

Pursuant to Article 112 paragraph 1 item 2 of the Constitution of the Republic of Serbia,
I pass this

Decree Promulgating the Law on Management of Companies owned by the Republic of Serbia

The Law on Management of Companies owned by the Republic of Serbia, passed by the National Assembly of the Republic of Serbia at the Fifth Extraordinary Session of the Thirteenth Legislature, on 6 September 2023, is hereby promulgated.

PR number 88

Done in Belgrade, on 7 September 2023

President,
Aleksandar Vučić (signed in hand)

Law on Management of Companies owned by the Republic of Serbia

The Law was published in the *Official Gazette of the Republic of Serbia* No. 76/2023 of 7 September 2023, came into force on 15 September 2023 and will take effect after 12 months of the date of its coming into force, save the provisions of Article 12 paragraph 1, Article 24 paragraph 3, Article 33 paragraph 1, Article 34 paragraph 2, Article 42 paragraph 4 and Article 50 paragraphs 3 and 4, which shall take effect as of the date when this Law comes into force.

I. GENERAL PROVISIONS

Article 1

This Law shall govern the manner of implementing the policy of state ownership, management at companies owned by the Republic of Serbia (hereinafter referred to as the "capital company") and other issues concerning the legal status of capital companies.

The incorporation, management, management bodies, organisation and other issues relevant for capital companies not specifically provided for in this Law shall be governed by the provisions of the law governing the legal status of companies (hereinafter referred to as the "Companies Law").

Article 2

A capital company shall be incorporated to generate profit and pursue other interests provided for by the law.

A capital company may perform an activity of general interest which is regulated as such by a separate law.

When a new capital company is incorporated, the instrument of incorporation shall be adopted by the Government.

Article 3

For the purposes of this Law, a capital company shall be a company with the legal form of a limited liability company or a joint-stock company in which the Republic of Serbia has the status of a member or shareholder owning more than 50% of the company's share capital, as well as a company in which the Republic of Serbia has a controlling stake on other grounds.

Notwithstanding paragraph 1 of this Article, certain provisions of this Law shall apply to companies in which the Republic of Serbia owns 50% or less of its share capital (hereinafter referred to as the "minority-stake capital company").

The provisions of this Law shall not apply to companies owned by the Republic of Serbia: which manufacture arms and military equipment; which operate as banks; which operate as insurance companies and other financial institutions; which are non-profit organisations; which are incorporated and operate in accordance with the law governing innovation activities; which are institutes, but are organised as companies; which are undergoing the privatisation process within the meaning of the regulation governing the conditions for and procedure of ownership change of socially-owned and public capital and assets; and which are undergoing insolvency proceedings within the meaning of the regulation governing insolvency proceedings.

Article 4

The state ownership policy shall set forth the aim and objectives of centralised ownership management and improved corporate governance at capital companies, as well as the manner of implementing the state ownership policy at capital companies.

Centralised ownership management shall be carried out through the ministry of charge of economy affairs (hereinafter referred to as the "Ministry") by monitoring and advancing the system of ownership management and corporate governance at capital companies, by passing emergency measures in cases of disturbances in the operations of capital companies and by conducting other affairs relevant for ownership management, including cooperation with other ministries and other state authorities.

Notwithstanding paragraph 2 of this Article, ownership management of a capital company which produces and distributes electricity or natural gas shall be carried out through the ministry in charge of energy affairs, in accordance with this Law.

Notwithstanding paragraph 2 of this Article, ownership management of a capital company which transmits electricity and operates the electricity transmission system or transports natural gas and manages the natural gas transport system shall be carried out through an independent state authority in charge of energy system networks, in accordance with a separate law.

Article 5

The state ownership policy shall be set forth in the Strategy of State Ownership and Management of Companies owned by the Republic of Serbia (hereinafter referred to as the "Strategy").

The Government, acting on a proposal from the Ministry, shall pass the Strategy, in accordance with the law governing the planning system of the Republic of Serbia.

The Action Plan on implementation of the Strategy (hereinafter referred to as the "Action Plan") shall be adopted to operationalise the objectives set out in the Strategy.

