

Market Profile North Macedonia



komercijalna banka
ad skopje

October 2020

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1. MARKET SUMMARY

Time Zone	GMT+1		
Currency	Macedonian denar (MKD) EUR = 61.6950 MKD; 1 USD = 52.7398 MKD (October 31 2020)		
Rating	Fitch: BB+; Standard & Poor's: BB-;		
Currency Restrictions	In the domestic market, MKD can be freely converted in any other currency which can be freely repatriated abroad.		
Language	Macedonian. English is widely spoken in the business world.		
Securities ID number	ISIN		
Stock Exchanges	Macedonian Stock Exchange (MSE)		
Traded instruments	Shares, bonds, and T-bills		
CSD	Central Securities Depository (CSD)		
Settlement cycle	T+2 with possibility of shorter cycle and RTGS on OTC market		
Funds availability	Settlement date		
Corporate Actions	Most common events are stock dividends, interest payments, redemptions, stock splits, tender offers, mergers etc.		
Income Collection	<p><u>Dividend payments</u></p> <p>Resolution on dividend payment is made at the Annual General Meetings (AGM). Entitlements are based on settled position on record date. There are no general rules for ex, record and payment date (record and payment date are determined by the issuer; ex-date is RD-2). According to Law on Trade Companies the last date for dividend payment is 30.09 at current year.</p> <p><u>Interest payments</u></p> <p>Entitlements are based on settled position on record date</p>		
Taxation		legal entity	individuals
	Dividends	10%	10%
	Interest	none	none
	Capital gains	none	capital gains are temporarily relieved from paying Income tax until 31.12.2022

Market compensation rules	The collective investment scheme (a compensation fund) is prescribed with the Securities Law and will be implemented when North Macedonia acquires membership at EU.
Regulatory authorities	Security and exchange commission of the Republic of North Macedonia (MSEC) National Bank of Republic of North Macedonia (NBRNM) Ministry of Finance (MF)

2. KOMERCIJALNA BANKA AD SKOPJE

Company profile

1955	Komercijalna banka AD Skopje (the "Bank") was established, as a bank specialized for citizens' savings, housing loans to citizens and enterprises and financial support to construction of municipalities.
1990	The Bank was transformed into a shareholding company
Present	The Bank functions as a universal bank continuously applying policies and procedures in its operations in accordance with the domestic and international banking standards, principles and the best practices. It is recognized as one of the leading independent Macedonian banks operating in the country having equal treatment for all the customers offering a universal range of carefully selected products and services.

The Bank is headquartered in Skopje, the capital of North Macedonia, with the following contact details:

Komercijalna banka AD Skopje
Orce Nikolov 3
PO Box 563
1000 Skopje, Republic of North Macedonia
S.W.I.F.T.: KOBK MK 2X
Reuters: KOSK
Tel: +389 2 3168-168
Fax: +389 2 3162-658
E- mail: contact@kb.com.mk

Ownership structure and share information:

Komercijalna banka AD Skopje is privately owned company, with a diversified ownership structure with only one shareholder owning more than 5%:

- Adora Inzenering DOOEL Skopje and related entities (12,86%)

The entity is an active shareholder with Board representation.

	Ordinary
ISIN code	MKKMBS101019
Nominal value	1000 MKD
Number of shares	2.279.067
CFI code	ESVUFR
Ticker	KMB
Exchange	Macedonian Stock Exchange
Bloomberg	KMB MS
Reuters	KMB.MKE



Awards and accomplishments:

	Ranked by	Position
2019	MSE	- "Crystal bell" - second place for the most transparent listed company; - Plaque for achieving first place for total turnover and number of transactions completed in 2018.
2018	MSE	- "Crystal bell" - second place for the most transparent listed company; - Plaque for achieving second place for total turnover and number of transactions completed in 2017.
2017	MSE	- "Crystal bell" - second place for the most transparent listed company; - Plaque for achieving second place for total turnover and number of transactions completed in 2016.
2016	MSE North Macedonia Super brands Global Finance	- "Crystal bell" - the most transparent listed company; - Brokerage house with highest trading volume and realized transactions in the past 20 years; - Listed company with the highest turnover in the past 20 years; - Plaque for achieving second place for total turnover and number of transactions completed in 2015. Super brand in North Macedonia 2015/2016 The best foreign exchange provider in North Macedonia
2015	North Macedonia Super brands	Super brand in North Macedonia 2014/2015
2014	Global Finance Deutsche Bank	The best foreign exchange provider in North Macedonia EUR STP Excellence Award 2014
2013	Global Finance	The best bank in North Macedonia The best foreign exchange provider in North Macedonia
2012	Global Finance	The best bank in North Macedonia
2011	Global Finance	The best bank in North Macedonia
2010	The Banker	Bank of the year 2010

	Global Finance Deutsche Bank	The best bank in North Macedonia EUR STP Excellence Award 2010
2009	Global Finance EBRD MSE Deutsche Bank North Macedonia Super brands	The best bank in North Macedonia Most active issuing bank in North Macedonia in 2009 "Crystal bell" - the most transparent listed company EUR STP Excellence Award 2009 Super brand in North Macedonia National prize for social responsibility practice of companies in North Macedonia for 2009
2008	Global Finance MSE EBRD	The best bank in North Macedonia "Crystal bell" - the most transparent listed company Brokerage house with highest trading volume and realized transactions for the year 2008 Best Developing Trade Financier for 2008 National prize for social responsibility practice of companies in North Macedonia for 2009
2007	Global Finance MSE Finance Central Europe Trade finance Deutsche Bank	The best bank in North Macedonia Brokerage house with highest trading volume and realized transactions for the year 2007 The Best bank by assets strength 2007 The Best bank by gross profit 2007 The Best bank by ROE 2007 Participant in the best financial deal 2007 EUR STP Excellence Award 2007
2006	Global Finance MSE Finance Central Europe	The best bank in North Macedonia Brokerage house with highest trading volume and realized transactions for the period between 1996-2006 The Best bank by assets strength 2006
2005	Global Finance MSE Finance Central Europe	The best bank in North Macedonia Brokerage house with highest trading volume and realized transactions for the year 2005 The Best bank by assets strength 2005 The Best bank by capital strength 2005 The Best bank by gross profit 2005
2004	Global Finance The Banker Finance Central Europe EBRD	The best bank in North Macedonia Bank of the year 2004 The best bank for 2004 Best Developing Trade Financier for 2004
2003	Finance Central Europe EBRD	The best bank for 2003 Best Developing Trade Financier for 2003
2002	The Banker Finance Central Europe	Bank of the year 2002 The best bank for 2002
2001	The Banker	Bank of the year 2002

Associated companies:

The Bank is further present on the Macedonian financial market through its associated companies:

 <p>KB FIRST PENSION COMPANY FUTURE, TODAY! www.kbprvo.com.mk</p>	<p>KB First Pension Company AD Skopje (www.kbprvo.com.mk) is a licensed from the Agency for Supervision of Fully Funded Pension insurance (MAPAS) to manage funds for Mandatory and Voluntary Fully Funded Pension Insurance. At present, the company manages <i>First Mandatory Pension Fund</i> and <i>First Voluntary Pension Fund</i>.</p>
 <p>KB PUBLIKUM INVEST AD SKOPJE</p>	<p>Investment funds management company KB Publikum Invest AD Skopje (www.kbpublikum.com.mk) is a licensed from the Securities and Exchange Commission of the Republic of North Macedonia (MSEC) to manage open-end investments funds. At present, the company manages the <i>o.f. KB Publikum – Balanced; o.f. KB Publikum – Bonds; o.f. KB Publikum – Cash; o.f. KB Publikum – MBI10</i>.</p>

3. MARKET OVERVIEW**Country Rating**

	Fitch 2017	Standard & Poor's 2017	Fitch 2018	Standard & Poor's 2018	Fitch 2019	Standard & Poor's 2019	Fitch H1 2020	Standard & Poor's H1 2020
Foreign Currency	BB	BB-	BB	BB-	BB+	BB-	BB+	BB-
Outlook	negative	negative	negative	stable		stable	negative	stable
Local Currency	B	B	B	B	B	B	B	B

Main Figures of the Stock Market (in EUR)

Market Segment	2014	2015	2016	2017	2018	2019	H1 2020
	Value	Value	Value	Value	Value	Value	Value
Regular trading							
Shares	32.292.176	23.322.038	29.660.510	44.378.471	70.785.981	61.903.703	61.853.534
Bonds	8.801.911	10.478.755	8.277.305	2.910.142	8.624.120	5.816.619	3.796.623
Block transactions	25.503.777	8.905.346	10.497.528	29.561.289	85.453.983	39.980.741	25.965.383
Public auctions	4.559.803	257.282	740.571	209.636	276.186	495.386	0
Public offering of shares	70.414.546	230.120	0	0	4.006.032	16.080.613	2.695.252
Total	141.572.214	43.193.562	49.175.914	77.059.538	169.146.303	124.817.662	94.310.792

Source: MSE

Capital Market

- Instruments/Types of Securities (Available for Foreign Investors)

Securities	trade	Tradable size	Minimal denomination	Settlement location	Settlement period	Other info
Shares	MSE	1 piece		CSD	T+1 To T+2	Ordinary shares Preferred shares
Government Bonds	MSE	1 piece	1 EUR	CSD	T+1 To T+2	Maturity period: 1 - 15 years
Government bonds and Government bills	MSE OTC	1 piece	10.000 MKD	CSD	MSE: T+1 to T+2 OTC: T+0 to T+1	T-Bonds: with maturity up to 15 years T- Bills: with maturity up to 12 months

4. REGULATORY BODIES AND MARKET REGULATIONS**4.1. Securities and Exchange Commission of the Republic of North Macedonia (MSEC)**

Contact details	<p>Securities and Exchange Commission of the Republic of North Macedonia (MSEC)</p> <p>ul.Makedonija bb, Palata "Lazar Pop Trajkov", kat 4, 1000 Skopje, Republic of North Macedonia</p> <p>Tel.: +389 2 3244-670</p> <p>Fax: + 389 2 3244-671</p> <p>e-mail: khv@sec.gov.mk</p> <p>www.sec.gov.mk</p>
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The Securities and Exchange Commission of the Republic of North Macedonia ("MSEC") with its headquarters in Skopje was established by a Decision of the Government of the Republic of Macedonia on June 19, 1992.

