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Securities Law

I. BASIC PROVISIONS

Article 1

(1) This Law hereby determines types of securities, the manner of and conditions for issuance, trading and registration, identification and settlement of transactions in securities, manner and conditions for establishment and operation of the long-term securities market and the Central Securities Depository, as well as the status and powers of the Securities Exchange Commission (hereinafter: Commission).

(2) Provisions of the Law on Trade Companies will be applied for everything that is not stipulated by this Law.

Securities, Notion

Article 2

(1) Securities, for the purpose of this Law, shall mean instrument/contracting relationship/contract the aim of which is making profit on the basis of entrepreneurship and managerial labour of others, including without any limitation shares, bonds, treasury bills, commercial notes, government notes, certificates of deposit and other financial instruments considered as investments according to the Commission.

(2) Serial securities shall be securities issued at the same time by the same issuer, conferring equal rights and obligations to the holder/s.

(3) Securities shall be registered.

(4) Securities shall be issued, transferred and are maintained as electronic records in the Central Securities Depository.

(5) Records of treasury bills issued by the National Bank of the Republic of Macedonia shall be maintained at the National Bank or at the Central Securities Depository.

Issuers of Securities

Article 3

(1) Under this Law, securities may be issued by: the Republic of Macedonia, the National bank of the Republic of Macedonia, municipal bodies, trade companies and other legal entities (hereinafter: Issuer).

Types of Securities

Article 4

(1) Securities may be either ownership or debt securities.

(2) Ownership securities are securities evidencing the right to ownership of a portion of the basic capital of joint stock companies.

(3) Debt securities are securities evidencing a debt-creditor relation between the security issuer and its holder.

Transfer of Securities

Article 5

Securities in the form of an electronic record shall be transferred in the manner set forth herein and in the rules of the Commission.

Nominal Value of Securities

Article 6

- (1) The security shall have a nominal value.
- (2) Nominal value is the value stated on the security.
- (3) Securities shall be denominated in Denars or in foreign currencies, but on the territory of the Republic of Macedonia are sold and purchased in Denars only.
- (4) The issuance of securities without a nominal value is forbidden.

Types of Securities According to Maturation

Article 7

- (1) A security with a maturity period longer than one year following the date of issuance shall be considered a long-term security.
- (2) A security with a maturity period up to one year following the date of issuance shall be considered a short-term security.

Obligations of the Issuers of Securities

Article 8

An issuer of securities shall meet any obligation emerging from any issued securities, within dead-lines and under conditions and in a manner as prescribed by this Law, the rules of the Commission and according to the decision to issue securities.

Commencement of Rights and Obligations from Securities

Article 9

The rights and obligations concerning the securities shall commence from the moment they are registered in the Central Securities Depository.

Trading in Securities

Article 10

(1) For the purposes of this Law, trading in securities is the initial sale or subscription of and payment for securities (hereinafter: primary market) and any subsequent sale and/or purchase of securities (hereinafter: secondary market).

(2) Transfer of securities based on compensation, inheritance, gift, enforcement of securities pledged as collateral, and in other manners as provided for herein, shall not be deemed trading in securities.

II. FINANCIAL DERIVATIVES

Derivative Financial Instruments

Article 11

(1) For the purpose of this Law, derivative financial instruments are instruments (rights) the price of which directly or indirectly depends on the price of securities, foreign currencies, stock exchange indices or interest rates, and which do not constitute securities as defined in Article 2 of this Law.

(2) Standardised financial instruments shall be standardised and non-standardised derivative financial instruments.

(3) The standardised financial instruments, for the purpose of this Law shall be the derivative financial instruments

- traded on an organised financial derivatives market, and
- conferring equal rights to their holders.

(4) For the purposes of this Law, financial derivatives shall be option and futures contracts.

(5) Options and futures contracts shall be contracts of strictly prescribed form. The form and elements of options and futures contracts shall be set forth by the Commission.

Option, Notion

Article 12

(1) An option contract is a contract for future sale of securities under which one of the contracting parties acquires a right, but not an obligation to buy or sell the underlying security at a previously agreed price, each working day until the expiration of the agreed period, whereas the other party undertakes an obligation to unconditionally deliver or pay for the agreed underlying security, at a request of the option holder.

(2) Option contracts may refer to shares, bonds, foreign currencies, stock exchange indices and futures contracts.

(3) An option contract may be buying or selling.