The Ministry may propose that the Government amend and supplement the Strategy and the Action Plan, where warranted by changed circumstances.

II. PRINCIPLE AND OBJECTIVES OF CENTRALISED OWNERSHIP MANAGEMENT

Principle of Accountability

Article 6

Accountable management shall be ensured by setting forth the powers and responsibilities of members of management bodies of capital companies, by imposing a duty of continual reporting to the Ministry of achieved management objectives and risks, and by applying emergency measures and penalty provisions in cases where such persons fail to act, in accordance with the law.

Implementation of the principle of accountability shall also ensure the protection of rights of minority owners.

Principle of Transparency

Article 7

The principle of transparency in ownership management shall be achieved by applying transparent management rules and criteria adopted pursuant to the law, including in particular the publishing of an Annual Report on the Attainment of Annual Goals as set out in the Guidelines and regular provision of information to the public regarding the work of the Ministry.

Principle of Efficiency

Article 8

A division of powers and responsibilities and application of measures to limit the risk of corruption, unethical conduct and undue influence shall ensure an efficient ownership management system, in line with the international standards for managing state-owned companies, and shall furthermore ensure an efficient corporate governance system.

Principle of Economy

Article 9

Centralised ownership management shall ensure the setting of a uniform strategic direction and defining of objectives for capital companies, which will guarantee their optimum performance.

Centralised ownership management shall reduce management costs and increase the yield and value of capital companies in the long term, with the ultimate goal of preserving national and strategic interests.

Principle of Respect for the Rules of Competition

Article 10

An undertaking pursuing an economic activity, regardless of its legal form and organisation, its mode of financing or its ownership structure, shall respect the rules of competition within the meaning of the regulations governing protection of competition and state aid control.

Objectives of Centralised Ownership Management

Article 11

Centralised ownership management shall be carried out in accordance with the principles of:

- 1) preserving national and strategic interests;
- 2) preserving the market and protecting the consumers;
- 3) reducing social disparities;
- 4) sustainable environmental management and sustainable use of natural resources of the Republic of Serbia;
- 5) promoting economic, industrial and social development.

III. IMPLEMENTING CENTRALISED OWNERSHIP MANAGEMENT

Article 12

The Government, acting on a proposal from the Ministry, shall establish a list of capital companies and minority-stake capital companies in compliance with Article 3 paragraphs 1 and 2 of this Law, which list shall also include the classification of all capital companies.

The classification referred to in paragraph 1 of this Article shall be made on the basis of the management objectives referred to in Article 11 of this Law, in accordance with the international standards.

The list referred to in paragraph 1 of this Article shall be updated on a regular basis and published in the *Official Gazette of the Republic of Serbia* and on the website of the Ministry.

Article 13

Every year, at the latest by the 1st of September of the current year in respect of the following year, based on the classification referred to in Article 12 of this Law, the Ministry shall set out the annual goals of capital companies through annual management guidelines (hereinafter referred to as the "Guidelines").

Capital companies shall submit proposals for the compiling of the Guidelines to the Ministry by the 1st of August each year in respect of the following year.

The Guidelines shall set out annual objectives of capital companies (hereinafter referred to as the "goals") with measures and instructions for their attainment, taking into account in particular the area and complexity of their operations, their size, their ownership structure, as well as other criteria relevant for a capital company.

In accordance with their goals, capital companies shall set out and elaborate their specific objectives with key performance indicators and identify risks for the attainment of those objectives.

The bodies of capital companies shall be in charge of setting specific objectives and shall be responsible for their achievement.

For the purpose of setting out the Guidelines, the Minister shall form a committee (hereinafter referred to as the "Committee").

The content and manner of implementation of the Guidelines shall be set forth by the minister in charge of economy affairs (hereinafter referred to as the "Minister"), acting on a proposal from the Committee.

Article 14

The Committee shall be comprised of two representatives of the Ministry, two representatives of the ministry in charge of finance affairs and one representative of the ministry in charge of the area in which the capital company operates.

The Committee may demand explanations, suggestions or proposal from representatives of the capital company concerned, representatives of another public authorities or experts in the area in which the capital company operates.