The MSEC regulates and supervises all participants in the operation with securities on the territory of the Republic of North Macedonia.

The MSEC is in charge of the implementation of the Securities Law, the Investment Fund Law, and Law on takeovers as well as all other regulations passed on basis of these laws. Among other responsibilities, MSEC is responsible for:

- a) Issuing regulations;
- b) Monitor and control the functioning of the market of securities;
- c) Give consent to the appointment of directors of brokerage houses, department of the bank who is responsible for performing services in securities and undertakings for the management of investment funds;

- d) Approve requests for issuance of securities;
- e) Issuing or suspending licenses, permits and approvals when authorized to do so by law

4.2. National Bank of the Republic of North Macedonia (NBRNM)

Contact details

National Bank of the Republic of North Macedonia (NBRNM)
Kuzman Josifovski Pitu Blvd 1
1000 Skopje, Republic of North Macedonia
Tel.: +389 2 3108 108
Fax: + 389 2 3108 357
www.NBRNM.gov.mk

The National Bank of Republic of North Macedonia (NBRNM) is an autonomous institution of the monetary system of Macedonia and sole bank of issue, responsible for the monetary policy, stability of the currency, financial discipline and performance of other operations.

NBRNM is directly liable to the Macedonian Parliament. NBRNM is responsible for maintaining the stability of the Macedonian Denar, managing domestic and external liquidity, implementing foreign exchange and monetary policies, issuing banknotes and coins, regulating of the payment system and supervising the banking sector and performing other operations as provided by the Law.

4.3. Ministry of Finance (MF)

Contact details

Ministry of Finance (MF)
Dame Gruev 12,
1000 Skopje, Republic of North Macedonia
Tel.: +389 2 3255-300
Fax: + 389 2 3255-721
E-mail: finance@finance.gov.mk
www.finance.gov.mk

Ministry of Finance, within its competence, is authorized for direct implementation of law, enacting regulations for implementation of laws, administrative supervision and other administrative works. The Ministry of Finance, along with the NBRNM, is empowered to harmonize monetary, fiscal policy and the policy of the public debt within the power of their instruments. It is responsible for prevention of Money Laundering and for Government Securities issue.

4.4. Market Regulations

Major laws governing foreign investments:

Law on Securities (published in the "Official Gazette of the Republic of North Macedonia" No. (95/2005; 25/2007; 7/2008; 57/2010; 135/2011; 13/2013; 188/2013; 43/2014; 15/2015; 154/2015; 192/2015; 23/2016 and 83/2018).

The Securities Law governs:

- The classes of securities that can be issued;
- The conditions for issuing particular securities;
- The trading in such securities;
- Organization, structure and functioning of organized market in North Macedonia;
- Market organizer (exchange);
- Other market participants;
- Organization and supervising authority of Securities and Exchange Commission;
- Organization and authority of Central Depository and Clearing House;

Law on Trade Companies (published in the "Official Gazette of Republic of North Macedonia" No. (28/2004; 84/2005; 25/2007; 87/2008; 42/2010; 48/2010; 24/2011; 166/2012; 70/2013; 119/2013; 120/2013; 187/2013; 38/2014; 41/2014; 138/2014; 88/2015; 192/2015; 6/2016; 30/2016; 61/2016; 64/2018 и 120/2018).

- This Law shall regulate: the commercial entity (according to the activity, form, type and scope of activity, the entity); the sole proprietor; the core capital; the parts and shares; the company agreement; the pre-incorporated company; the duration of the company; the capacity of a legal person (legal status); the branch offices; the liability of the company; the special responsibility of the members or shareholders; the foreign person that may not found a company; the conditions under which the foreign person may be a member or shareholder; the rights of the foreign persons; the annulment of the company; the contributions (monetary and non-monetary); the prohibition on exemption from the liability to pay, or making the contribution; the participation in the profit; the member's or shareholder's right to information; the legal regime of the company's property; the protection of the rights of the members or shareholders before the court; the judgment of validity; the characteristics of the company (business name, registered office, scope of operations); the representation (legally authorized representative, representative by proxy and representative by employment); the commercial representative; the sales agent; the commercial register, the procedure, the entries in the commercial register and their disclosure; the conditions for founding, management, supervision, decrease and increase of the core capital; the relations between the members or shareholders; and other issues pertinent to the different types of companies-the general partnership, the limited partnership, the limited liability company, the joint stock company and the limited partnership by shares; the major transactions and the interested party transactions of the company; the trade books; the annual accounts and financial statements and their audit; the dividend; the equity holding in other companies (related companies); the consolidated annual accounts and the consolidated financial

statements; the transformation of the companies from one form to another form of a company; accession, merger and division of companies; the liquidation of the company, the economic interest grouping; the silent partnership; the foreign company and foreign sole proprietor; the branch offices of the foreign company, or of the foreign sole proprietor and the representative offices of foreign companies; the manner of establishing a centralized commercial register in material and electronic form and the one-stop-shop system; the control and supervision; the penalty provisions as well as the transitional regime pertaining to application of this law.

Law on Takeover of Joint Stock Companies (published in the “Official Gazette of the Republic of North Macedonia” No. (69/2013, 188/2013, 166/2014, 154/2015, 23/2016 and 248/2018).

This Law regulates the method as well as the terms and conditions of the purchase of shares in individual joint stock companies – issuers of securities when a particular person of entity acquires or intends to acquire a share which provides it with over 25% of the voting stock (hereinafter: takeover). This law regulates:

- Term and conditions of takeover of shareholders companies,
- Rights and obligations of participants in the takeover process,
- Supervising of the takeover process and its participants.

This Law shall govern the conditions for incorporation of investment funds and Investment fund management companies, the manner and supervisory control of their operations and the process of selection of a depository bank. This law regulates:

- Organizing and managing of open investment funds,
- Organizing and managing of closed investment funds,
- Organizing and managing of private investment funds
- Establishing business actions and operations of Fund Managing Company,
- Operations and liabilities of a custody bank as per this law,
- Competence of Securities and Exchange Commission,
- Other relevant issues for operating of investment funds.

Law on Amendments to the Law on Takeover of Joint Stock Companies (Official Gazette of the Republic of Macedonia No. 247/248 of 31.12.2018) makes the following significant amendments and supplements:

- defining the term “acquisition”, which means direct or indirect acquisition of securities in a joint stock company by one person, individually or together with the persons with whom it acts jointly;

-specifying and supplementing the provision from the Law regulating joint action in the procedure for taking over of joint stock companies, that is, according to the amendment for persons acting jointly, the persons who have proposed, appointed or dismissed members of the shareholder's assembly, the management body or supervisory board, or other decisions regarding the strategic and business policies of the company, the subject of operations, as well as the status changes, which are adopted with majority of the present the votes of the Assembly and who had voted for such decisions.

It is considered that persons act jointly when one of them directly or indirectly controls the other person or other persons. The scope of the person acting jointly with the legal

entity shall also be specified and supplemented: for persons acting jointly, two legal entities are also considered as companies with significant participation, majority participation in a joint stock company or a limited liability company, or with the majority decision making right, companies with mutual participation, as well as a dependent and governing company in accordance with the Law on Trade Companies.

Founders of a limited liability company shall also be considered as acting jointly persons, if they individually have significant share in the company's capital, i.e. they own at least 20% of the company's capital.

Supplements and amendments are also made regarding to persons who are connected as close family members, so that close family members of an individual are considered spouse or the person with whom they live in a non-marital community, a child or an adopted child, a parent or a guardian to that natural person, as well as born siblings, brother and sister after father, that is, by mother. New provisions have been introduced according to which the proxy obligatorily informs the Securities and Exchange Commission of the intention and the reasons for giving the power of attorney to several shareholders, within five working days before the General Meeting of shareholders.

If it fails to notify the Commission, it will be considered that exercising the right to vote on the basis of the powers given by several shareholders to that person is a concealed way of bargaining, the purpose of which is the acquisition and strengthening of control over the target company;

- changes in relation to the control takeover threshold, i.e. it is determined that the person who, individually or jointly with the persons with whom he acts jointly, acquires 25% or more of the voting securities issued by a certain joint stock company, including the previously possessed shares, obligatory offers an offer for taking over the remaining securities, under conditions and in a manner determined by this Law;
- introducing a new legal provision for restricting the voting right, which determines that from the day of announcing the intention to take over until the day when the decision of the Commission on the outcome of the offer by which it is defined that the offer is successful, the shares exceeding the control threshold shall not have the right to vote;
- setting out obligation for the acquirer to notify the authorized depository of the intention to take over;
- introducing a new provision concerning the specific conditions for the intention to take over;
- Amendment of the measures in case of acquiring shares contrary to this Law;
- Certain specification of individual provisions;
- setting out fines for committed misdemeanors, etc.

Law on Banks (published in the "Official Gazette of Republic of North Macedonia" No. [67/2007](#), [90/2009](#), [67/2010](#), [26/2013](#), [15/2015](#), [153/2015](#), [190/2016](#) and [7/2019](#)).

This Law shall set forth the founding, operations, supervision and termination of operations of banks and of branches of foreign banks in the Republic of North Macedonia, as well as the opening and operations of branches of banks from European Union member states.

According to the Banking Law, the bank may perform the following activities:

- Accepting deposits and other repayable sources of funds,
- Lending in the country, including factoring and financing commercial transactions,

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- Lending abroad, including factoring and financing commercial transactions,
 - Issuance and administration of means of payment (payment cards, traveler's checks, bills of exchange),
 - Issuance of e-money, if regulated by special law,
 - Financial leasing,
 - Currency exchange operations,
 - Domestic and international payment operations, including purchase and sale of foreign currency,
 - Fast money transfer,
 - Issuance of payment guarantees, backing guarantees and other forms of collateral,
 - Lease of safe deposit boxes, depositories and depots,
 - Trade in instruments on the money market (bill of exchange, checks, deposits certificates),
 - Trade in foreign assets, including trade in precious metals,
 - Trade in securities,
 - Trade in financial derivatives,
 - Asset and securities portfolio management on order and for the account of clients,
 - Providing services of a custodian bank,
 - Purchasing and selling, underwriting and placement of securities issue,
 - Intermediation in sale of insurance policies,
 - Intermediation in concluding credit and loan agreements,
 - Processing and analyzing information on the legal entities' creditworthiness,
 - Economic and financial consulting and
 - Other financial services specified by the law allowed to be performed exclusively by a bank.