Futures, Notion

Article 13

(1) A futures contract is a contract for future sale, under which one of the contracting parties undertakes an obligation to deliver the underlying the futures contract, whereas the other party undertakes an obligation to pay the agreed price on a previously agreed date.

(2) Futures contracts may refer to shares, bonds, foreign currencies, goods, stock exchange indices and interest rates.

Regulation of Public Offering and Trading in Options and Futures

Article 14

A public offer and purchase of options and futures is carried out in compliance with the trading in derivative financial instruments rules, prescribed by the Commission.

III. TYPES OF SECURITIES

1. SHARE

Share, Notion

Article 15

A share is an ownership security evidencing ownership of an ideal part of the basic capital of a joint stock company.

Types of Shares

Article 16

Shares may be:

1) In terms of sequence of issuing: founding shares -first issue shares and shares of subsequent issues;

2) In terms of the rights: common (regular) and preferred (privileged) shares. Preferred shares may be cumulative and participating. Cumulative preferred shares give the right to its owner to collect the outstanding cumulative dividends prior to the collection of any dividend of an owner of a share in common shares in accordance with the decision for issuing shares. Participating preferred shares, besides the determined dividend, give also the right of dividend payment that belongs to the common shares owners in accordance with the decision for issuing shares, and

3) In terms of voting rights: common shares with voting rights, preferred shares with voting rights and preferred shares without voting rights.

Manner of Acquisition of Shares

Article 17

Shares may be acquired by:

- First issuance payment;
- purchasing;
- inheriting;
- giving as gifts;
- compensation;
- collateral and
- other ways as provided for in the law.

Contents of the Act on Issuance of Shares

Article 18

(1) The authorised issuer's body shall enact the Act on issuance of shares.

(2) The Act on issuance of shares shall contain the following elements:

1. Name of the issuer;
2. Type of the shares;
3. Classes of the shares;
4. Total amount of the issue of shares;
5. Nominal value of the shares;
6. Voting rights conferred by the shares;
7. Manner of dividends payment;
8. Time and manner of subscription of shares;
9. Number of shares;
10. Manner and dead-line for payment of subscribed shares;
11. Pre-emption right and the order of exercising such right where shares are issued in more than one series;
12. Manner of announcing the issue of shares;
13. Procedure for allocation of shares;
14. Manner of possessing of shares;
15. The rights that the owner of preferred share obtains
16. Risk bearing and the guarantee of the issue, and
17. Other issues related to the issue of shares.

Elements of the Electronic Records of Shares

Article 19

The Electronic records of shares in the Central Securities Depository shall mandatorily contain the following data:

1. Type of the shares;
2. Issuance date;
3. Name, head office and unique identity number of the issuer;

4. Holder of the shares (for individuals: name, address and Birth Registry Number of the citizens, i.e. for foreign entities: passport number for individual, for legal entities: name, address and unique identity number of the legal entity);
5. Nominal value of the shares;
6. Date of entry of the shares in the Central Securities Depository.

Issuers' Obligations Regarding Maintaining Records of Shares

Article 20

The issuer shall have the records of shares issued maintained at the Central Securities Depository, in the manner and procedure as set forth by the Commission.

Issuer's Obligations Regarding Notification of Transfer of Shares

Article 21

(1) Issuers of shares and the Central Securities Depository shall notify the Commission of each transfer of voting shares by which the buyer, directly or cumulatively over a period not longer than 12 months, acquires at least 10 % of the basic capital of the joint stock company, within 5 days following the transfer.

(2) Buyers as described in paragraph 1 of this Article shall also be: related legal entities with a joint participation of at least 20% of the voting shares; branch of a company; daughter companies and individuals of up to second instance kinship.

(3) The Commission shall determine the conditions of Paragraph 2 of this Article.

2. BOND

Bond, Notion

Article 22

A bond is a long term debt security binding the issuer to pay the owner of the bond, on a determined date, the nominal value of the bond and the interest, whether in one or in more instalments.

Act on Issuance of Bonds

Article 23

- (1) The authorised issuer's body shall enact the Act on issuance of bonds.
- (2) The Act on issuance of bonds shall contain the following elements:
 1. Name of the issuer;
 2. Total amount of the issue of bonds;

3. Nominal value of the bonds;
4. Information about the guarantor;
5. Manner of bonds issuance;
6. The purpose for which the bonds are issued;
7. Type of the bonds and rights conferred by them;
8. Dead-lines for payment of the bond nominal value and the interest;
9. Amount of interest and manner of calculation and payment of interest;
10. Amount of the issuer's basic capital and proportion of participation of the bonds issue in the permanent own capital;
11. Sources of funds from which bonds will be paid;
12. Structure of denominations and the number of bonds;
13. Possibilities of conversion with other securities; and
14. The bond's sale price.