The persons referred to in paragraph 2 of this Article shall not be members of the Committee and shall not have the right to vote.

The applicable conditions and the qualifications required for participation in the work of the Committee, as well as the activities of the Committee, shall be set forth by secondary legislation passed by the Government.

Administrative and technical affairs for the purposes of the Committee shall be conducted by the Ministry.

Article 15

A capital company shall submit the following to the Ministry:

- 1) Its mid-term business plan;
- 2) Its annual business plan;
- 3) Periodic operating reports;
- 4) Other information on its operations, as appropriate.

The annual business plan must be compliant with the Guidelines.

The Government, acting on a proposal from the Ministry, shall set forth the content, the drafting, the time limits and the manner of submission of the instruments referred to in paragraph 1 items 1)–3) of this Article.

The instrument referred to in paragraph 3 of this Article shall also include a list of capital companies which are required to obtain approval from the Ministry for the instruments referred to in paragraph 1 items 1) and 2) of this Article.

For the purposes of granting the approval referred to in paragraph 4 of this Article, the Ministry shall obtain the approval of the ministry in charge of finance affairs, the ministry in charge of labour affairs and the ministry in charge of the area in which the capital company operates, and where necessary also other public authorities.

Article 16

The Ministry shall monitor the operations of capital companies, in particular by verifying their performance against the annual goals set out in the Guidelines, as well as by verifying their performance against their annual business plans.

The Committee shall evaluate the performance of each capital company and, where major deviations from the annual goals are found, issue recommendations to the Ministry.

Based on recommendations from the Committee, in cases of major deviations from the annual goals set out in the Guidelines, the Ministry shall demand an urgent explanation and responsibility of the bodies of the capital company concerned and shall order the implementation of urgent measures to rectify any performance deviations, as well as to achieve the set objectives of the capital company concerned, in line with its mandate.

The Government shall establish major deviations from the annual goals.

Article 17

The Ministry shall compile an Annual Report on the Attainment of Annual Goals set out in (hereinafter referred to as the "Report of the Ministry") and submit it to the Government for adoption at the latest by the 1st of October of the current year in respect of the preceding year.

The Government shall submit the Report of the Ministry to the National Assembly for information purposes.

The Report of the Ministry shall be published on the website of the Ministry.

Article 18

A capital company shall obtain, through the Ministry, the Government's approval of:

1) Amendments and supplements to its instrument of incorporation or articles of association;

2) An instrument on change of legal form or status change;

3) An instrument on equity investment;

4) An instrument on acquisition, sale, leasing, pledging or other disposal of high-value assets of the capital company;

5) An instrument setting out the price list for the products and services of a capital company performing an activity of general interest or providing services of general

economic interest in accordance with a separate law, unless another law provides that such approval is to be granted by a different public authority.

The equity investment referred to in paragraph 1 item 3) of this Article shall be deemed to include the incorporation of another legal entity, as well as the acquisition of stakes and shares in other legal entities.

The high-value assets referred to in paragraph 1 item 4) of this Article shall be deemed to be assets the cost and/or selling price and/or market value of which, at the time of passing of the relevant instrument, accounts for 10% or more of the carrying value of total assets of the capital company as stated in its most recent annual balance sheet.

The Government shall pass an instrument setting out the criteria for determining the salaries and remuneration for the management bodies of capital companies.

IV. CORPORATE GOVERNANCE

Article 19

The governance of a capital company may be organised as either one-tier or two-tier governance.

The instrument of incorporation or the articles of association shall determine whether the governance system shall be one-tier or two-tier, based on the following criteria:

1) A capital company that is a large or medium-sized legal entity in accordance with the law governing accounting shall be organised as a capital company with two-tier governance;

2) A capital company that is a small or micro legal entity in accordance with the law governing accounting shall be organised as a capital company with one-tier governance.

Article 20

The representative of the Republic of Serbia in the shareholders' meeting of a capital company (hereinafter referred to as the "representative of the Republic of Serbia") shall represent the interests of the Republic of Serbia and shall perform his/her duties professionally and diligently, with the care of a good businessman.