A bank may not directly perform operations from the area of industry, trade or other non-financial activities.

Law on foreign exchange operations (published in the "Official Gazette of Republic of North Macedonia" No. [34/2001](#), [49/2001](#), [103/2001](#), [51/2003](#), [81/2008](#), [24/2011](#), [135/2011](#), [188/2013](#), [97/2015](#), [153/2015](#) and [23/2016](#)).

The Law on Foreign Exchange Operations shall regulate current and capital transactions and their execution in form of payments and transfers among residents and non-residents if using foreign means of payment or if the subject of operations are foreign means of payment and unilateral transfers of funds from or to the Republic of North Macedonia which do not represent transactions among residents and non-residents, as well as foreign supervision and control.

According to this Law, Residents are:

- trade companies, sole proprietors and other legal entities having main office in the subsidiaries abroad,
- subsidiaries of foreign companies registered in the Trade Registry of the Republic of North Macedonia,
- Natural persons, performing business activities independently as their occupation, having permanent residence in the Republic of North Macedonia, not treated as traders according to the Law on Trade Companies,

- Natural persons with permanent residence in the Republic of North Macedonia,
- Natural persons temporarily residing in the Republic of North Macedonia, holding a residential or working visa valid for no less than six months,
- Diplomatic, consular and other representative offices of the Republic of North Macedonia, as well as citizens employed in these representative offices and their immediate family members.

Non-residents are all other persons not defined as residents.

The Law on Foreign Exchange Operations regulates:

- Payments and transfer of funds between the residents and non-residents in local currency and other currencies,
- Payments and transfers executed between the residents and non-residents, as well as purchase and sale of foreign currency between the residents
- Unilateral transfer of funds in and out of North Macedonia
- Current and deposit accounts of non-resident in Republic of North Macedonia as well as account of residents in and out of North Macedonia,
- Credit activities,
- Supervising authority for implementation of this law.

The Law on Payment Operations (published in the “Official Gazette in the Republic of North Macedonia” No. ([113/2007](#), [22/2008](#), [159/2008](#), [133/2009](#), [145/2010](#), [35/2011](#), [11/2012](#), [59/2012](#), [166/2012](#), [170/2013](#), [153/2015](#), [199/2015](#), [193/2017](#) and [7/2019](#)).

The Law on Payment Operations regulates payment operations in the country, relations between payment operation carriers and payment operations participants, relations between payment operation carriers and the National Bank of the Republic of North Macedonia concerning payment operations, payment systems, payment settlement, and issuance of electronic money and oversight of payment systems.

Law on Mandatory Fully Funded Pension Insurance (published in the “Official Gazette in the Republic of North Macedonia” No. ([29/2002](#); [85/2003](#); [40/2004](#); [113/2005](#); [29/2007](#); [88/2008](#); [48/2009](#); [81/2009](#); [50/2010](#); [171/2010](#); [36/2011](#); [98/2012](#); [13/2013](#); [164/2013](#); [44/2014](#); [192/2015](#); [30/2016](#), [21/2018](#) and [245/2018](#)).

This Law regulates the mandatory fully funded pension insurance, establishment and operation of Pension Funds and their managing Pension Companies, which shall operate as part of the pension and disability insurance system. The purpose of these funds and companies is to receive contributions from those required by law to contribute to such funds, to invest in financial instruments and to distribute the accumulated assets in accordance with this Law.

The Law provides for the establishment of the Agency for supervision of the fully funded pension insurance which will grant licenses for incorporation and authorizations for Pension Fund management to the Pension Companies supervise the Pension Funds and their managing Pension Companies and will perform various other functions in accordance with the Law.

Law on Voluntary Fully Funded Pension Insurance (published in the “Official Gazette of the Republic of North Macedonia” No. ([7/2008](#), [124/2010](#), [17/2011](#) and [13/2013](#)).

The Law on Voluntary Fully Funded Pension Insurance regulates the establishment, operation and winding up of voluntary pension companies and joint pension companies, as well as voluntary pension funds, occupational pension schemes establishment, membership in voluntary pension funds, reporting, fees, investment and asset management rules and custody activities.

The Law on Personal Income Tax (published in the "Official Gazette of the Republic of North Macedonia" No. (241/2018, 275/2019).

The Law on Personal Income Tax regulates the taxation of the personal income of natural persons, the taxpayer for payment of the personal income tax, the tax base for calculating the personal income tax, the tax rates, the time limits for payment of the personal income tax, as well as other issues that are important for determining and paying the personal income tax. The solutions stipulated in the new Law on Personal Income Tax envisage enabling a fairer system of taxation of the income of individuals, reducing social inequality, increasing budget revenues, and overcoming certain weaknesses of the existing Law on Personal Income Tax, and the emphasis of the novelties in the Law are following :

- regulating the types of income that are subject to taxation, such as: income from operations, income from independent activity, income from copyright and related rights, income from sale of own agricultural products, income from industrial property rights, rental income and sublease, capital gains, capital gains, gains from games of chance, income from insurance (new type of income) and other income.
- Changes in relation to the amount of tax deduction used in the payment of income from work on the basis of salary, salary and pension allowances, and hence at the annual calculation of the income tax, it is 96.000 MKD. The tax reduction for the next year is determined on the basis of the level of the tax reduction from the current year, in line with 50% of the rate of the realized increase in the average gross salary per employee in the Republic of North Macedonia. Macedonia in the last year, according to the data from the State Statistical Office, and this amount is announced by the Minister of Finance before the beginning of each year by December 31st in the current year.
- introduction of progressive taxation of income from work, income from independent activity, income from copyright and related rights, and income from the sale of own agricultural products. Income tax will be paid at progressive rates, as follows: up to MKD 1,080,000 on annual tax base at a rate of 10%; and from 1,080,001 MKD on an annual tax base at the rate of 108,000 + 18% of the part of the income over 1,080,000 MKD. For income from industrial property rights, rental income and sublease, capital gains, capital gains, gains from games of chance, income from insurance and other income, the tax is paid at a single rate of 15%.
- Amendments are introduced for the fees for which no income tax is paid, and according to the changes, income tax is not paid in interest on deposits in the amount of 15,000 MKD per annum, paid collective insurance premiums for the employees who paid by the employer for work injuries and for the taxpayer who generates income from independent activity, paid contribution to a voluntary pension fund for one calendar year, for employed persons and for a taxpayer who generates income from an independent activity in the amount of up to two average monthly net gross salaries in the Republic of North Macedonia. North Macedonia, published in January of the current year according to the data of the State Statistical Office, etc.
- Income from capital means dividends and other income realized with participation in profit of legal entities; interest on loans granted to individuals and legal

entities; interest on deposits; interest on securities and other income from securities or financial instruments. The basis of the tax on interest income from deposits is the amount of the calculated interest which exceeds MKD 15,000 per annum in the equivalent of the currency of the deposit, the basis of the tax on interest income from securities is the amount of the calculated interest, and the basis of the tax on the other income from securities or financial instruments represents the amount of gross income.

- Income tax is not paid on interest on sight deposits and transaction accounts; as well as capital gains from the sale of securities and shares issued by an investment fund if the holder has owned them for a period longer than ten years. This provision shall enter into force on 1 January 2020.

- Capital income includes, among other things, time deposits;
 - For the purpose of determining capital gains, as the sale price of securities and equities issued by an investment fund, the agreed price is considered. For the purpose of determining capital gains, such as the purchase (purchase) price of real estate, securities, stakes issued by an investment fund, equity participation, other movable and intangible property, the price at which the taxpayer acquired the real estate, securities, shares issued by an investment fund, equity interest and other movable and intangible assets.

- Income tax is not paid for capital gains from the sale of securities, which are acquired through the issue of securities realized as an initial public offering.

- Provisions relating to the rates on which the income tax on employment, self-employment income, copyright and related income, own agricultural sales tax, industrial property tax income, lease income, and the tax are calculated and paid. sublease, capital income, capital gains, insurance income and other income shall not apply from 1 January 2020 to 31 December 2022. Until the date of application of this provision, the calculation and payment of income tax, income from self-employment, income from copyright and related rights, income from the sale of own agricultural products, income from industrial property rights, income from rent and sub-leases, capital income, capital gains, insurance income and other income for 2020, 2021 and 2022 will be made at the rate of 10%.

- However, the provisions relating to the taxation of interest on time deposits and the provisions relating to the taxation of capital gains on the sale of securities and shares issued by an investment fund shall apply from 1 January 2023.

- Arrangement of misdemeanor provisions, etc.
 This Law shall enter into force on the day of its publication in the Official Gazette of the Republic of Northern Macedonia.

Law amending the Law on Personal Income Tax(Official Gazette of the RSM, No. 275/19 of 27.12.2019)

- amendments to the income from work, that is, according to the changes, for income from operations, among other things, the pension benefit from voluntary capital and financial insurance will be considered; the contributions to a voluntary

pension fund paid by a legal entity or a taxpayer that generates income from an independent activity; fees for practical work according to the Law on Internship, etc.

- the definition of income from capital gain, which means the difference between the selling and the purchase price when selling or exchanging real estate, securities, equity interest, other movable and intangible property.

- The calculation of the advance payment of income tax is also regulated. Advance payment is the amount of tax that the taxpayer pays during the year, before determining the annual income tax with the annual tax return. In accordance with this Law, the individual income tax is calculated in the course of the year for the advance payment of the income tax charged after deduction of any income after the submitted electronic calculation from the payer, an electronic calculation from an individual or a basic decision of the public revenue authority.

- The calculation of the advance payment of the income tax during the year is detailed in details.

- Determining fines for acting contrary to the provisions of this Law, etc.

The bylaws stipulated in this Law shall be adopted within 60 days from the day this Law enters into force. The initiated procedures shall be completed in accordance with the previous Law on Personal Income Tax until the date of application of this Law.

5. FOREIGN EXCHANGE AND MONEY TRANSFERS

In the domestic market, Macedonian denar (MKD) can be freely converted in any other currency which can be freely repatriated abroad. Foreign exchange can be executed through banks licensed by the NBRNM.

