is transferred to third parties for use and reaping of fruits, unless otherwise stipulated by the agreement.

Disposal of the object of pledge

Art. 23

The pledger may dispose of the object of pledge and transfer the right of ownership to a third party.

The pledger shall be obliged to file an application for registration of the right of pledge in the Pledge Registry at the new owner's expense without delay.

The new owner shall also have the obligation referred to in paragraph 2 of this Article.

The pledger and the new owner of the object of pledge shall be jointly liable to the pledgee for any damages that may arise as a result of their failure to register the right of pledge at the new owner's expense in the Pledge Registry.

The purchaser shall acquire the right of ownership encumbered with the registered right of pledge.

If the pledger sells the object of pledge in the course of conducting his regular commercial activity, the buyer shall acquire the right of ownership without encumbrance.

Prohibition of disposal

Art. 24

The pledge agreement may withdraw the right of the pledger to dispose of the object of pledge.

Re-pledge

Art. 25

The pledger may re-pledge the object of pledge unless otherwise stipulated by the agreement.

Limitation of the right of use

Art. 26

The pledge agreement may limit the use of the object of pledge and stipulate the way in which the pledger may use it thereafter.

The pledge agreement may prohibit particular ways of using the object of pledge.

V. SPECIFIC CONTRACTUAL PROVISIONS ON SETTLEMENT

General rule

Art. 27

If the pledger has the capacity of a commercial entity (entity professionally engaged in a commercial activity), the pledge agreement may stipulate that the pledgee is entitled to sell the object of pledge at an extra-judicial public sale if his claim is not settled upon maturity.

If the object of pledge has a market or stock exchange price, the pledge agreement may stipulate that the pledgee is entitled to sell it at that price, or to retain it at that price.

An enterprise, company, owner of a small business and other natural person engaged in a commercial activity as an occupation shall have the capacity of a commercial entity.

The rules stipulated in paragraphs 1-3 of this Article shall be applicable to other legal entities in private or public law.

If the object of pledge does not have a market or exchange price, the pledgee may sell it as a reasonable and prudent person would, with due consideration to the interests of the debtor and pledger, when these are different persons.

Special rule for natural persons

Art. 28

If the pledger is a natural person entering into the pledge agreement outside the course of conducting commercial activity, the pledge agreement may not stipulate that the ownership of the object of pledge shall be transferred to the pledgee unless his claim is settled upon maturity.

In the event referred to in paragraph 1 of this Article, the pledge agreement may not also stipulate that the pledgee may sell the object of pledge at a predetermined price or retain it unless his claim is settled upon maturity.

The pledge agreement may stipulate that the possession of the object of pledge shall be transferred to the pledgee unless his claim is settled upon maturity.

Upon maturity of the claim, the pledgee and the pledger may agree that the ownership of the object of pledge shall be transferred to the pledgee in lieu of debt settlement or that the pledgee shall be entitled to sell it at a particular price or retain it at that price.

The pledgee shall be obliged to pay to the pledger any surplus value in excess of the amount of the claim without delay.

VI. RANKING OF RIGHTS OF PLEDGE

Priority right of settlement

Art. 29

The pledgee shall have priority to other pledger's creditors in satisfying the secured claim from the selling price obtained for the object of pledge, unless otherwise prescribed by this Law.

Ranking of pledgees

Art. 30

If the same object of pledge is pledged to several pledgees by registration in the Pledge Registry, the order in which their claims will be satisfied from the value of the object of

pledge shall be determined by the time (day, hour and minute) of receipt of the applications for registration of the pledge right in the Business Registers Agency (hereinafter: the Agency).

Ranking of different rights of pledge

Art. 31

The order of priority of the right of pledge registered in the Pledge Registry and the pledge right arising from transfer of possession of the pledged asset to the pledgee shall be determined on the grounds of the time of establishment of the respective right of pledge.

The right of pledge arising from transfer of possession shall have priority over a later right of pledge registered in the Pledge Registry if it is established by a pledge agreement concluded in writing and validated by court or other body competent to authenticate signatures.

Burden of proof

Art. 32

The pledgee who claims that the possession of the asset was transferred to him before registration in the Pledge Registry in favour of a different pledgee shall be obliged to prove that possession was transferred before registration in the Pledge Registry.