The representative of the Republic of Serbia shall be appointed for a four-year term and shall be relieved of duty by an instrument passed by the Minister, following prior approval from the Government.

When discharging his/her obligations and responsibilities, the representative of the Republic of Serbia shall: act responsibly regarding the use of assets and resources; promote ethical behaviour; act in compliance with the laws, secondary legislation and bylaws of the capital company; and consult on a regular basis with the Ministry and other competent public authorities with regard to affairs of relevance for the capital company.

Before the appointment of a supervisory board, in a two-tier governance system, the consultation referred to in paragraph 3 of this Article shall be mandatory.

The provisions of paragraphs 1–4 of this Article shall also apply to the representative of the Republic of Serbia in the shareholders' meeting of a minority-stake capital company.

Article 21

In a two-tier governance system, the capital company shall have at least one member of the Supervisory Board independent from the company (an independent Supervisory Board member), who shall be subject, *mutatis mutandis*, to the provisions on the independent Supervisory Board member in a public joint-stock company set out in the Companies Law.

Article 22

The number of representatives of the Republic of Serbia and members of the Supervisory Board shall be determined by the instrument of incorporation or articles of association, taking into account in particular the criteria referred to in Article 19 of this Law, balanced gender representation and complexity of operations of the capital company.

Article 23

The person serving as the general manager of a capital company shall be appointed in accordance with the Companies Law, following a public call procedure.

Notwithstanding paragraph 1 of this Article, until the appointment of a general management following a public call procedure, an acting general manager shall be appointed through application, *mutatis mutandis*, of the Companies Law, without conducting a public call procedure, provided however that such appointment shall be for a maximum term of one year.

The public call procedure shall be conducted by the capital company.

The position of general manager of a capital company may only be held by a natural person.

Article 24

The person referred to in Articles 20–23 of this Law, as well as any other person holding a position on the Supervisory Board, Board of Directors or Executive Board of a capital company, must meet at least the following conditions:

1) He/she must have a higher education degree obtained in an undergraduate study course of minimum four years, i.e. in undergraduate academic studies carrying minimum 240 ESPBs, master academic studies, master vocational studies, specialist academic studies or specialist vocational studies;

2) He/she must have minimum five years of relevant work experience on jobs requiring the higher education degree referred to in item 1) of this paragraph;

3) He/she must have minimum three years of relevant work experience in managerial positions;

4) He/she must not have been sentenced to imprisonment for minimum six months;

5) He/she must not have any criminal proceedings pending against him/her;

6) He/she must have knowledge of corporate governance;

7) He/she must not be in a conflict of interest, in accordance with the Companies Law;

8) He/she must meet other conditions laid down by the Companies Law.

The provisions of paragraph 1 of this Article shall also apply to the representative of the Republic of Serbia in the Shareholders' Meeting of a minority-stake capital company.

The Government shall set out additional conditions for the appointment and the procedure of appointing management bodies of capital companies, as well as the procedure for conducting a public call procedure for the appointment of a general manager.

Article 25

For the purpose of verifying compliance with the set conditions, the persons referred to in Article 24 of this Law shall present the following to the Ministry or the relevant management body of the capital company:

- 1) *Curriculum vitae*;
- 2) Proof of appropriate qualifications, i.e. certified photocopy of the original diploma;
- 3) Certificate of non-conviction to imprisonment for minimum six months, issued not more than 15 days before the application date;
- 4) Certificate of no ongoing criminal proceedings, issued not more than 15 days before the application date;
- 5) A statement of no conflict of interest, certified by a public notary and issued not more than 60 days before the application date;
- 6) Proof of minimum five years of relevant work experience on jobs requiring the relevant level of qualifications;
- 7) Proof of minimum three years of experience in managerial positions;
- 8) Tax clearance certificate issued by the competent tax authority, issued not more than 30 days before the application date; if the person is not a taxpayer, he/she shall provide a statement certified by a public notary;
- 9) Tax clearance certificate issued by the competent tax authority showing that a company in which the nominated person holds shares or stake of minimum 25% of share capital has no outstanding tax debt, issued not more than 30 days before the application date; if the person owns no shares or stakes, he/she shall provide a statement certified by a public notary.