5.1. Foreign exchange

The main objective of the NBRNM is to maintain price stability. Given this, the monetary policy of the NBRNM has been based on targeting the nominal MKD exchange rate against the Euro. In addition, the NBRNM uses a combination of variables as operational targets which include the reserves maintained by the banking system and the money market interest rates to influence movements on the foreign exchange market.

In accordance with the Foreign Exchange Law, the Denar (MKD) exchange rate is formed freely on the basis of demand and supply of foreign exchange on the foreign exchange market. National Bank of the Republic of North Macedonia (NBRNM) participates on the foreign exchange market in order to achieve the goals of the monetary and foreign exchange policy. In that respect, by the law, classification of the exchange rate regime in the Republic of North Macedonia is a managed float, but it operates as a conventional fixed peg. There is no determined fixed central exchange rate or margin between the maximum and the minimum value of the exchange value. The MKD exchange rate against the Euro is determined by the NBRNM as the weighted average of inter-bank quotations at the end of each business day. The use of the official exchange rate is for accounting purposes and balance of payment statistics.

The FX market in Republic of North Macedonia is predominantly consisted of transaction between banks and their customers, while the inter-bank trading is still minor part of the FX market. Transactions on the FX market are spot and forward.

In order to improve the inter-bank FX market, in second half of 2005 NBRNM introduced electronic trading platform for quotation and inter-bank trading. That way, the market transparency was increased and it facilitated transactions and quoting of FX rates reflecting real time market conditions.

In the same period NBRNM, also offered the possibility to all the banks for a market maker. By now, 6 commercial banks accepted this position. The market makers have exclusive right to trade with the NBRNM but on the other hand they have the obligation of continuous quoting of bid and ask rates with predefined spread of 0,05 MKD between each other and 0,25 MKD with rest of the banks.

5.2. Money Transfers

The regulation and supervision of the national payment system is performed by the NBRNM. While the basic issues of the national payment system are regulated by the Law on Payment Operations, the adoption of subordinate legislation which governs their implementation is the responsibility of the NBRNM.

Payment operations are conducted by the NBRNM and banks. Non-depository institutions may contract to perform payment operations only in the name and for the account of depository institutions.

The NBRNM maintains the accounts of banks and the accounts of the Republic of Macedonia and executes payments across these accounts while the banks manage the accounts of business entities and citizens and execute payments across these accounts. Banks with their head offices in the Republic of Macedonia are required to open an account with the NBRNM.

The NBRNM regulates and supervises inter bank payment systems and the methods of settling banks' accounts on the basis of payments made through the inter bank systems. The NBRNM grants operating licenses for inter bank payment systems decides on parties participating in and payments executed through them and determines or approves fees for payments executed through such systems. The NBRNM may own inter bank payment systems.

Two inter bank payment systems have been established based on the know-how, solutions and requirements of the systems existing in the European Union. They are:

- a) the MIPS – Macedonian Inter bank Payment System (RTGS), for the execution of inter bank payment systems and settlement in banks' accounts in real time and on a gross principle; and
- b) The Clearing House – KIBS, which is the largest private payment system, plays an important role in the payment systems in the Republic of Macedonia. It operates on the principle of postponed net settlement for processing of the small value payments.

Payment transaction accounts are transaction accounts that record money receipts, outlays and balances. Participants are required to have at least one account for

regular operations as they are obliged to keep all financial funds in and execute payments across an account.

6. INSTRUMENTS AND TRADE EXECUTION

Shares and EUR denominated government bonds trading usually take place on the Macedonian Stock Exchange (MSE). The other government securities are usually traded off-exchange (OTC).

6.1. Types of Instruments

Various securities are traded on the MSE. All types of securities may be traded by forwarding an order to the broker. Settlement of the transaction is identical to all types of securities. Once the security has been purchased, it is settled to client CSD account within two business days after the purchase. For the time being, on the MSE, only long, not short, equity trading is possible.

On the MSE, can be trade with:

Shares. The majority of shares on the MSE are ordinary shares. Preferred shares are less frequent in Macedonia.

Bonds. All bonds currently traded on the MSE are government bonds, nominated in Macedonian Denars or in Euros, with the maturity up to 15 years. They all have fixed interest. The issuers pay interest once a year (noted on the coupon maturity date). Bonds on the MSE are traded as a percentage of the principal.

Other securities. On the MSE, issuers can submit other securities for trading such as bills, notes, CD's etc. Their turnover on the MSE is very low. Most of their trading is done Over-the-counter (OTC).

6.1.1. Securities Identification Code

Macedonian securities are identified by an ISIN code allocated in accordance with ISO 6166. The CSD is the official numbering agency for Macedonian ISIN codes.

6.2. Stock Exchange

Contact details	Macedonian Stock Exchange ("MSE") Orce Nikolov 75, 1000 Skopje, Republic of North Macedonia Tel: + 389 2 3 122 055, Fax: +389 2 3 122 069 E-mail: contact@mse.com.mk www.mse.com.mk
Date of establishment	13.09.1995

Ownership Structure	Shareholder structure, includes banks, insurance companies brokerage companies and other legal entities, and individuals
Trading hours	5 days a week, from Monday to Friday, between 09.00am - 14.00am
Trading methods	Continuous trading and fixing
Settlement cycle	T+2 (T+1 might be possible if agreed with the counterpart)
Instruments traded	Shares, bonds and government securities
System support	Electronic trading system BEST
International Relations	MSE is a member of FEAS (Federation of Euro Asian Stock Exchanges), has signed Memorandum of Understanding with Ljubljana Stock Exchange, Athens Stock Exchange, Zagreb Stock Exchange, Wien Stock Exchange, and Bulgarian Stock Exchange.

Next few charts present data for the total turnover on the MSE, as well as for the participation of the foreign investors.

1) Total turnover on MSE (in MKD)

period	2015	2016	2017	2018	2019	H1 2020
January	128.317.326	244.851.413	278.911.942	565.243.947	489.310.274	581.920.924
February	245.810.832	124.503.172	401.956.529	357.585.721	299.566.014	795.420.118
March	183.281.991	169.420.494	354.663.073	3.481.460.355	995.462.412	2.785.792.356
April	165.089.822	213.306.107	278.172.684	587.114.872	458.854.402	755.470.810
May	120.532.000	284.713.281	312.263.070	860.952.073	1.105.508.170	476.045.890
June	437.297.410	334.670.211	418.088.220	976.628.164	373.976.142	445.771.892
July	119.787.481	291.535.683	400.810.148	912.262.388	798.210.152	/
August	143.969.838	182.876.525	461.920.783	468.809.913	336.169.985	/
September	157.779.438	156.578.963	304.497.424	483.521.117	731.880.458	/
October	230.244.099	271.876.233	495.017.853	715.116.199	681.345.461	/
November	356.804.546	439.243.698	755.760.994	356.200.666	664.857.099	/
December	371.579.731	309.818.392	276.382.199	649.171.832	765.485.112	/
Total turnover	2.660.494.514	3.023.394.172	4.738.444.919	10.414.067.246	7.700.625.682	5.840.421.989

2) Foreign Investors on official market

period	2014	2015	2016	2017	2018	2019
January	30,70%	33,19%	33,17%	35,12%	34,95%	34,74%
February	30,65%	33,19%	33,14%	35,11%	34,59%	34,74%
March	30,62%	33,16%	33,12%	35,11%	35,07%	34,55%
April	32,33%	33,18%	33,07%	35,08%	34,56%	34,55%
May	32,30%	33,17%	35,07%	35,09%	34,51%	34,53%
June	32,26%	33,39%	35,07%	35,32%	34,33%	34,62%
July	32,26%	33,38%	35,06%	35,30%	34,45%	34,62%
August	32,26%	33,36%	35,01%	35,30%	34,44%	34,62%
September	32,27%	33,34%	34,99%	35,30%	34,42%	34,65%
October	34,77%	33,32%	34,93%	35,27%	34,43%	34,70%
November	33,21%	33,12%	34,92%	35,14%	34,60%	34,91%
December	33,19%	33,17%	35,13%	35,09%	34,77%	34,90%

3) Foreign Investors in Total turnover

period	2015		2016		2017		2018		2019		H1 2020	
	buy	sell	buy	sell	buy	buy	sell	sell	buy	sell	buy	sell
January	5,83%	19,59%	4,86%	41,91%	1,47%	0,43%	18,09%	9,11%	1,88%	10,73%	2,42%	13,60%
February	8,53%	13,18%	9,57%	28,95%	1,47%	1,39%	10,12%	5,80%	1,47%	17,72%	1,56%	14,34%
March	31,55%	56,82%	8,76%	26,80%	7,92%	3,98%	29,41%	10,00%	34,73%	70,74%	1,69%	7,58%
April	21,77%	28,89%	15,49%	45,21%	6,94%	3,58%	12,72%	13,90%	2,38%	27,32%	0,38%	1,58%
May	13,30%	20,41%	33,92%	34,28%	4,64%	0,21%	12,01%	30,87%	0,66%	9,58%	1,34%	4,96%
June	4,03%	12,33%	6,44%	9,88%	20,09%	0,88%	7,75%	28,24%	5,17%	28,00%	0,88%	3,30%
July	3,00%	23,40%	4,85%	12,52%	2,77%	30,77%	32,30%	10,09%	2,25%	21,86%	/	/
August	0,96%	43,27%	2,58%	29,24%	29,79%	2,28%	3,67%	33,29%	1,55%	6,35%	/	/
September	1,56%	26,92%	14,18%	14,95%	2,13%	18,43%	29,27%	8,01%	4,24%	17,11%	/	/
October	6,01%	27,93%	6,41%	24,41%	39,56%	2,17%	4,93%	49,36%	1,20%	10,99%	/	/
November	5,55%	53,61%	11,02%	20,32%	0,79%	0,62%	32,04%	64,15%	0,58%	5,70%	/	/
December	2,16%	20,46%	2,48%	16,09%	1,62%	1,95%	9,16%	36,20%	38,49%	3,46%	/	/

6.2.1. Listing requirements

The MSE operates two market segments: the official and the regular market. The official market consists of Listing of shares in two sub-segments and listing of bonds. The regular market consist of Market of publicly held companies and the free market

1.	Official market
A.	Listing of shares
A1.	Super listing
A2.	Exchange listing
B.	Listing of bonds
2.	Regular market
A.	Market of publicly held companies
B.	Free market

Listing requirements for admission on the **MSE Official market** apply to both new applicants and for already listed issuers. The MSE may impose additional requirements in a particular case. The MSE retains the absolute discretion to accept or reject applications for a listing in the first or second market.