Statutory right of pledge arising from commercial agreements

Art. 33

Statutory right of pledge of a carrier, commission agent, forwarding agent and warehouse operator, arising from forwarding or transportation of pledged assets in accordance with the law governing obligations shall have priority over right of pledge registered in the Pledge Registry.

Statutory right of pledge of a worker for claims of remuneration, reimbursement for materials used and other claims in connection with his work, arising from a service contract in accordance with the law governing obligations, shall have priority over rights of pledge registered in the Pledge Registry.

Statutory right of pledge of the State

Art. 34

For claims of taxes and other duties, the order of priority shall be determined by the time of registration thereof in the Pledge Registry.

VII. DEBT SETTLEMENT

General rules

Art. 35

If the debtor fails to settle his debt upon maturity, the pledgee shall acquire the right to possession by virtue of the law.

At the moment of debt maturity, the pledgee shall acquire the right to satisfy his principal claim, accrued interest and costs associated with debt collection from the value of the object of pledge.

The pledgee shall be obliged to pay any excess funds obtained by sale at a price higher than the amount of claim to the pledger without delay.

If the pledgee fails to pay the pledger the excess funds obtained by sale at a price higher than the amount of claim, he shall pay the pledger the prescribed default interest.

Initiating debt settlement

Art. 36

The pledgee shall, by registered mail, notify the debtor and pledger, when these are different persons, as well as a third party in possession of the asset, of his intention of satisfying his matured claim from the value of the object of pledge.

The debt settlement procedure is initiated when the pledgee has the notice delivered to the debtor and pledger, when these are different persons, by registered mail at the address entered in the Pledge Registry.

Registration of debt settlement procedure in the Pledge Registry

Art. 37

The pledgee shall be obliged to request that the initiation of debt settlement procedure be registered in the Pledge Registry.

Obligation to cooperate

Art. 38

The pledger shall be obliged to cooperate with the pledgee in the procedure of settling the pledgee's claim from the object of pledge, from the moment of receipt of the pledgee's notice.

The pledger shall provide the pledgee with information required for enforcement of the settlement procedure.

The pledger's obligations referred to in paragraphs 1-2 of this Article also apply to the debtor when these are different persons.

Should the pledger or debtor, when these are different persons, violate any of the obligations stipulated in this Article, he shall be obliged to indemnify the pledgee against any damages.

Obligations of the Pledger

Art. 39

From the date of delivery of the pledgee's notice, the pledger shall be obliged to suffer the settlement of the pledgee's claim from the value of the object of pledge.

The pledger shall deliver the object of pledge or document required for transfer of possession thereof to the pledgee at his request.

Until the transfer of possession to the pledgee, the pledger shall refrain from actions which may reduce the value of the object of pledge.

The pledger shall take other necessary action to enable the pledgee to satisfy his claim.

Should the pledger violate any of the obligations stipulated in this Article, he shall indemnify the pledgee against any damages.

Pledgee's right to possession

Art. 40

Upon delivery of notice to the debtor and pledger, when these are different persons, as well as the third party in possession of the asset, the pledgee shall acquire the right to take possession of the object of pledge.

Special procedure for taking possession of the object of pledge

Art. 41

Should the pledger fail to voluntarily fulfil his obligation of transferring possession of the object of pledge to the pledgee, the pledgee may file a petition with the court to order seizure of the pledged asset from the pledger or the person in possession thereof, and its transfer to the possession of the pledgee.

A certified excerpt from the Pledge Registry and the pledge agreement shall be enclosed with the petition referred to in paragraph 1 of this Article.

The excerpt from the Pledge Registry shall, for the purpose of this Law, be equal to an executive document.

The court shall issue a decision with respect to the petition referred to in paragraph 1 of this Article within three days from the date of filing the petition.

The procedure of seizure of the object of pledge shall be enforced within three days from the date of issuing the order whereby the petition referred to in paragraph 1 of this Article is granted.

If the object of pledge is, by its nature, not suitable for transfer of possession, or if its is in the pledgee's interest, the court shall, at the pledgee's proposal, nominate an administrator who shall be in charge of the object of pledge until the moment of settlement of secured claim.

The pledger may file a complaint against the order for seizure of the object of pledge from the pledger or person in possession thereof, within three days of the date of receiving the

order, stating that the pledgee's claim or right of pledge is non-existent, or that the debt has been settled, and shall enclose written evidence of this.