The instruments referred to in paragraph 1 of this Article of which official records are kept shall be obtained *ex officio*, in accordance with the law governing the administrative procedure.

Article 26

The persons referred to in Article 24 of this Law shall be relieved of duty before the expiry of their term of office if:

- 1) It is found that, as a result of incompetent and/or negligent performance of duties contrary to the care of a good businessman and omissions in the passing and execution of decisions and organisation of operations in a capital company, the company significantly underperformed in the achievement of its business goal;
- 2) They are in a conflict of interest situation, within the meaning of the Companies Law;
- 3) They are found to be acting to the detriment of the capital company by breach of duty, negligent conduct or otherwise, and in particular if:

(1) They use resources of the capital company for the promotion of political parties or political entities, which is deemed to include in particular the use of official premises, vehicles and supplies of the capital company without consideration;

(2) They perform activities associated with the promotion of political parties or political entities;

(3) They exert influence on employees and persons hired on other grounds at the capital company in connection with support for political entities or election candidates;

(4) They have knowledge that employees and persons hired on other grounds at the capital company resources of the capital company for the promotion of political parties or political entities or exert influence on other employees and persons hired on other grounds at the capital company in connection with support for political entities or election candidates, without undertaking the necessary actions to prevent this;

4) In other cases provided for by the law.

Article 27

A capital company may form committees in accordance with the Companies Law, and a capital company that is a large or medium-sized legal entity in accordance with the law governing accounting is obliged to have an Audit Committee.

In addition to the rules provided for by the Companies Law, the Audit Committee shall provide advice in the field of financial management and control and internal auditing to the Board of Directors and/or the Supervisory Board.

Article 28

A capital company shall put in place and apply an effective system of internal controls, in a manner which ensures continual monitoring of risks to which the capital company is or may be exposed in its operations, which shall comprise:

- 1) Risk management;
- 2) Compliance control;
- 3) An active internal audit function.

A capital company shall establish a compliance function and carry out regular checks of compliance with the law, other regulations and internal bylaws of the capital company.

The compliance function shall notify on a regular basis and report at least once a year to the management bodies of the capital company on new regulations, as well as on the effects they may have on the company's operations, monitor the regulatory framework and assess compliance risks.

Internal audit shall provide independent objective assurance and advisory activities, with the aim of contributing to improved operations, by systematically and accurately assessing and evaluating risk management and governance of the capital company.

In addition to the provisions of the Companies Law, the establishment and operation of internal audit in a capital company shall be subject to the provisions of the law governing internal financial control in the public sector.

Article 29

A capital company, as a public funds beneficiary within the meaning of the law governing the budget system, shall apply all positive law regulations pertaining to the public sector.

A capital company that, in addition to a delegated service of general economic interest, also carries out other business activities, including other delegated services that are not mutually related, shall keep separate accounts for each of its business activities, in accordance with the accounting and auditing regulations.

The separate accounts referred to in paragraph 2 of this Article should clearly and unambiguously show the expenditure and income associated with the delegated service separately from the expenditure and income associated with the performance of other business operations.

the Government, acting on a proposal from the ministry in charge of finance affairs, shall lay down the procedure and manner of determining the expenditure associated with the provision of a public service incurred by a capital company when pursuing public sector objectives.

The manner of funding the expenditure determined as set out in paragraph 4 of this Article shall be set forth in the Guidelines and shall be aligned with the goals of the capital company and the national budget of the Republic of Serbia.

Article 30

It is prohibited to use the assets, activities, name and visual identity of a capital company in any activities associated with political parties and election campaigns, as well as to use a capital company for political purposes in any other way.

Article 31

A capital company shall, within 30 days of adoption of the relevant bylaw or appointment of the relevant person, publish the following on its website:

- 1) Annual goals and objective with key performance indicators and a report on their achievement;
- 2) Its instrument of incorporation or articles of association;
- 3) *Curricula vitarum* of members of the capital company's management bodies;
- 4) Its organisational structure;
- 5) Its medium-term business plan, or an extract from such plan if the capital company has competitors in the market;
- 6) Its annual business plan, as well as any amendments and supplements thereof, or an extract from such plan if the capital company has competitors in the market;
- 7) Its operating reports;
- 8) Its annual financial report with the opinion of a chartered auditor;
- 9) Other information relevant for the public.