Listing of securities is a procedure for the admission of securities to the Official Stock Exchange Market according to the criteria prescribed by the MSE as well as disclosure of price-sensitive materials and financial information to the public on a regular basis. High-rated trade companies with extraordinary performances and strictly defined development goals, which prefer raising additional capital and public wide-spread holdings, are listed on the Official Market of the Stock Exchange.

The decision for listing on the Official Market sends a clear signal to potential investors that the company management is willing to run the company transparently. By listing on the Official Market the company is obliged, regularly and continuously, to inform the public of all relevant activities that are undertaken by the company and to give a fair view of the company's financial position. This constitutes a clear disclosure of the company's performance to the public.

Benefits for Companies that are listed on the Official Market:

- Raising new capital by issuing new securities
- Higher rating and reputation
- Increasing liquidity and setting market value of stock prices
- Increasing the value of companies and daily evaluation of the Company's NAV
- More efficient protection of investors, issuers and minor shareholders
- More efficient implementation of the corporate governance principles
- Parallel listings on the foreign stock exchange

For the **Super listing**, the issuer has to meet the following conditions:

1.	Financial statements	Audited financial statements for the last 3 years
2.	Financial results	profit in the last 3 years
3.	Capital/ Market capitalization	at least 10.000.000 EURO
4.	Free float ratio	at least 20%
5.	Number of shareholders	at least 200
6.	Web site	Macedonian and English

The free float ratio of the 20% of the class of shares in public must be in the hands of at least 200 shareholders. For the purpose of calculation of the percentage from the previous paragraph, the public does not include:

- a) members of the issuer's management boards, if they own over 5% shares of that class;
- b) substantial shareholders (individual or institutional) who own more than 10% or more shares of that class and
- c) securities held by the Government of the Republic of North Macedonia and other state institutions, if they own over 10% shares of that class.

For the **Stock Exchange** listing, the issuer has to meet the following conditions:

1.	Financial statements	Audited financial statements for the last 2 years
2.	Capital	at least EURO 5.000.000
3.	Free float ratio	at least 10%
4.	Number of shareholders	at least 100

An issuer, which does not have audited financial statements for the last two years can be accepted on the Exchange listing, if in the last year have issued securities through public offering.

The free float ratio of the 10% of the class of shares in public must be in the hands of at least 100 shareholders. For the purpose of calculation of the percentage from the previous paragraph, the public does not include:

- a) members of the issuer's management boards, if they own over 5% shares of that class;
- b) substantial shareholders (individual or institutional) who own more than 10% of that class and
- c) securities held by the Government of the Republic of North Macedonia and other state institutions, if they own over 10% shares of that class.

For listing of shares in the Mandatory Listing sub-segment, the issuer must meet the following conditions:

1.	Actuality and objectivity of the financial statements	audited financial statements for the last 2 years
2.	Nominal capital	at least EURO 1.000.000
3.	Free-float of the type of shares in the public	at least 1%
4.	Number of shareholders	at least 50

1. Free-float of at least 1% of shares of certain type should be owned by at least 50 shareholders. When calculating the percent of the foregoing paragraph, the following shares shall be exempted:
 - a) shares held by members of the managing bodies of the issuer, if they hold over 5% of the type of shares;
 - b) more important shareholders (individual or institutional) holding over 10% of the type of shares; and
 - c) shares held by the Republic of Macedonia and state institutions, if they hold over 10% of the type of shares

For listing of the bonds, the issuer must meet the following conditions:

1.	Financial statements	audited financial statements for the last 2 years
2.	Total nominal value of the issue	at least EURO 500,000
3.	Percentage of the bonds in the public	at least 25%
4.	Number of bond holders	at least 50

Bonds issued by the Republic of North Macedonia, a state institution or the National Bank of the Republic of North Macedonia and bonds guaranteed by the Republic of North Macedonia shall be listed on the official market.

As an exception, the MSE may accept an issuer with a smaller size of capital, smaller number of shareholders or smaller percentage of shares held by the public, if it estimates that the market characteristics of the issuer are relevant and that there is a trading potential in its shares.

Market of publicly held companies is a market segment of the “Regular market” on which the unlisted securities, issued by companies that are entered in the Register of the Securities and Exchange Commission of the Republic of North Macedonia (MSEC), are traded. Companies that are traded on the Market of publicly held companies have disclosure obligations the public according to the Securities Law and the acts of the MSEC and are recorded in the special Register of the MSEC.

MSE enters the securities from the MSEC’s Register of the joint stock companies and assigns them with a trading code. After the registration, MSE informs the public about the List of companies that will be traded on the Market of publicly held companies. The listing requirements are not be applicable for the registration on the Market of publicly held companies.

Free market is the market segment where all securities, other than those traded on the Official Market and the Market of publicly held companies, are traded.

MSE, at its discretion, may reject the admission and registration of particular security on the Free Market, if it considers that the admission of that security may result in harming the integrity of the market and confusing the potential investors. The next application for admission of the rejected security may be submitted at least 10 days from the day of the rejection.

6.2.2 Trading

Trading on MSE is performed completely electronically via Macedonian Stock Exchange electronic system, called BEST. All brokers are electronically connected from their premises to the central MSE server located at its headquarters. The BEST system is open for MSE members for the purpose of dealing with the trade orders (entry, changes, retaining, activating retained orders, withdrawing orders) each trading day (Monday, Tuesday, Wednesday, Thursday and Friday) during the trading phases. The BEST system is based on the order system, in accordance with the continuous bidding model and application of the computer matching method of the securities prices.

Prices of securities traded on the MSE should be announced for 1 (one) lot and may be expressed as follows:

- for shares: in denars without decimal places ;
- for bonds: as a percentage of the face value or of the principal that is not yet paid (annuity bonds), without accrued interest. The percentage is expressed using two decimal places.

When trading bonds, except for the price expressed as a percentage of the face value or of the bond principal that is not yet paid, the buyer of the bonds is obliged to pay the seller interest that is accrued, but not charged yet. Calculation of the accrued interest is performed by the licensed depositary.

The official daily average price of a certain security is the weighted arithmetic mean of all prices of all transactions involving that security at any given trading day. The quantity of securities in each transaction is considered as weight. The official daily average price is formed at the end of the trading day. The official daily average price of a certain security is published on the official daily list of the MSE.

In general, prices of securities traded within BEST are determined entirely in accordance with the current market demand and supply. However, in order to protect investors and obtain updated information from listed companies, certain limits on price fluctuations are introduced. Trading orders with prices higher or lower than the allowed price limitations during the day shall be automatically transferred to an inactive status.

6.2.3. Market indices

MBI10

Since 01.11.2001 MSE has started the calculation of the Macedonian Stock Exchange Index - MBI, consisted of the five most liquid shares on MSE: Alkaloid AD Skopje, Evropa AD Skopje, Komercijalna banka AD Skopje, Makpetrol AD Skopje and Toplifikacija AD Skopje. MBI was price, non-weighted index, which, as a first stock exchange index in Macedonia has served its function of an aggregate indicator for quantification of the stock exchange movements. After several years of development of MSE, the introduction of a new, weighted index was eligible.

Since 04.01.2005, MBI-10, a price weighted index, is calculated according to the Methodology for calculation of the Macedonian Stock Exchange Index - MBI-10. It is consisted of up to 10 listed ordinary shares, chosen by the Stock Exchange Index Commission, according to the criteria from the Methodology. The Commission performs regular (twice a year) and extraordinary (if extraordinary circumstances occur) revisions to the index.

With the start of the calculation of MBI-10, MSE has stopped the calculation of the old index MBI. On the last day of its existence the value of MBI was 1.350,23, which is an increase of 35% compared to the day of its introduction.

Index Type	Price index weighted with the market capitalization.			
Date of Introduction	04.01.2005			
Basic Value	1000			
Composition	10 ordinary shares			
	<i>Issuer</i>	<i>Symbo l</i>	<i>Total shares</i>	<i>Market Capitalisation on the date of last revision in EUR</i>
	Alkaloid AD Skopje	ALK	1.431.353	244.086.347
	Stopanska Banka AD Skopje	STB	17.460.180	15.549.779
	Granit AD Skopje	GRNT	3.071.377	38.872.670
	Komercijalna banka AD Skopje	KMB	2.279.067	180.563.912
	Makpetrol AD Skopje	MPT	112.382	90.105.918
	TTK Banka AD Skopje	TTK	907.888	9.980.176
	Makedonski Telekom AD Skopje	TEL	95.838.780	21.087.017
	Makedonijaturist AD Skopje	MTUR	452.247	19.289.984
	NLB Banka AD Skopje	TNB	854.061	29.038.129
	Stopanska banka AD Bitola	SBT	390.977	14.544.259
Last regular revision				15.06.2020
Next revision				15.12.2020

OMB

The Board of directors of MSE, on the session held on 26.06.2006, adopted a Decision for calculation of MSE Index of bonds-OMB, starting from 03.07.2006. OMB is a price index weighted with the turnover, with limited weight of 30% per bond. OMB is calculated according to the adopted Methodology for calculation and is consisted of the listed bonds chosen according to the criteria in the Methodology. The starting value of OMB is 100, at the end of the trading day 30.06.2006.

Index Composition

Index Type	Price index weighed with the turnover, with limited weight of 30% per bond.
Date of Introduction	30.06.2006
Basic Value	100
Composition	Listed bonds on MSE
Last regular revision	15.06.2020
Next revision	15.12.2020

6.2.4. Securities Lending

The lending of securities may take place solely for the purpose of settlement of trade transactions. According to the Securities Law, an authorized company may lend and borrow securities only with the written consent of the owner of securities.