The complaint referred to in paragraph 6 of this Article shall not delay execution.

The complaint referred to in paragraph 6 of this Article shall be resolved by the court, in line with the law governing the enforcement procedure.

The law governing the enforcement procedure shall govern the procedure of transfer of possession of the pledged asset, unless otherwise stipulated by this Law.

Prohibition of legal disposal

Art. 42

Following delivery of the pledgee's notice, the pledger may not legally dispose of the object of pledge without the pledgee's permission.

If the pledger sells the object of pledge in the course of conducting his regular commercial activities, prohibition of disposal shall not have any legal effect on a bona fide purchaser and he shall acquire right of ownership without encumbrance.

VIII. METHOD OF SETTLEMENT

Judicial sale of the object of pledge

Art. 43

Following the registration of settlement initiation in the Pledge Registry, the pledgee may request a court decision to the effect that the object of pledge shall be sold at a public sale or at the current price when the asset has a market or exchange price.

Should the costs of a public sale be excessively high in comparison with the value of the object of pledge, the court may decide that the pledgee shall sell it at the price determined by expert appraisal, or retain it at that price if he so wishes.

Extra-judicial sale

Art. 44

The pledgee may undertake an extra-judicial sale of the object of pledge upon expiry of 30 days from the registration of settlement initiation in the Pledge Registry.

The debtor may validly settle the debt at any time before the sale of the object of pledge.

Within the same period, the pledger may, although is not under an obligation to, settle the debtor's liability.

Subsequent agreement

Art. 45

Following delivery of the notice of settlement initiation to the pledger, the pledgee and pledger may agree on a period shorter than 30 days.

Sale by public auction

Art. 46

The pledgee may undertake extra-judicial sale by public auction if this method of sale is stipulated by the pledge agreement.

In exception to the above, when the pledger is a natural person entering into the pledge agreement outside the course of conducting commercial activity, the pledgee may undertake extra-judicial sale by public auction if the pledgee and pledger have agreed on this at the moment of maturity of the pledgee's claim.

The pledgee may entrust the enforcement of public auction to a professional engaged regularly in such commercial activity.

Sale at market or exchange price

Art. 47

The pledgee may sell the object of pledge at the market or exchange price if this method of sale is stipulated in the pledge agreement.

In exception to the above, when the pledger is a natural person entering into the pledge agreement outside the course of conducting commercial activity, this is possible if the pledgee and pledger have agreed on this at the moment of maturity of the pledgee's claim.

The market price shall be the price at which same or similar assets are regularly sold under the usual circumstances in the time and place of sale of the object of pledge.

If in the time and place of sale of the object of pledge, the asset does not have a market price, the price in the nearest market shall be relevant.

The exchange price shall be the price at which same or similar assets are sold on the nearest exchange.

If the pledged asset does not have a market or exchange price, the pledgee may sell it as a reasonable and prudent person would, with due consideration to the interests of the debtor and pledger.

The pledgee may engage a person who lends money on security as an occupation, or a person who sells such assets as an occupation to sell the object of pledge in the name and for the account of the pledgee.

The pledgee and person entrusted with the sale of the object of pledge shall be jointly liable to the pledger should they cause him any damages in connection with the sale.

Obligation of notification

Art. 48

The pledgee shall notify the debtor and pledger, when these are different persons, and the third party in possession of the asset, of the time and place of the sale.

If the sale of the object of pledge is held without the presence of the debtor and pledger, when these are different persons, the pledgee shall without delay notify each of these of any circumstances which may be of interest, and in particular of the sale concluded, method of sale, price obtained and costs.

Pledger's lawsuit

Art. 49

The pledger may contest the pledgee's right to satisfy his claim in extra-judicial action, if, within 30 days from the date of registration of settlement initiation in the Pledge Registry, he files a lawsuit and submits evidence that the pledgee's claim or right of pledge is non-existent, that the debt is not mature or has been settled.

The lawsuit shall not prevent the execution of settlement procedure, except in the event that the pledger submits a public document or a private document certified in the manner prescribed by the law, to the effect that the pledgee's claim or right of pledge is non-existent, that the debt is not mature or has been settled.

In setting deadlines and scheduling hearings pursuant to the pledger's lawsuit, the court shall always take into special consideration the need for urgent resolution of such disputes.