The Ministry may also determine other elements of business operations of capital companies which are to be disclosed and review proposals for the disclosure of information of particular importance for the public.

Article 32

A capital company shall adopt its Code of Ethics.

The Code of Ethics shall set out in detail the principles and rules of business ethics, the commonly accepted rules of conduct and the professional standards which must be observed by all employees, with a view to ensuring ethical and socially responsible conduct of its employees.

The aim of the Code of Ethics is to:

- 1) Demonstrate the company's commitment to observing the highest standards of ethical conduct;
- 2) Promote appropriate ethical conduct and sanction any breaches within the capital company;
- 3) Develop an ethical culture based on those standards and conduct.

A capital company shall also adopt its Integrity Plan, in accordance with the law.

Article 33

The Government, acting on a proposal from the Ministry, shall adopt the Code of Corporate Governance for Capital Companies (hereinafter referred to as the "Code").

The aim of the Code shall be to establish and promote the principle of corporate governance and transparency of operations of capital companies, to ensure responsible and effective management and strengthen professionalism and competitiveness, with a view to protecting national interests and wellbeing for the Republic of Serbia.

A capital company shall submit a report on implementation of the Code to the Ministry at the latest by the end of the first quarter of the current year in respect of the preceding year.

An aggregated report on implementation of the Code shall be published on the website of the Ministry.

The form of the report referred to in paragraph 3 of this Article shall be laid down by the Minister.

Article 34

The persons referred to in Articles 20 and 23 of this Law, as well as the persons sitting on the Supervisory Board of a capital company, shall undergo training on corporate governance.

Such training shall take place according to the Corporate Governance Training Programme (hereinafter referred to as the "Programme"), which shall be passed by the Minister, and shall comprise an educational part in preparation for the examination, which shall include lectures on corporate governance (hereinafter referred to as the "education") and a written examination to test the trainees' knowledge of corporate governance (hereinafter referred to as the "examination").

Education shall be provided by legal entities registered to provide adult training and education services in the territory of the Republic of Serbia which in the past three years delivered at least ten trainings or similar activities (including lectures, seminars, workshops or remote trainings) in the field of corporate governance (hereinafter referred to as the "Training Providers").

The Programme shall set out in particular: the areas of corporate governance which shall be the subject of the education and the examination; the duration of the education; the teaching system, the obligations and monitoring of the work of Training Providers; the timeframe for the completion of the education; the curriculum, the manner of taking the examination and the cost of taking the examination; the manner of and timeframe for issuing certificates; and other issues relevant for the provision of the education, sitting of the examination and award of the certificates.

The Ministry shall issue a public call for Training Providers once a year, which shall be published on the website of the Ministry.

Article 35

For the purpose of assessing knowledge of corporate governance, sitting of the examination shall be organised and implemented as a delegated duty by the Chamber of Commerce and Industry of Serbia (hereinafter referred to as the "Chamber").

The Ministry shall issue the certificate of completed examination (hereinafter referred to as the "certificate") to the persons taking the examination.

A person who has not passed the examination shall be entitled to retake the examination.

Any person who meets the conditions to be appointed to management bodies of capital companies shall be entitled to take or retake the examination.

By way of exception, a person who holds an internationally recognised certificate and has passed an appropriate examination abroad in the field of corporate governance, as proven by certified documentation, shall be exempted from the obligation to take the examination.

Article 36

For the purpose of implementing the Programme, the Minister shall form the Expert Council for Monitoring the Training System at Capital Companies (hereinafter referred to as the "Expert Council").

The Expert Council shall be an expert and consultative body composed of five members appointed by the Minister. Three members of the Expert Council shall be representatives of the Ministry, one of whom shall be the Chairperson, one member shall be a representative of the Chamber of Commerce and Industry of Serbia, while one member shall be an expert on corporate governance.

