

TERMS OF REFERENCE

FOR

Partner Company - Legal Services: Bond Issuance support

Background

The International Bank for Reconstruction and Development has granted a USD 30 million loan to the Republic of Serbia (hereinafter: RoS) to support the reform of capital markets through the implementation of the Catalyzing long term finance through capital market project (hereinafter: The Project).

The Financial System Department of the Ministry of Finance (hereinafter: MoFFS) is the entity responsible for all technical aspects of the Project implementation. The Project will be built upon the MoFFS's successful experience in implementing previous World Bank Group projects.

Given the specific nature of the Project, the MoFFS will be closely working with the Republic of Serbia Securities Commission (hereinafter: SSC), Central Security Depository and Clearing House (hereinafter: CSD), Belgrade Stock Exchange (hereinafter: BELEX), and other relevant institutions on the implementation of this Project in order to properly align it with regulatory requirements prescribed by the law.

The Project will be governed by a Stakeholder Committee with the operational activities performed by a dedicated Taskforce appointed by the MoFFS.

In order to efficiently implement all planned activities additional professional support will be required and engaged throughout the Project lifecycle.

Objectives of the Project

The Project's overall objectives are the development of the legal, regulatory and economic environment under which the capital markets operate, and to deepen the corporate bond market, including green and other thematic bond issuances. The Project is structured around two main components: Component 1 - Institutional, Legal and Regulatory Reforms and Component 2 - Corporate Bond Issuance.

Strengthening the capital market institutions, particularly the SSC, CSD, and BELEX by aligning them with the relevant international standards is the focus of Component 1.

Component 2 will be focused on expanding the supply side and the corporate bond issuer base (issuing more corporate bonds and/or other non-government securities instruments) starting from the identification of potential issuers and supporting the process that will lead to the final issuance. Specific focus will be on green and other thematic issuances (with an explicit emphasis on climate financing). Additionally, deepening the demand side (attracting more investors) by simplifying the taxation regime for capital markets will also be an important part of the Component 2 activities.

MoFFS, will select a group of companies, such as law firms, audit firms, financial advisory firms, brokerage firms, EMSA-registered credit rating agencies, and other critical service providers, that will provide full support and guidance to companies participating in the Project.

Objective of the Assignment

The Taskforce will identify domestic companies that are potential corporate bond issuers (hereinafter: CBIs), and will engage Partner Companies to provide full support of the issuance process from a legal and regulatory standpoint. In the Primary procurement stage, MoFFS will enter into a Framework agreement (hereinafter: FA) with several Partner Companies, setting out terms and conditions under which specific Services (call-off contracts) will be provided directly or competitively throughout the term of the agreement. Once the particular CBI is determined, a Partner Company shall be selected from the panel using the secondary procurement process, which shall be described in the FA in details. Finally, the Partner Company will enter into a three-party contract with the CBI Candidate and the Ministry of Finance in accordance with Call-Off contract template that will be provided in respective Framework Agreement. For purposes of applying the attorney-client privilege, the client shall be deemed to be the corporate bond issuance (CBI) candidate. For purposes of implementing the offering, the three-party contract may require waiver of the privilege for some or all of the privilege.

Scope of Work

- Provide the necessary legal services to the CBI Candidate including:
 - a) presence on behalf of the CBI Candidate, at meetings among the Candidate and the financial and other advisors and all relevant institutions (SSC, CSD, Belgrade Stock Exchange, NBS etc.) in relation to all aspects of bond issuance process, and rendering legal advice to the CBI Candidate regarding the same
 - b) legal assistance in communication with International Financial Institutions that are interested to participate as investors of the bonds with the aim of adequately addressing their specific requirements related to participation in the process
 - c) drafting and/or assistance with drafting of bonds issuance related documentation (registration statement, prospectus, contracts with banks and competent institutions involved in issuance process, agreements and documents related to listing of bonds on the relevant segment(s) of the Belgrade Stock Exchange
 - d) assistance in obtaining all regulatory approvals which are required for successful issuance
 - e) ad hoc assistance to CBI candidate's team in relation to various legal issues that may arise during the process
 - f) assistance in activities that are necessary for successful closing of the offering transaction

Deliverables

- The Partner Law Firm will provide the Taskforce with a summary report upon the completion of issuance support to the CBI Candidate highlighting the:
 - a) legal work conducted
 - b) potential legal challenges faced
 - c) other matters of interest related to the bond issuance process (from legal and regulatory perspective)