7. Central Securities Depository

Name	Central Securities Depository (CSD) Kuzman Josifovski Pitu 1, 1000 Skopje, Republic of North Macedonia Tel: + 389 2 32 99 800 E-mail: cdhv@cdhv.mk www.cdhv.mk
Date of Establishment	10.10.2001
Ownership Structure	Shareholder company, owned by the Macedonian banks, insurance companies and brokerage companies
Working hours	8.00a.m. – 16.00 p. m.
Eligible securities	Equities, bonds, short term papers
Eligible participants	Licensed banks, brokerage houses, securities operations departments within banks, Fund management companies
Account structure	The depository allows custodians to set up accounts at the omnibus level and individual (segregated) customer account level
Level of dematerialization	Full dematerialization. All securities issued in the Republic of North Macedonia are dematerialized. All CSD eligible securities are dematerialized
Registration	Registration of securities is performed automatically upon transfer of securities to the investor's account on settlement date
Guarantee fund	Yes, there is a guarantee fund that is functional for purposes of settlement
International relations	CSD is a member of the: European Central Securities Depositories Association (ECSDA) Association of National Numbering Agencies (ANNA)

The Central Securities Depository AD Skopje ("CSD") was founded in October 2001 as the sole and exclusive operator for registry and depository of dematerialized securities.

CSD's establishment and its operations are governed by the Securities Law, which provided CSD with operating license issued by the Securities and Exchange Commission of the Republic of North Macedonia. CSD's share capital amounts EUR 790.020 and it is divided into 6.000 ordinary registered shares. CSD's founders and shareholders are Macedonian banks, insurance companies and brokerage companies - shareholders may also be CSD members, through which dealing in dematerialized securities is carried out.

The securities register of CSD is the only legally valid evidence of issuance and ownership of securities. The rights and obligations of securities commence from the moment they are registered in the CSD. CSD is also responsible for the settlement of trades concluded on the MSE. This allows for a secure settlement, based on the Delivery versus Payment principle, between buyers and sellers of securities. The dematerialization and central registration of all securities in Macedonia increases the protection of investors' rights and improves the reliability of and the confidence in the emerging Macedonian financial market.

According to the Law on Securities, the Depository performs the following functions:

- Registration of the issuance and transfer of securities in the Republic of North Macedonia in the form of electronic records (keeping a register of securities);
- Provision of international identification number of securities (ISIN) for all securities issues;
- Registration of holders of securities;
- Settlement of trade transactions according to the principle "delivery versus payment";
- Execution of non-trade transfers (implementing gift agreements, inheritance decisions, court decisions, etc.);
- Creation of conditions that enable the borrowing of securities;
- Monitoring of the financial condition of its members, in order to manage the risks associated with the possibility of failure to settle the trade transactions, and
- Performance of additional services for the issuers of securities.

Further, CSD's Operating Rules regulate the issues regarding the functions performed and the services provided by the CSD as well as the obligations of the CSD in the performance of its functions, the entry of securities issue in electronic records, entry of rights (including ownership) over the said securities, opening of securities accounts for, entry of ownership and ownership change, acknowledging and settling of transactions in securities, the rights and obligations of issuers and holders of securities, methods of protection against errors made by the Depository in the performance of the functions and others matters that are under the remit of the

operations of the Depository, as well as the provision of additional services by the Depository.

8. SETTLEMENT

The clearing (calculation of mutual liabilities of authorized market participants on the basis of concluded transactions) and settlement of the concluded transactions, due to law provisions, shall be carried by the authorized depository.

8.1. Macedonian Stock Exchange transactions

Liabilities referring to the transfer of securities from the concluded exchange transactions shall be carried out by simultaneous payment of the realized price for those securities on the MSE (principle "delivery versus payment")

The settlement of the securities transactions on all MSE markets shall be carried out on the second business day (T+2) after the day the transaction is concluded.

If the members of the MSE mutually agree, settlement of the securities transactions on all exchange markets may be executed within a period shorter than the second business day after the transaction is concluded, with a special settlement day (T+1) as dictated by the MSE.

The data on the concluded transactions with securities shall be submitted by the MSE to the CSD in electronic form on the day when they are concluded, no later than 3.30 p.m. The manner of submission and confirmation of the received data on the concluded transactions with securities are subject to agreement between MSE and CSD.

After the receipt of the data on the concluded transactions from the MSE, the CSD shall archive them and shall commence the clearing and settlement procedure.

After the receipt of the data from the MSE it shall be considered that the concluded transactions with securities on the MSE are irrevocable and the participants in the operations of the CSD cannot make any changes unilaterally, i.e., cannot cancel them. Notwithstanding this, the CSD may make changes or cancel the transactions with securities only in case of request from the MSE, with a purpose of removing the errors made by the participants in concluding the transaction or in case of possible unpredictable errors in the MSE trading system. The change of the transaction may be made 3 hours at the latest before the settlement hour on the settlement day.

The participant-buyer of securities in certain transaction must provide the necessary funds in his settlement account with NBRNM, by the settlement day.

The CSD shall submit detailed notification about his responsibilities to every participant in certain transaction with securities on certain settlement day, by 9 a.m. at the latest on the day after the trade day in electronic form.

The participant in the settlement process is obliged to check the accuracy and completeness and to inform the CSD if he has not received the notification or/and if he contests the accuracy and completeness of the notification. If within 3 hours from the moment when the notification became available to the participant in the settlement, the participant did not contest the accuracy and completeness of the notification, it shall be considered that it is accurate and complete.

The CSD shall open special accounts for settlement of group and block transactions with securities to the participants in the settlement:

- Account for grouping securities from several accounts of several clients by reservations with an objective to provide the necessary amount of securities when the selling group or block transaction is settled;
- Account for distribution of the securities after the settlement of buying group or block transaction followed by distribution of the securities in several accounts of several clients by non-trade transfers executed by CSD.

The settlement of all block transactions concluded on all markets on the MSE is performed in accordance with the agreement between the buyer/s and seller/s of the securities, as per the delivery versus payment rule, but no longer than three working days from the day the transaction was announced by the MSE. The settlement may not be performed with a deferred payment schedule.

The CSD shall check if the necessary securities are recorded on the securities account of the participant-seller i.e. on the securities account of his client immediately after the receipt of the data from the MSE and if on the account that is checked there is enough amount of securities, that amount shall be blocked until the settlement day. If the CSD determines that on the securities account of the participant-seller, i.e. on the securities account of his client there is not enough amount of securities, it shall inform thereof the participant-seller who is obligated to carry out all activities with a purpose of providing enough amount of securities on the settlement day.

The transfer of securities from the securities account of the participant-seller i.e. his client, to the securities account of the participant-buyer, i.e. his client, shall be conducted by the CSD on the settlement day.

The transfer of the funds from the special accounts of the participants-buyer during the settlement of certain transactions with securities to the accounts of participants-sellers with the National Bank of Republic of North Macedonia shall be carried out by an order of the CSD on the settlement day.

If the conditions for carrying out the settlement are met on the settlement day, the CSD shall perform securities transfer from securities account indicated by the participant-seller to the securities account indicated by the participant-buyer and simultaneously he shall give an order to the National Bank of the Republic of North Macedonia for transfer of funds from the settlement account of the participant-buyer to the settlement account of the participant-seller (delivery versus payment).

If the conditions for full settlement are not met on the settlement day, the Rules for the activation of the Guarantee Fund are applied. If the value of transaction/s to be settled can be covered by the Guarantee Fund, the transaction/s is/are settled on the same day, if not, the participant-buyer is asked to obtain the money for settlement within the day. If money is obtained, the transaction/s is/are settled on the same day, if not, the transaction is canceled and the buying broker is suspended from trading. In those cases fines for the participants are charged.

8.2. Off-Market Trades (Over –the-Counter- OTC)

The OTC Market is organised by the Law on the National Bank of the Republic of North Macedonia and in the Law on Securities. The NBRNM Council, in cooperation with the Ministry of Finance, adopted the **Rules for the manner and the procedure**

for trade in and settlement of securities transactions on the over-the-counter markets.

The OTC rules allows trading with any short-term security (other than CB bills) and government bonds (other than denationalization bonds) issued in the Republic of North Macedonia. Securities settlement is done by CSD on T+0, with RTGS.

8.2.1. Government securities Trading /Settlement Specifics**Primary market:**

Agent bank for T-Bills and T-Bonds is the National Bank of Republic of North Macedonia. T-Bills and T-Bonds are registered at CSD as e-bills/e-bonds.

Authorized direct participants on Primary Market are domestic banks and they directly participate in the auction of government securities.

Other participants can submit bids for purchasing government securities through the banks, as the indirect participants. Indirect participants are residents and/or non-residents. Indirect participant and bank as its direct participant must have an agreement that regulate the relations regarding the government securities.

The issuer pre-announces schedule of planned securities auctions. The calendar is indicative and it can be subject of changes, but generally auctions of Government securities are carried out in accordance with the dates determined in the announced calendar. The issuer has an obligation to submit the Prospectus for auction of T-bills or T-Bonds 4 days prior to the auction day on the web side of Ministry of Finance.

The calendar, prospectus and all the others informations for The Government securities could be found on the following links:

- Ministry of Finance
- [www.finance.gov.mk \(https://www.finance.gov.mk/en/node/2209\)](https://www.finance.gov.mk/en/node/2209)
- NBRNM
- <http://www.NBRNM.mk/> (http://www.NBRNM.mk/auktsii_na_drzhavni_khartii_od_vriednost-en.nspj)

The issuer when carrying out the auctions can use:

- interest rate tender (multiple price tender – American type and single price tender – Dutch type) and
- volume tender , which is at the moment a current way of auctions

In general all government securities are issued in national currency with or without foreign exchange (EUR) clause.

T-Bills are issued and paid under nominal value, and sold on the Primary market under discounted value.

T-Bonds are issued and paid under nominal value, sold on the Primary market at price achieved on the auction and bear semi-annual or annual coupon interest until they mature.

Before direct participant puts the offer for participation in the auction in the electronic system of the Agent on behalf of indirect participant (or its client), the discounted value of the securities needs to be deposited in the accounts of indirect participant (or its client).

In case of volume tender auctions, when the total demand exceeds the offer, the offers are distributed proportionally to the auctioned amount for purchased government securities. The overall results from the auction are known on trade date and they contain data on the total offer, demand and realized amount.

Settlement cycle of T-Bills is on the business day following the day of auction (T+1) and for T-Bonds is two business days following the day of auction (T+2).

Government securities are deemed as issued by entering the accounts of the holder in CSD. They are denominated in national currency, with or without FX clause when entered on the account of the holder they are kept in MKD.

Government securities can't be traded on the Secondary Market one business day prior to the day of coupon and/or the nominal amount of the Government securities.

Government securities fall due on the day prescribed in the Prospectus for auction of T-Bills and/or the prospectus for auction of T-Bonds.