In the exercise of its duties, the Expert Council shall monitor the training process, as well as the system of the education and the taking of the examination as set out in the Programme.

The work of the Expert Council shall be regulated in detail by its Rules of Procedure, which the Expert Council shall adopt at its inaugural meeting.

Administrative and technical affairs for the purposes of the Expert Council shall be performed by the Ministry.

V. SINGLE DATA RECORDS

Article 37

The Serbian Business Registers shall form publicly accessible single records of data on capital companies as part of the Register of Economic Entities.

Article 38

The Ministry shall form and maintain the Single Records of Corporate Governance at Capital Companies.

The Single Records referred to in paragraph 1 of this Article shall be a publicly accessible database on management bodies of capital companies, Training Providers, persons holding the certificates, as well as other data in the field of corporate governance.

Article 39

The Ministry shall establish and maintain an information platform for planning, monitoring of implementation, coordination of work and reporting (hereinafter referred to as the "Single Information Platform").

The Single Information Platform shall be a single electronic system wherein capital companies enter the content of their documents and plans and submit reports in accordance with this Law.

The Single Information Platform shall ensure timely reporting on achieved goals and monitoring of performance against key performance indicators.

Article 40

The content and the manner of keeping and maintaining the records and the platform referred to in Articles 37–39 of this Law, the manner of data entry and the digital format of the documents submitted through such records and access to such data shall be laid down by the Minister.

VI. APPLICATION OF THE LAW TO CAPITAL COMPANIES PRODUCING AND SUPPLYING ELECTRICITY OR NATURAL GAS

Article 41

The provisions of this Law referring to the Ministry shall, in the case of management of a capital company producing and supplying electricity or natural gas shall be interpreted as referring to the ministry in charge of energy affairs, except the provisions of Article 5, Article 12, Article 13 paragraph 7, Article 15 paragraph 3, Article 33 paragraphs 1 and 5 and Articles 34–40 of this Law.

VII. CHANGE OF LEGAL FORM OF PUBLIC ENTERPRISES

Article 42

Public enterprises founded by the Republic of Serbia (hereinafter referred to as the "public enterprise") shall change their legal form to a limited liability company or a joint-stock company.

When its legal form is changed, the capital of a public enterprise shall be converted to stakes or shares, depending on the form of the company.

When its legal form is changed, a public enterprise shall maintain its legal personality and business identity, without dissolution, without discontinuation of its operations and without termination of its legal continuity, and shall maintain its identity in legal and corporate terms.

The Government shall pass an instrument governing the criteria for the choice of legal form of capital companies to which public enterprises shall be transformed.

VIII. ENFORCEMENT AND INSPECTION OF COMPLIANCE WITH THE LAW

Article 43

Inspection of compliance with of this Law, as well as any instruments passed pursuant to this Law, shall be conducted by the Ministry, except the provision of Article 41 of this Law, the compliance with which shall be inspected by the ministry in charge of energy affairs.

IX. PENAL PROVISIONS

Article 44

A fine in an amount between 50,000 and 150,000 dinars shall be charged for infringement to the responsible person within a capital company if:

- 1) The capital company fails to submit to the Ministry the proposal referred to in Article 13 of this Law;
- 2) The capital company fails to submit to the Ministry the instruments referred to in Article 15 of this Law;
- 3) The capital company significantly deviates from its annual goals referred to in Article 16 of this Law;
- 4) The capital company fails to disclose the data referred to in Article 31 of this Law within the specified timeframe;
- 5) The capital company fails to adopt its Code of Ethics and Integrity Plan referred to in Article 32 of this Law;
- 6) The capital company fails to submit a report on implementation of the Corporate Governance Code within the timeframe referred to in Article 33 of this Law;

7) The capital company fails to submit a list of immovable property to which it holds title or the right of use, as referred to in Article 45 of this Law, within the timeframe set forth by this Law;

8) The capital company fails to submit to the Ministry an estimate of the value of its capital and assets referred to in Article 45 of this Law within the timeframe set forth by this Law.