(3) The act on issuance of bonds may include special privileges or benefits for the buyers.

Types of Bonds

Article 24

Bonds may be:

- in terms of the manner of securing the rights: guaranteed, unsecured (i.e. debentures) and secured (i.e. mortgage) bonds;
 - in terms of the manner of exercising the right to interest: bonds with interest payable at once (zero-coupon bonds) and bonds with interest payable in instalments (coupon bond);
 - in terms of the interest: zero-interest bonds, bonds with fixed and bonds with floating interest rate;
 - in terms of the manner of exercising the right to redeem the nominal value: redeemable in one or in more instalments; and
- in terms of the special rights: bonds which, in addition to the interest, also entitle the bond holder to a dividend (participating) and bond which secures a right to convert it into a share or a pre-emption right to buy shares (interchangeable - convertible).

Elements of a Bond

Article 25

Bonds shall be kept at the Central Securities Depository as electronic records that contain the following essential elements:

1. the type of bond;
2. the series of the bond (in cases where the issuer has issued more than one series of the same type);
3. issuance date of the bonds issue;
4. name, head office and unique identity number of the issuer;

5. the bond holder (for individuals: name, address and Birth Registry Number, or passport number for foreign individuals, for foreign legal entities: name, address and unique identity number);
6. Nominal value of the bond;
7. The interest;
8. The timeframe and the manner of interest payment
9. Date of the bond entry in the Central Securities Depository.

3. CERTIFICATE OF DEPOSIT

Notion

Article 26

A certificate of deposit is a security binding the issuer to pay the amount of deposit and interest to the certificate holder, within a determined period of time.

Act on Issuance of Certificate of Deposit

Article 27

Certificate of deposit may be issued by a bank and a savings house upon an act issued by an authorised body which shall determine:

1. The aggregate amount and nominal value of the certificates of deposit;
2. The amount of interest and manner of interest calculation and payment;
and
3. The payment deadline.

Types of Certificates of Deposits

Article 28

(1) A certificate of deposit may be:

1. In terms of maturity: short-term and long-term;
2. In terms of the nature of the agreement: with fixed maturity, with or without a clause for renewal of the maturity, and with a period required for giving a notice;
3. In terms of the interest: zero-interest, with fixed or with floating interest.

(2) The conditions under which a certificate of deposit is issued may not be changed.

Elements of Certificates of Deposit

Article 29

The certificates of deposit are maintained in the Central Securities Depository as electronic records and shall contain the following elements:

1. type of the certificate of deposit;
2. series of the certificate of deposit (in case the issuer has issued more than one series of the same type);
3. date of issuance of the certificates of deposit;
4. name, head office and unique number of the issuer;
5. owner of the certificate of deposit (for individuals: name, address and Birth Registry Number, or passport number for foreign individual or name, address and unique number in case of foreign legal entities);
6. nominal value of the certificate of deposit,
7. interest;
8. the timeframe and manner of interest payment; and
9. date of registration of the certificate of deposit with the issuer or with the Central Securities Depository.

4. TREASURY, COMMERCIAL AND GOVERNMENT NOTES

Treasury and Commercial Notes, Notion

Article 30

Treasury and commercial notes are securities binding the issuer to pay the note holders the par value of such securities and the appropriate interest, within the period of maturity.

Issuers of Treasury and Commercial Notes

Article 31

(1) Treasury notes may be issued by the National Bank of the Republic of Macedonia, whereas commercial notes may be issued by joint stock companies (trade companies and other legal entities).

(2) Treasury and commercial notes are short-term securities issued for raising funds.

Government Notes, Notion

Article 32

A government note is a short-term security issued by the Republic of Macedonia for the purpose of raising funds in order to bridge time discrepancies between the revenue inflow and covering expenditures of the Republic of Macedonia's budget.

Act on Issuance of Treasury, Commercial and Government Notes

Article 33

(1) The issuer's authorised body shall enact the Act on issuance of treasury or commercial notes.

(2) The Government of the Republic of Macedonia shall enact the Act on issuance of government notes.