The issuer on the maturity day pays the coupon and/or the nominal value of the due Government securities to the holders bank. Payment of the coupon and/or the nominal value of due Government securities denominated in national currency with FX clause will be made on the maturity date in MKD equivalent according to the middle exchange rate of a foreign currency at the NBRNM, valid one business day prior to the day of the payment.

Secondary market:

OTC Market is organized by NBRNM and carried out by banks. Trading on OTC is carried out only with registered securities and no security can be traded during the working day before the maturity date of nominal amount of securities.

The securities transactions on OTC market may be settled immediately, but no longer then one working day after the date of concluding the transaction. Transfer of ownership is on DVP principle.

Transactions on OTC market are charged with fees for the bank and CSD.

Government securities are also quoted and traded on the MSE. Trading is settled through the CSD and the settlement period for the T-Bills is T+1, and for the T-Bonds is T+2.

At present the MSE take no fees for transactions. Transaction has brokerage and CSD fees.

8.3. Investor Protection

8.3.1. Investor Protection

A Guarantee Fund managed and created by CSD in the market that provides protection to investors is used in case settlement of a trade fails on the buying side of the transaction, or it can be exclusively used when members of the CSD do not have enough cash for settlement of a trade. The Guarantee Fund is comprised of the mandatory payments of the members of the CSD (brokerage houses and securities operations departments within banks) which use services for settlements of trade transactions with securities.

The Guarantee Fund is established for the purpose of fulfilling the obligations arising under the securities operations at authorized stock exchange.

The Fund assets is used for settlement of the CSD members' liabilities in case there are insufficient assets on the member's special account with the NBRNM for settlement of the liabilities under securities transactions concluded, or in case when the member's liabilities are not fulfilled within the terms defined by the Rules for Operation of the CSD.

The collective investment scheme (a compensation fund) is prescribed with the Securities Law and will be implemented when Macedonia acquires membership at EU.

8.3.2. Bankruptcy of the Custodian

According to the current regulation in North Macedonia, the assets which are held on a separate custody account are separated from the bank's property and are not included in the bankruptcy and liquidation estate. Therefore the possibility that assets cannot be regained by the investor in the case of bankruptcy and liquidation is excluded.

The rights and obligations between the custody bank and the investor are regulated with a specific agreement that also contains protective clauses for the investor.

9. CORPORATE ACTIONS/ ENTITLEMENTS

Most corporate actions in the Republic of North Macedonia are regulated with the Law on trade companies. These refer to a split or merger of stocks, mergers, acquisitions, takeovers and other changes in status (so called capitalization corporate actions), payment of dividends, payment of interest and principal in the case of bonds (so called benefit distribution corporate actions), as well as the privileges (ex. share purchase preemption rights) to which the shareholder is entitled (so called privileged corporate actions).

Split of ISIN numbers – this corporate action is carried out in the event of a split of the company to two or more joint stock companies or in the case of a spin off. This operation is based on the possibility provided in article 517 paragraph 3 of the Law on trade companies.

•Merger of ISIN numbers – this corporate action is carried out in the event of a merger of two or more companies into a new company or in the event of merging with an existing company. This operation is based on the possibility provided in article 517 paragraph 2 of the Law on trade companies. The condition for the implementation of this corporate action is for the change to be registered in the Central Registry – Registry of trade companies and other legal entities.

•Stock split – corporate action of splitting the stocks is carried out in accordance with the decision made by the Assembly of Shareholders pursuant to article 276 paragraph 1 of the Law on trade companies. The existing number of stocks distributed to the total number of stockholders is increased proportionately as per the decision.

•Merger of stocks - corporate action of merging of stocks is carried out in accordance with the Decision made by the Assembly of Shareholders pursuant to article 276 paragraph 2 of the Law on trade companies. The existing number of stocks distributed to the total number of stockholders is proportionately reduced as set in the Decision.

•Increase of basic capital- corporate action carried out on the basis of the decision of the Assembly of shareholders pursuant to the Law on securities and the Law on trade companies. The securities issue should be approved by the Securities and Exchange Commission.

•Decrease of basic capital- corporate action carried out on the basis of the decision of the Assembly of shareholders pursuant to the Law on trade companies.

9.1. Corporate actions

Most common types of CA	Dividend and Interest payment, Capital Increase/Decrease, Stock Split, Takeover Offer
CA Information Sources	CSD, Official Gazette, MSE, newspapers
Dating conventions for income collections	Dividend payments: Resolution on dividend payment is made at the AGM. Entitlements are based on settled position on record date. There are no general rules for ex, record and payment date on the market according to the Law on Trade Companies. The Dividend Calendar for the listed companies is given by the company and according to the Listing Rules of

	<p>MSE it should be published on the web page of the MSE not later than one day after the General Shareholders Assembly is held</p> <p>According to Companies Law dividends should to be paid out within nine months of the end of the financial year (September 30th) in the current year for the previous year. Dividends are usually paid annually based on the registrar's records. The peak months for dividends are April till September.</p> <p>Interest payments:</p> <p>Entitlements are based on settled position on record date. Pay dates are announced in the prospectus of the bond. Interest is usually paid annually.</p>
CA Announcement Timing	No general rules
Entitlement Computation	Based on holdings on record date

9.2. Dividend payments

The amount of the dividend is decided upon by the shareholders at a General Meeting of the Shareholders. Macedonian companies usually pay dividends once a year. The General Meetings of Shareholders, according to the Law of Trade companies, must be held not later than six months after the end of the calendar year or 14 months from the last annual meeting. The companies, according to the Law on Trade Companies, for the account ending on 31st December must pay out dividends not later than the end of the third quarter in the following year. The Dividend Calendar for the listed companies is given by the company and according to the Listing Rules of MSE it should be published on the web page of the MSE not later than one day after the General Shareholders Assembly is held.

At the Meeting, the owners of ordinary shares may endorse a dividend for preferred shares which is higher than that decided upon beforehand.

9.3. Interest / Maturity Payments

Entitlements are based on settled position on record date. Interest payments from bonds are usually distributed on an annual or semiannual basis.

9.4. Proxy Voting

General market features

All corporate action entitlements – including general meeting participation / voting – are based on the settled position on the record date. In case of general meetings, the issuer can determine record date in the announcement.

In order to vote at a general meeting, the physical attendance of the shareholder or proxy is most usually practice. The latest amendments of the Company Law stipulate that the shareholders may also vote through written correspondence or through e-voting if the company determines it in its Statute. Shareholders are required to issue a written authorization when appointing a proxy agent. The legal provisions covering proxy voting are very general so each company has its own detailed regulations in connection to annual general meeting or extraordinary assembly, split voting, blocking of shares, documents involved.

Announcement

The annual general meeting announcement must also be published in at least one daily newspaper widely circulated in Republic of North Macedonia or on the web site of the Macedonian Stock Exchange and the Securities Commission along with the Agenda and the supporting materials..

Special documentary requirements

Documents requirement are defined by the issuer. Issuers do not accept generic Power of Attorney forms and therefore Power of Attorney need to be prepared and sent to custodian-proxy agent for every single general meeting. The Power of Attorney must be received at least 2 business days before the market deadline. Power of Attorney is to be submitted to the Custodian in original form, signed by authorized shareholder representative. Additionally Swift MT599 message has to send to custodian with voting instruction details on particular general meeting.

10. Taxation related to securities market

The implementation of the tax policy and tax collection is administered by the Public Revenue Office which operates solely on the territory of the Republic of North Macedonia as a state administration body within the Ministry of finance with a status of legal entity.

Name	Public Revenue Office/General Directorate (HQ) Kuzman Josifovski - Pitu No.1, 1000 Skopje, Republic of North Macedonia Tel: + 389 2 3299 500 Fax: + 389 2 3281 010 E-mail: info@ujp.gov.mk www.ujp.gov.mk
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Foreign legal entities and individuals are subject to Profit Tax and Personal Income Tax.

10.1 Taxes in the primary market

In general, there are no taxes imposed on new issues. The commission payable by investors to market participants to obtain a new issue of securities is not subject to VAT.

10.2 Taxes in the secondary market

There are no taxes imposed on the secondary market. Brokerage commission is not subject to VAT.

10.3 Securities Transfer Tax

There is no taxation on securities transactions.

Capital gain tax on sale of equity, debt securities and units from mutual investment funds applies to both, resident and foreign investors, but only to the individuals.

Foreign investors – individuals are subject to capital gain tax of 10%. The tax basis that the tax is applied is 70% of the difference between the sale price of the securities and their purchase price.

The capital gains on transactions with securities are temporarily relieved from paying Income tax until 31.12.2022.

10.4 Direct tax

10.4.1 Personal Income tax

Every individual, resident or non-resident is obligated to pay personal income tax on the income earned on the territory of the Republic of North Macedonia. Regarding the securities personal tax rate of 15% applies to cash dividends income and corporate bond coupon interest income. With the amendments of the Law for personal income tax from 2019, tax rate that applies to cash dividends income and corporate bond coupon interest income is temporarily lowered to 10% for the period from 01.01.2020 until 31.12.2022

Individuals, residents of countries that have signed Double Taxation Treaties (DTT) with the Republic of North Macedonia may be able to reduce or exempt the personal income tax rate. The rate may be reduced or exempt by submitting a form for tax relief or tax exemption to Macedonian Public Revenue Office in advance or form for tax refund after the income distribution.

10.4.2. Withholding tax on dividends and interest

The withholding tax is the tax which is applied on the income paid to non-resident legal entities. Regarding the securities withholding flat tax rate of 10% applies to cash dividends income and corporate bond coupon interest income.

There is no withholding tax applied over the interest income under debt instruments issued and/or guaranteed by the Government of the Republic of North Macedonia, National Bank of the Republic of North Macedonia and banks and other financial institutions acting as representatives of the Government of the Republic of North Macedonia.

Legal entities, residents of countries that have signed Double Taxation Treaties (DTT) with the Republic of North Macedonia may be able to reduce or exempt the withholding tax rate. The rate may be reduced or exempt by submitting a form for tax relief or tax exemption to Macedonian Public Revenue Office in advance or form for tax refund after the income distribution. In cases where the Double Taxation Treaty (DTT) has not been applied at source, tax reclaims are possible in a period of three years from the 31st December of the year when tax payment occurred.