X. TRANSITIONAL AND FINAL PROVISIONS

Article 45

Capital companies shall submit to the Ministry a list of immovable property to which they hold title or the right of use within not later than three years of the effective date of this Law.

Within not later than a year of completion of the legal affair provided for in paragraph 1 of this Article, capital companies shall make an estimate of the value of their capital and assets and submit it to the Ministry.

Upon completion of the legal affair provided for in paragraph 2 of this Article, the Government, acting on a proposal from the Ministry, shall decide on the immovable property to which capital companies hold the right of use in accordance with the law to which the title shall be transferred to those capital companies, after which the capital companies shall register their title to it.

The legal affairs provided for in paragraphs 1–3 of this Article must be conducted in accordance with the law governing public property.

Article 46

Within not more than one years of the effective date of this Law, the Government, acting on a proposal from the Ministry, shall pass the required instruments for the change of legal form of public enterprises to the form of limited liability companies or joint-stock companies.

The public enterprises referred to in paragraph 1 of this Article shall bring their organisation and their general bylaws in compliance with the provisions of this Law within not later than one year of registration of the change of legal form.

The capital companies referred to in Article 3 of this Law, as well as the capital companies which perform activities of general interest within the meaning of the law governing public enterprises, shall bring their organisation and their general bylaws in compliance with the provisions of this Law within not later than one year of the effective date of this Law.

Article 47

The persons referred to in Article 34 of this Law who hold such office on the effective date of this Law shall pass the examination within one year of the effective date of this Law.

Persons appointed after the effective date of this Law may take the office referred to in Article 34 of this Law even if they have not passed the examination, in which case they shall be obliged to pass the examination within one year of the date of their appointment.

Article 48

The secondary legislation referred to in Article 12 paragraph 1, Article 24 paragraph 3, Article 33 paragraph 1, Article 34 paragraph 2 and Article 42 paragraph 4 of this Law shall be passed before the effective date of this Law.

Within six months of the effective date of this Law, the Government shall pass the instruments referred to in Article 14 paragraph 4, Article 15 paragraph 3, Article 16 paragraph 4, Article 18 paragraph 4 and Article 29 paragraph 4 of this Law.

Within 60 days of the effective date of this Law, the Minister shall pass the instrument referred to in Article 13 paragraph 7 of this Law.

Within six months of the effective date of this Law, the Minister shall lay down the form referred to in Article 33 paragraph 5 and pass the instrument referred to in Article 40 of this Law.

Article 49

To prepare for determining the ownership management of public enterprises and capital companies founded by the autonomous province or a local self-government unit or a city municipality in accordance with the law, the Ministry shall conduct their comprehensive evaluation.

The Ministry shall conduct the evaluation referred to in paragraph 1 of this Article in cooperation with other government authorities, authorities of the autonomous province or local self-governments and the public enterprises of which they are founders, within not later than two years of the effective date of this Law.

Article 50

Separate laws and secondary legislation which govern the issues of legal status and operation of public enterprises, of the capital companies referred to in Article 3 of this Law and of the capital companies performing activities of general interest, as well the laws and secondary legislation governing the issues of performing activities of general interest, shall be harmonised with the provisions of this Law within not later than one year of the effective date of this Law.

In the case of divergence between certain provisions of the laws and secondary legislation which govern the issues of legal status and operation of public enterprises and of capital companies performing activities of general interest and the provisions of this Law, until the obligation provided for in paragraph 1 of this Article has been complied with, the provisions of this Law shall apply.

The Government shall form the Coordination Body within 60 days of the date when this Law comes into force to assess the level of harmonisation of separate laws with the provisions of this Law.

Technical and administrative affairs for the purposes of the Coordination Body in the course of the harmonisation process shall be conducted by the Ministry.

Article 51

This Law shall come into force on the eighth day of its publishing in the *Official Gazette of the Republic of Serbia* and shall take effect after 12 months of the date of its coming into force, except the provisions of Article 12 paragraph 1, Article 24 paragraph 3, Article 33 paragraph 1, Article 34 paragraph 2, Article 42 paragraph 4 and Article 50 paragraphs 3 and 4, which shall apply from the date when this Law comes into force.