Acquiring right of ownership by public sale and other methods of sale

Art. 50

A bona fide purchaser of the object of pledge at a judicial or extra-judicial public sale shall acquire the right of ownership without encumbrance.

The right of ownership acquired by a bona fide purchaser may not be contested on the grounds of any omissions in the sale procedure.

The rules stipulated in paragraphs 1 and 2 of this Article shall also apply for sales in the settlement procedure, if a person has bought the object of pledge at the market or exchange price or a price at which a reasonable and prudent person would sell it with due consideration to the interests of the debtor and pledger.

IX. CESSATION OF RIGHT OF PLEDGE

Payment and other methods of cessation of debt

Art. 51

If the pledgee's claim ceases by payment of debt or otherwise, the right of pledge shall cease and be deleted from the Pledge Registry at the request of the pledgee, debtor or pledger, when these are different persons.

However, the pledgee may be satisfied from the value of the object of pledge even after his claim has become bad debt.

Perishing of assets

Art. 52

The right of pledge shall cease and be deleted from the Pledge Registry when the object of pledge has perished.

If the object of pledge was insured, the right of pledge shall be established, by virtue of the law, on the amount of the insurance claim (or insurance settlement).

Sale

Art. 53

The right of pledge shall cease on the grounds of public sale and other method of sale of the object of pledge, concluded for the purpose of settling the pledgee's claim.

Upon validity of the court decision on settlement, the court shall issue an order to delete the right of pledge from the Pledge Registry.

In the event of extra-judicial sale, the pledgee shall issue a document on the grounds of which the pledger can request deletion of the right of pledge from the registry.

The purchaser who acquired the object of pledge at an extra-judicial sale shall also have the right to request the pledgee to issue such document.

Other cases

Art. 54

Deletion of the right of pledge from the Pledge Registry may also be requested when the pledgee renounces the right of pledge in writing, when the same person has the capacity of pledgee and that of debtor, and also when the pledgee acquires the right of ownership to the object of pledge.

Pledgee's consent or court decision

Art. 55

If the debtor or pledger, when these are different persons, requests deletion of the right of pledge, he shall submit to the Pledge Registry a written statement of the pledgee that he consents to the deletion or a court decision to the effect that the right of pledge has ceased.

X. PLEDGE REGISTRY

General provisions

Art. 56

The Pledge Registry shall be a public registry of rights of pledge to the assets of natural or legal entities and other data registered in the Pledge Registry in accordance with this Law.

The Pledge Registry shall be a unified electronic database whose basis is the central database wherein all data registered in the Pledge Registry are stored.

Local units of the Pledge Registry shall be established on the territory of the Republic of Serbia. The central database shall be available through local units of the Pledge Registry, for registration or search.

Competence to maintain the Pledge Registry

Art. 57

The Pledge Registry shall be maintained by the Agency, through the Registrar.

The Registrar shall be appointed and discharged from duty by the Steering Board of the Agency, with previously obtained approval of the Government of the Republic of Serbia.

The Registrar shall be appointed for the period of four years, with right of reappointment.

The Registrar may be discharged from duty before expiry of the appointment period, namely:

- 1) at the Registrar's request;
- 2) if the Registrar fails to perform his duty in accordance with the law;
- 3) for other reasons stipulated by law.

Art. 57a

The Registrar shall be authorised and obliged to:

- 1) manage the lawful, systematic and accurate maintenance of the Pledge Registry;
- 2) determine the manner of maintaining the Pledge Registry in more detail;
- 3) decide on applications for registration;
- 4) prescribe the form of the application for registration in the Pledge Registry and the form of application for deletion of data from the Registry;
- 5) take other necessary steps to ensure uninterrupted and regular operation of the Pledge Registry in accordance with the law.

The Registrar shall be independent in his work on individual cases, within the scope of authorities stipulated by this Law and other regulation.

Availability of the Pledge Registry

Art. 58

The Pledge Registry shall be available to all persons regardless of the location and territory where they gain access to the Pledge Registry. All persons may apply to any unit of the Pledge Registry, without limitation, for registration or search.

The Pledge Registry shall be available at all times within the Registry's working hours.

Public information

Art. 59

Data from the Pledge Registry shall be public.

Anybody shall have the right to request access to data in the Pledge Registry.

Anybody shall have the right, in accordance with the regulations, to request a certified excerpt of the data from the Pledge Registry.