Republic of North Macedonia has signed Double Taxation Treaties with the following countries:

TAX RATES OF INTERNATIONAL AGREEMENT FOR AVOIDING DOUBLE

Country Official	Gazette Number	Dividends Participation percentage	Tax rate (not more than)	Interests	Copy rights	Other revenues
Austria	152/2007	At least 10%	0%	0%	0%	0%
		Other cases	15%			
Azerbaijani	107/2013	Irrespective of participation	8%	8%	8%	0%
Albania	16/98	Irrespective of participation	10%	10%	10%	0%
Belgium	157/2010	At least 10%	5%	10%	10%	0%
		Other cases	15%			
Belarus	96/2005	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Bosnia and Herzegovina	29/2014	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Bulgaria	23/99	At least 25%	5%	10%	10%	0%
		Other cases	15%			
		At least 25% continuously 12 months before dividend's payment	0%			
Great Britain and North Ireland	47/2007	Pension scheme	0%	10%	0%	0%
		At least 10%	5%			
		Other cases	15%			
Vietnam*	63/2015	At least 70%	5%			
		At least 25%, but less than 70%	10%	10%	10%	0%

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		Other cases	15%			
Germany	86/2007	At least 10%	5%	5%	5%	0%
		Other cases	15%			
Denmark	48/2000	At least 25%	5%			
		Pension fund	0%	0%	10%	0%
		Other cases	15%			
Egypt*	7/2000	Irrespective of participation	10%	10%	10%	0%
Estonia	55/2009	At least 25%	0%	5%	5%	0%
		Other cases	5%			
Israel*	36/2018	At least 25%	5%	10%	5%	0%
		Other cases	15%			
Iran	7/2002	Irrespective of participation	10%	10%	10%	0%
		At least 25% continuously 12 months before dividend's payment	0%			
Ireland	157/2008	Admitted pension fund	0%	0%	0%	0%
		At least 10%	5%			
		Other cases	10%			
Italy	34/97	At least 25%	5%	10%	10%	0%
		Other cases	15%			
India	131/2014	Irrespective of participation	10%	10%	10%	0%
Kazakhstan	154/2012	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Qatar	103/2008	Irrespective of participation	0%	0%	5%	0%
China-Taiwan	44/99	Irrespective of participation	10%	10%	10%	0%
Kosovo	10/2012	At least 25%	0%	10%	10%	0%
		Other cases	5%			
Kuwait	115/2012	Irrespective of participation	0%	0%	15%	0%
Latvia	47/2007	At least 10%	5%	5%	10%/5% ^{***}	0%
		Other cases	10%			
Lithuania	103/2008	At least 10%	0%	10%	10%	0%
		Other cases	10%			
Luxembourg	139/2012	At least 25%	5%	0%	5%	0%
		Other cases	15%			
Marocco	123/2010	Irrespective of participation	10%	10%	10%	0%
Moldova	130/2006	At least 25%	5%	5%	10%	0%
		Other cases	15%			
People's Republic of China	49/97	Irrespective of participation	5%	10%	10%	0%
Norway	117/2011	At least 25%	10%	5%	5%	0%
		Other cases	15%			
Poland	17/97	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Romania	7/2002	Irrespective of participation	5%	10%	10%	0%
Russia	7/98	Irrespective of participation	10%	10%	10%	0%

Saudi Arabia	130/2015	Irrespective of participation	5%	5%	10%	0%
Slovakia	19/2010	Irrespective of participation	5%	10%	10%	0%
Slovenia	31/98	At least 25%	5%	10%	10%	0%
Federal Republic of Yugoslavia**	8/97	Other cases	15%	10%	10%	0%
Turkey	45/95	At least 25%	5%	10%	10%	0%
		Other cases	10%			
Ukraine	21/98	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Hungary	12/2002	At least 25%	5%	0%	0%	0%
		Other cases	15%			
Finland	7/2002	to 10%	15%	10%	0%	0%
		At least 10%	0%			
France	23/99	to 10%	15%	0%	0%	0%
		At least 10%	0%			
Netherland	13/99	to 10%	15%	0%	0%	0%
		At least 10%	0%			
Croatia	17/95	At least 25%	5%	10%	10%	0%
		Other cases	15%			
Czech Republic	7/2002	At least 25%	5%	0%	10%	0%
		Other cases	15%			
Switzerland	55/2000	At least 25%	5%	10%	0%	0%
		Other cases	15%			
Sweden	21/98	to 25%	15%	10%	0%	0%
		At least 25%	0%			
Spain	96/2005	At least 10%	5%	5%	5%	0%
		Other cases	15%			
UAE	62/2016	Irrespective of participation	5%	5%	5%	0%

*Concluded, but not in force yet.

**Agreement concluded by the Federal Republic of Yugoslavia and the Republic of Macedonia and applied in relation to the Republic of Serbia and the Republic of Montenegro.

11. Investment regulations

11.1 Holding restrictions

There are no investment / holding restrictions for foreign investors in North Macedonia. They have the same rights and obligations as domestic investors.

11.2 Disclosure requirements

Law of Securities regulates disclosure requirements.

In Macedonia, if the traded company is on the list of joint stock companies with special reporting obligations on MSEC, it is the responsibility of the investor i.e. beneficial owner to inform the Macedonian Securities Exchange Commission and the issuing company in case the owner has exceeded ownership limitations.

Namely, if investor owns more than 5% of the security issued by the reporting Company the investor is obliged to file a report with the MSEC. The investor is also obliged for further report all subsequent acquisition and disposition of shares, and also if no longer holds of the security issued by the reporting Company.

MSEC does not prescribe specific template or form, either for the Initial Ownership Report, Transfer Report of a Shareholder or for the Closing Transfer Report of a Shareholder. However, the disclosures should include the following elements:

- a) Name of the legal entity (the buyer), unique identification number, head office, phone and fax
- b) Company whose shares are acquired
- c) Number of acquired securities and percentage value of the Company's total capital
- d) Legal grounds for acquisition of securities (stock transaction or non-commercial transfer)
- e) Acquisition date

The reports should be mailed in original to MSEC within 5 days of the settlements date.

The same obligation of reporting to the MSEC is for the issuing company, in terms when investor owns more than 5% of the security issued by the Company. The company is obligated to file a report with the MSEC within 10 business days from the settlement.

Despite the companies that are on this [list of joint stock companies with special reporting obligations on MSEC](#), for all of the other companies that are traded on Macedonian stock exchange (MSE), it is mandatory to publish on SEI-Net (info portal on MSE) if the investor reaches the amount of 5% of the securities issued, all of the transactions above 5% and if the investor goes under 5% of the total amount of shares.

11.3 Takeover requirements

Macedonian Law on Takeover of Joint Stock Companies stipulates that, foreign and domestic investors are obligated to submit a tender offer acquiring more than 25% of total voting rights of a joint stock company. The exception is in the case of Banks where the threshold is 50%.

11.4 Additional requirements when acquiring shares of local bank and insurance companies / pre-investment approvals

According to Banking Law both residents or non-resident investor who intend to acquire , directly or indirectly, gradually or immediately, shares in the total cumulative nominal value of and over 5%, 10%, 15%, 20%, 33%, 50% and 75% of the total number of shares i.e. the total number of issued bank's voting shares, irrespective of whether it has acquired the shares alone or together with other connected persons, directly or indirectly, have to submit an application to National bank for obtaining a prior approval.

The shareholder who acquired shares without Governors' prior approval will not bear any voting right. Within a specified period which may not exceed 180 days the

Governor shall require from the shareholder who acquired shares without prior approval to dispose of the shares. If the shareholder fails to dispose of the shares within the specified period, the Governor will, within 8 days after the expiration of the specified period, determine that such shares will not bear, in addition to the voting right, any right of payment of dividend and will conduct a sale of the shares on behalf of the shareholder.

Any shareholder with qualified holding (over 5% of issued voting shares) in a bank who intends to reduce its holding, directly or indirectly, so that such holding in the total number of shares or the total number of issued voting shares in the a bank will drop below 5%, 10%, 20%, 33%, 50% or 75%, have an obligation to notify the National Bank at least a month prior to the reduction, on the following:

- a) The total number of shares and the total number of issued voting shares in the bank they intend to sell,
- b) The amount by which their holding in the initial capital will reduce,
- c) The total number of shares and total number of issued voting shares in the bank they will hold after the reduction, and
- d) The identity of the person who will acquire their shares in the bank, if known.

According to the Law on insurance supervision, each entity with direct or indirect intention to gradually or immediately acquire voting share units in an insurance undertaking, which total cumulative, nominal amount is equal or above the level of a qualified share in the insurance undertaking, is required to obtain a previous consent from the Insurance Supervision Agency (consent for acquisition of a qualified share). A qualified share refers to a direct or indirect ownership of at least 10% of the total number of share units or issued voting shares in the insurance undertaking.

The holder of a qualified share from paragraph for every further acquisition of share units in an insurance undertaking, on the basis of which, directly or indirectly, gradually or immediately acquires or exceeds 20%, 33%, 50% or 75% of the total number of issued voting share units in the insurance undertaking, obtain a consent for acquisition of a qualified share issue by the Insurance Supervision Agency.

12. Practical Information

12.1. Compliance G-30 Recommendations

1	Trade comparisons should be completed on T+1 for direct market participants.	YES
2	Indirect market participants, like institutional investors, should be members of trade comparison system	YES
3	Each Country should have Central Securities Depository	YES
4	Each country should consider a trade netting system	YES
5	Strict delivery versus payment should be used for trades	YES
6	Payments should be done on a "same-day funds" basis	YES
7	T+3 rolling settlement system should be adopted	YES
8	Securities lending should be encouraged	YES
9	Each country should adopt ISIN codes, which are attributed by CSD	YES

12.2. Local Bank and Trading Holidays

MSE and CSD works every day except Saturdays, Sundays, public holidays and Orthodox holidays. 31st of December is a non-trading day.

Working hours: 08-16h

In 2020, the CSD and MSE will be closed every Saturday and Sunday, and on these dates:

January	1; 6; 7
April	17; 20
May	1; 24*;
June	5
August	2*; 28
September	8
October	11*; 23
December	8; 31

* Holidays that fall on Sunday, according to the Law on Holidays of the Republic of North Macedonia (Official Gazette 21/98 and 18/07) are celebrated the following day.

13. CONTACTS

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