Contents of the Act on Issuance of Treasury, Commercial and Government Notes

Article 34

The Act on issuance of treasury, commercial or government notes shall contain:

1. The aggregate amount of the issue and the nominal value of individual notes;
2. The purpose of the proceeds of the issue;
3. The manner of issuing the note;
4. The amount of interest and manner of interest calculation and payment; and
5. The maturity dates.

Elements of Electronic Records of Treasury, Commercial and Government Notes

Article 35

The treasury, commercial and government notes maintained at the Central Securities Depository as an electronic record shall contain the following elements:

1. type of the treasury, commercial and government notes;
2. series of the treasury, commercial and government notes (in case the issuer has issued more than one series of the same type);
3. date of issuance of the treasury, commercial and government notes;
4. name, head office and unique number of the issuer;
5. owner of the treasury, commercial and government notes (for individuals: name, address and Birth Registry Number of the citizen or passport number for a foreign individual, or name, address and unique number in case of foreign legal entities);
6. nominal value of the treasury, commercial and government notes,
7. the interest
8. the timeframe and manner of interest payment; and
9. date of registration of the treasury, commercial and government notes with the issuer or with the Central Securities Depository.

Buyers of Treasury, Commercial and Government Notes

Article 36

(1) Treasury notes issued by the National Bank of the Republic of Macedonia may be purchased by banks, savings houses, investment and pension funds.

(2) Individuals and legal entities may purchase treasury bills issued by the National Bank of the Republic of Macedonia only through banks and savings houses.

(3) Commercial and government notes may be purchased by legal entities and individuals.

IV. ISSUANCE AND PUBLIC OFFER OF SECURITIES

Approval of Issues of Securities

Article 37

(1) Issuance of short-term and long-term of securities (hereinafter: securities) is carried out upon approval granted by the Commission.

(2) Under exception of paragraph 1 of this Article, such approval is not required:

- when the issuer is the Republic of Macedonia or the National Bank of the Republic of Macedonia;
- when the Republic of Macedonia has granted guarantee for the entire issue;
- at the transformation of one form of company into joint stock company under a condition that the amount of the basic principle remains unchanged;
- in case of a simultaneous founding of a joint stock company;
- when the value of the entire issue does not exceed 25.000 Euro's in a Denar counter value;
- for issuing treasury notes and certificates of deposit by banks and savings houses.

(3) The securities of paragraph 2 item 5 of this Article may be issued by the same issuer only once in a period of two years.

Contents of the Request of Approval for Issuing Securities

Article 38

(1) The approval of Article 37 Paragraph 1 of this Law is granted by the Commission at a request of the issuer.

(2) The request of Paragraph 1 of this Article shall contain of the following elements:

- basic data about the securities issuer;
- basic data about the persons on the Supervisory Board, the Managing Board, that is the Board of Directors;
- basic data about the issue;

- data about the business and development policy of the issuer.
- (3) The Commission issues rules to determine the detailed contents of the application for an issue approval, by types of issuers.

Documents Submitted With the Request

Article 39

- (1) In addition to the request, the issuer shall also submit:
1. an establishment act;
 2. report of a certified auditor for the last three years;
 3. balance sheet and profit and loss account for the last three years;
 4. an act on issuance of securities;
 5. a statement of the person in charge of management that:
 - the issue is in compliance with the law and the acts of the company;
 - the data stated in the application are true and correct;
 - the public invitation contains all information of significance for the investor, which such a person knows or should know;
 6. public invitation for registering and purchasing securities; and
 7. other documents that the Commission shall set forth by issuing rules.
- (2) In case when the issuer is a joint stock company and the application refers to a public offer of shares of a second or any consequent issue, the issuer shall also submit the following data on:
- the value of the previous issues;
 - the types of previously issued shares, with a description of the rights reflected by any such shares and their nominal value.

Obligations of Issuers for Issues Not Exceeding 25,000 Euros in Denar Value

Article 40

Issuers of securities, in cases of issues not exceeding 25,000 Euros in Denar value, shall submit to the Commission the act on issuing securities and shall issue an announcement on such an issue, in the manner as provided for herein and stipulated by the Commission.

Deciding on Requests

Article 41

- (1) On basis of a completely documented request, the Commission shall issue a formal decision to approve or reject such requests, not later than thirty days following the date of receipt.
- (2) In case of incomplete documentation, the Commission shall request from the issuer to complete the request within fifteen days following the notice.
- (3) Should the issuer fail to follow the request from Paragraph 2 of this Article and not complete the application, the Commission shall issue a decision rejecting the request for approval.