Anybody shall have the right to request an excerpt certifying that the registry does not contain data on the pledge of a particular asset or right.

Fee

Art. 60

A fee shall be charged for data registration and deletion from the Pledge Registry, as well as other services provided by the Agency in accordance with the law.

The fee referred to in paragraph 1 of this Article shall be set by the Steering Board of the Agency subject to approval by the Government of the Republic of Serbia.

Effects on third parties of data entry into the Pledge Registry

Art. 61

It shall be assumed that the existence of right of pledge is known to third parties on the grounds of its registration into the Pledge Registry.

Nobody may plead ignorance of the data from the Pledge Registry.

Data registration in the Pledge Registry shall not be evidence of ownership or other rights of the pledger with respect to pledged movable assets, or of validity of the secured debt or pledge.

Data contained in the Pledge Registry

Art. 62

The Pledge Registry shall contain:

- 1) data on the pledger and debtor, when these are different persons, as well as data on the pledgee or person referred to in Article 16, paragraph 1 of this Law;
- 2) data identifying in more detail the pledged movable asset or right;
- 3) data identifying in more detail the debt secured by the right of pledge, specifying the principal and maximum amount;
- 4) data on the existence of any dispute in connection with the right of pledge or in connection with the object of pledge;
- 5) data showing that the settlement procedure by enforcement of the right of pledge has been initiated.

If a party to pledge is a domestic natural person, the data referred to in paragraph 1, clause 1 of this Article shall comprise the first name, last name, personal identification number and the place of residence of this person, and if the party to pledge is a foreign natural person, the data referred to in paragraph 1, clause 1 of this Article shall comprise the first name, last name, passport number and issuing country.

If the party to pledge is a domestic legal entity, the data referred to in paragraph 1, clause 1 of this Article shall comprise the company name and registration number, and if the party to pledge is a foreign legal entity, the data referred to in paragraph 1, clause 1 of this Article shall comprise the company name, designation in the foreign business register, name of this register and name of the country where this register has its office.

Any amendments to the data referred to in paragraph 1 of this Article shall be registered in the Pledge Registry.

If a datum referred to in paragraph 1 of this Article is deleted from the Pledge Registry, the note "DATUM DELETED" shall be entered in the Pledge Registry.

Amendments to registered right of pledge

Art. 63

Amendments to material elements of the registered right of pledge shall have the character of new entry.

In excerpts from the Pledge Registry, amendments entered shall be designated as separate entries.

Other entries in Pledge Registry

Art. 64

The pledgee shall request that settlement initiation be registered in the Pledge Registry.

The pledger may request that a note on the existence of a dispute be entered in the Pledge Registry if he institutes proceedings to have the right of pledge deleted from the Pledge Registry.

The pledger, pledgee and any other person may request that a note on dispute be entered in the Pledge Registry if they have instituted proceedings pertaining to pledged movable assets or other relations between the parties in connection with the pledge.

Art. 65

Documentation on the grounds of which registration in the Pledge Registry has been performed shall constitute an integral part of the Pledge Registry until its conversion into the electronic form.

Following the conversion of the documentation referred to in paragraph 1 of this Article into the electronic form and entry into the Pledge Registry, this documentation shall be stored in line with the regulations governing archival materials.

Procedure of registration in the Pledge Registry

Art. 65a

The procedure of registration in the Pledge Registry shall be initiated by filing an application for registration (hereinafter: application).

The application shall be submitted by using the prescribed form and filed in the Pledge Registry at the moment of its receipt by the Agency, and a certificate of this shall be issued to the applicant.

The following shall be enclosed with the application:

- 1) documentation providing grounds for application for registration in the Pledge Registry (contract, decision of court or other public body, etc.);
- 2) the pledger's statement of consent to having the pledgee's right of pledge registered in the Pledge Registry, if the application is submitted by the pledgee; this statement must be certified by a body authorised to authenticate signatures if the pledger is a natural person;
- 3) proof of payment of the fee for registration in the Pledge Registry.

The application shall be submitted in the official language and alphabet of the Republic of Serbia.

If the documentation enclosed with the application is in a foreign language, the applicant shall also provide certified translation thereof.