Reporting requirements and other provisions

- Upon request the Partner Company shall submit progress reports on the implementation of the assignment to the Taskforce
- One Partner Company may work with maximum two CBI candidates at the same time
- The mandatory provision necessary for the progression to the Project Issuance phase is the conclusion of a legally binding document between the Issuer ("CBI Candidate") and the Service Providers (arrangers, legal advisors, and financial advisor) defining rights and obligations in relation to the bond issuance success fee. The Issuer and the Service Providers, under full criminal and material liability, confirm that the bilateral binding document signed between these two parties will not, in any event, have any negative impact on the

implementation of the agreement concluded on the basis of this Terms of Reference, with the Ministry of Finance of the Republic of Serbia

High level profile of the Partner Company

In order to be shortlisted, the Partner Company shall be:

- A reputable law firm with significant experience in:
 - a) relevant financial regulations, corporate governance, contract law, company law, and commercial litigations locally or internationally
 - b) helping companies to navigate the legal framework of the Republic of Serbia and support companies resolving legal issues or disputes or enable their transformation through corporate strategy and transactions, M&A and divestments
- A law firm based in the Republic of Serbia
- A law firm with experience in supporting issuances of securities - will be considered as an advantage
- A law firm with experience and knowledge in working within the framework of the Belgrade Stock Exchange, and with alternative investment funds, investment funds, banks and other participants in the capital and financial market - will be considered as an advantage
- A law firm possessing experience in providing work or advisory services to the Government of Serbia, its line ministries, or other public agencies - will be considered as an advantage

As a proof of experience, the consultant will prepare a reference table stating the following:

- Clients' name
- Start date and completion date (mm/yy)
- Brief description of services provided (10 sentence each maximum)

Key experts:

The Partner Company shall establish his Team in accordance with the needs and requirements of this ToR. The Team shall consist of a core team made of key experts with the qualifications and skills defined below and non-key experts, if needed.

- Legal expert 1:
 - a) University degree in law. Any postgraduate degree (master degree or doctoral studies) will be considered as an advantage
 - b) Minimum 7 years of relevant work experience
 - c) Advanced knowledge of business landscape in Serbia
 - d) Advanced experience in financial, regulatory and/or corporate law
 - e) Advanced experience in providing legal services in relation to the capital markets and securities issuance - will be considered as an advantage
 - f) Skilled in identifying potential legal risks associated with the bond issuance and proposing risk management solutions
 - g) Advanced knowledge of corporate governance
 - h) Advanced user of MS Office
 - i) Strong presentation and communication skills, and excellent knowledge of written and spoken English
- Legal expert 2:

- a) University degree in law. Any postgraduate degree (master degree or doctoral studies) will be considered an advantage
 - b) Minimum 5 years of relevant work experience
 - c) Advanced knowledge of business landscape in Serbia
 - d) Advanced experience in financial, regulatory and/or corporate law
 - e) Advanced experience in providing legal services in relation to the capital markets and securities issuance
 - f) Skilled in identifying potential legal risks associated with the bond issuance and proposing risk management solutions
 - g) Advanced user of MS Office
 - j) Strong presentation and communication skills, and excellent knowledge of written and spoken English
- Project Team:
 - a) Additional project team members will be defined in line with specific needs of each corporate bond issuance candidate

The bidder shall include CVs for all proposed team members, together with a commitment letter executed by each proposed team member certifying their availability to work on this assignment during the period estimated, committing to remain available, and committing to travel and work within Serbia as needed during the project

Length of assignment

The assignment will be for a period ending with May 2027 conclusively and subject to extension based on Project needs and satisfactory performance verified by the Taskforce

Confidentiality

The Partner Company undertakes to maintain confidentiality on all information that is not in the public domain and shall not be involved in another assignment that represents a conflict of interest to the prevailing assignment

Selection of Partner Company

The Taskforce, intends to shortlist up to 10 eligible firms to whom a subsequent Request for Proposals (RFP), shall be sent.

A Partner Company will be selected under Quality - based selection method procedures, in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (July 2016, revised November 2017, August 2018 and November 2020) ("Procurement Regulations"), which can be found at the following website: www.worldbank.org. The Framework Agreement to be concluded will be "Single-User." A Framework Agreement will be concluded with several Partner Companies ("Multi-Consultant Framework Agreement").

The selection of a Legal Advisor Partner Company to be awarded a Call-off Contract will be done through a Secondary Procurement as defined in the Framework Agreement. However, the conclusion of a Framework Agreement shall not impose any obligation on the Procuring Agency, including participating Clients, to procure the consulting services under a Call-off Contract. The conclusion of Framework Agreement does not guarantee that a Partner Company in the Framework Agreement will be awarded a Call-off Contract.