(4) The issuer of securities has a right to lodge a complaint with the Government of the Republic of Macedonia against the decision of paragraphs 1 and 3 of this Article, within fifteen days following the receipt of the Commission's decision.

Criteria for Approving Requests

Article 42

On basis of the documentation of Article 39 herein, the Commission shall make an assessment of the truthfulness of the data, credit worthiness of the legal entity and the risk related to the issue, and on the basis of this shall make decision regarding the same matter.

Value of Issues

Article 43

(1) The lowest value of a single issue of securities of an issuer for which a Commission approval is required is 25.001 Euros in Denar value.

(2) The value of an issue of ownership securities is unlimited.

(3) The highest value of a single issue of debt securities which is not guaranteed for by a bank or another legal entity may not exceed the basic capital of the issuer.

(4) In a case when the issue of debt securities is guaranteed by a bank or other legal entity, the highest value of the issue may amount up to the amount of the given guarantee.

Manner of Sales of Securities

Article 44

The initial (primary) sales of securities may be carried out through a public offer, direct agreement with a known buyer (placement) and bidding auction (tender).

Commencement of Subscription and Purchase Procedures

Article 45

(1) The issuer shall begin the procedure for subscription and payment for publicly offered securities within thirty days following the date of receipt of the approval from Article 42 of this Law.

(2) Should the Commission, having approved an issue, obtain information which, had it been obtained in due time, would have been a reason to reject the request, or should the circumstances have changed to such an extent that the Commission will no longer grant its approval, or in the case of both, the Commission may issue a decision to revoke its decision, and the issuer shall immediately cease any further sale of securities.

Public Offer

Article 46

(1) Public offer of securities is a publicly announced invitation, to subscribe for and buy securities.

(2) The issuer shall publish the invitation for subscription for and purchase of securities in the official language of the Republic of Macedonia in a daily newspaper published on the territory of the Republic of Macedonia, at least seven (7) days prior to the commencement of the subscription for securities.

(3) In case of an issue for a known buyer (placement), the issuer has no obligation to issue a public invitation, but an announcement notifying the public.

(4) The closer content of the announcement of paragraph 3 of this Article is prescribed by the Commission.

(5) The issuer shall provide access to its accounting documentation data published in the public invitation, the by laws and the act on establishment of the legal entity, to all interested parties, on all locations at which securities are subscribed for.

Content of the Public Offer

Article 47

(1) A public offer contains basic information which enable the buyer of securities (hereinafter: investor) to assess the legal position, financial standing and business capacity of the issuer, as well as the rights contained in the securities.

(2) The public offer must be made available at the head office of the issuer and all locations at which securities may be subscribed for and paid.

(3) The Commission prescribes more detailed contents of the public offer, by types of issuers and by types of securities.

Liability for Damage

Article 48

(1) In the event of a public offer containing false or misleading data, authorised officers of the issuer and the authorised auditing house shall be held jointly liable for any damage suffered by the investors in such securities, if they were or had to be aware of the fact that the data are false or misleading.

(2) The individuals of paragraph 1 of this Article shall also be held liable for any damage incurred as a result of an omission of any significant data on the issuer and/or security, which might have had influence on the investors' decision to purchase such securities.

Final Content of the Public Offer

Article 49

The final content of the public offer shall not differ from the version of the public offer approved by the Commission when granting the approval of the issue.

Change in Circumstances during the Issue

Article 50

(1) In the course of a public offer, issuers shall not change the acts on establishment or any other general acts related to the rights of security holders as stated in the Public offer.

(2) Should any changes of the conditions of Article 47 of this Law occur in the course of the public offer, the issuer shall, upon prior approval by the Commission, undertake appropriate co-ordination of the issuance acts and the Public offer, within a period of not more than three (3) business days following the receipt of the approval.

Subscription Procedure

Article 51

(1) Subscription for publicly offered securities is carried out at the issuer's head office or at an office of a brokerage house or a bank authorised by the issuer.

(2) Brokerage houses or banks shall secure compliance of the subscription for securities with the act on issuance of securities, the public offer and the law.

(3) The procedure of subscription of securities shall be prescribed by the Commission.

Issue Realization Deadline

Article 52

(1) The issue realization time-limit shall not be longer than 6 months. Under exception, the Commission may prolong the realization time-limit for another 3 months, at a request of the issuer.