Art. 65b

The registrar shall verify:

- 1) whether the person signing the application is authorised to submit it;
- 2) whether the application contains all required data;
- 3) whether all documentation required by law is enclosed with the application;

4) whether the data contained in the application are identical to the data in the documentation enclosed with the application;

5) whether proof of payment of the fee for registration in the Pledge Registry is enclosed with the application.

The registrar shall not check the accuracy of data and authenticity of documents enclosed with the application.

Art. 65c

The registrar shall act by issuing an order or an opinion.

An order shall approve registration in the Pledge Registry or deletion of data therefrom, if this is requested by the application.

An opinion shall dismiss the application if it has not been submitted as prescribed by this law.

The registrar shall return the original documentation submitted in writing to the applicant with the opinion dismissing the application.

Art. 65d

A complaint may be filed against the order or opinion referred to in Article 65v of this Law within 15 days from the date of receipt thereof.

The complaint shall be filed with the minister competent for economic affairs through the Agency.

Art. 65e

Any matters pertaining to the procedure of registration in the Pledge Registry not specifically regulated by this Law shall be governed by respective provisions of laws governing the general administrative procedure.

Art. 65f

The data registered in the Pledge Registry shall at the same time be published on the Agency's web page.

XI. TRANSITIONAL AND FINAL PROVISIONS

Art. 66

Until the adoption of specific regulations governing in more detail the registration of right of pledge in intellectual property registries referred to in Article 14, paragraph 3 of this Law, the right of pledge to intellectual property rights shall be registered in the Pledge Registry as prescribed by this Law.

Art. 67

If the decision of the competent court establishes a pledge to a movable asset or claim without transfer of possession, in line with the law governing the enforcement procedure or other applicable law, by January 1, 2004, priority right to settlement shall be recognised as of the day of issuance of court decision, if the pledgee files an application for registration of the pledge in the Pledge Registry by January 15, 2004.

If the pledgee files an application for registration in the Pledge Registry of the pledge without transfer of possession referred to in paragraph 1 of this Article, after January 15, 2004, priority right to settlement shall be recognised as of the day of registration in the Pledge Registry.

The pledgee shall enclose the court decision establishing the pledge without transfer of possession with the application for registration referred to in paragraphs 1 and 2 of this Article.

Art. 68

If the pledge without transfer of possession was established by virtue of law or by decision of a public body in accordance with the law, by January 1, 2004, priority right to settlement shall be recognised as of the day of its establishment by virtue of law or as of the day of issuance of the decision by the public body, if the pledgee files the application for registration of the pledge in the Pledge Registry by January 15, 2004.

If the pledgee files an application for registration in the Pledge Registry of the pledge without transfer of possession referred to in paragraph 1 of this Article after January 15, 2004, priority right to settlement shall be recognised as of the day of its registration in the Pledge Registry.

The pledgee shall enclose the decision of the public body establishing a pledge without transfer of possession with the application referred to in paragraphs 1 and 2 of this Article.

Art. 69

In exception to the provision of Article 34 of this Law, the Republic of Serbia shall have priority right to settlement over funds in the tax payer's accounts with banks or other financial organisations until January 1, 2005, regardless of registration of the right of pledge in the Pledge Registry.

Art. 70

This Law shall enter into force on the eighth day from the date of its publication in the *Official Gazette of the Republic of Serbia*, and shall be applicable from January 1, 2004.

PROVISIONS OF THE AMENDMENT - IZ 61/2005 - NOT INCORPORATED IN THE TEXT FOLLOW:

" Art. 10

The Pledge Registry shall commence operations on August 15, 2005.

Art. 11

If the application for registration of the right of pledge in the Pledge Registry is filed within 90 days from the commencement of operations of the Pledge Registry, priority right to settlement shall be recognised as follows:

- 1) as of the day of issuance of court decision, if pledge without transfer of possession of a movable asset or right is established by the decision of the competent court by the day of entry of this Law into force;**
- 2) as of the day of establishment of pledge without transfer of possession or the day of issuance of act by a public body, if pledge without transfer of possession of a movable asset or right is established by virtue of law or by an act of a public body by the day of the entry of this law into force;**
- 3) as of the day of contract validation by court or other body authorised to authenticate signatures, if the pledge without transfer of possession of a movable asset or right is established by contract by the day of entry of this law into force.**

Art. 12

This law **shall enter into force on the eighth day** from the date of its publication in the *Official Gazette of the Republic of Serbia*. "