(2) In the course of the issue realization time-limit determined in Paragraph 1 of this Article, the newly issued securities may not be traded on the secondary market.

(3) Not later than 15 days following the expiration of the timeframe determined in Paragraph 1 of this Article, the issuer shall notify the Commission of the number of subscribed for and paid securities, i.e. of the realization percentage.

(4) The Commission issues separate rules to prescribe the closer content of the notification of subscribed and paid securities, i.e. the realization percentage.

(5) The issuer shall publish the information of Paragraph (2) of this Article in at least one daily newspaper in Macedonia no later than 15 days from the end of the issue.

(6) In case the issuer is to provide consent of another entity on the records of securities sold, the notification to the Commission of Paragraph (3) of this Article shall be submitted following the provision of such consent.

Submission of Annual Reports to the Commission

Article 53

(1) Issuer who has completed the procedure of a public offer of the debt securities, up to the maturity period of the securities shall submit to the Commission an annual report verified by a certified auditor within thirty (30) days following the date of receipt of the audited report from the auditor.

(2) The annual report shall contain data about the business results, with explanations and outline of the changes to the data stated in the Public offer and shall be made available to the holders of securities of that issuer.

(3) The annual reports of Paragraph (2) of this Article shall be submitted until such date when all responsibilities emerging from such a security shall have been fully met.

(4) The issuer shall publish part of the audited financial report with an opinion of the authorised auditor, in at least one daily newspaper within 15 days from the day the report has been submitted to the Commission.

(5) The Commission may also request from the issuer to submit additional explanations regarding the auditing reports.

(6) The main elements of the form and content of the part of the audited financial report from Paragraph (4) of this Article are stipulated by the Commission.

Control of the Public Offer of Securities

Article 54

(1) The Commission conducts control over the public offer for subscription and payment for securities.

(2) In the event of irregularities in the public offer procedure, the costs of the control shall be born by the issuer.

Irregularities in the Public Offer Procedure

Article 55

(1) In the event the Commission reveals irregularities and non-compliance with the law during a public offer procedure, the Commission issues a decision to impose an obligation on the issuer to remove such irregularities within a determined deadline.

(2) The issuer shall remove any such irregularities within the set dead-line and shall submit a report to the Commission, describing the measures undertaken. The report shall mandatorily be accompanied by documentation and other evidence to the fact that the revealed irregularities have been removed.

(3) The issuer shall suspend the public offer from the date of receipt of the Commission's decision until the date of removal of the irregularities.

(4) Should the issuer fail to remove the irregularities, the Commission issues a decision to suspend the public offer and shall publish it in at least one daily newspaper.

(5) The issuer has a right to file a complaint with the Government of the Republic of Macedonia against the decision of suspension of the public offer, within 15 days following the receipt of the Commission's decision.

(6) The complaint of Paragraph (5) of this Article does not put off the enforcement of the Commission's decision.

Informing the Public

Article 56

(1) The trading companies and other legal entities – issuers of securities shall publish the following data:

- revenues (aggregate), gain from the regular operation before taxation, gain for the financial year, net cash flow, gain for the financial year per share, dividends per share;
- change in the ownership structure, stipulated by a Law;
- status changes of the company;
- changes in the management and supervision bodies;
- new issue of securities; and
- other changes in the operation that significantly influence the price of securities.

(2) The trading companies and other legal entities – issuers of securities shall publish the data from Paragraph (1) of this Article in at least one daily newspaper in the Republic of Macedonia.

(3) The trading companies and other legal entities – issuers of securities shall publish the data from Paragraph (1), item 1 of this Article, within 15 days from the adoption of the calculation by the authorised body.

(4) The trading companies and other legal entities – issuers of securities shall publish the data from Paragraph (1) items 2, 3, 4, 5 and 6 within 7 days from the day the change has occurred, that is the timeframe determined by Law.

(5) The trading companies and other legal entities – issuers of securities that have successfully completed the initial public offer of securities in compliance with this Law or those that have received an approval from the Commission, shall publish part of the audited financial report with an opinion of the authorised auditor in at least one daily newspaper in the Republic of Macedonia within 15 days after the adoption of the report by the shareholders assembly.

V. TRADING IN SECURITIES

1. TRADING IN MONEY AND SHORT-TERM SECURITIES

Establishing Money and Short-term Securities Market

Article 57

For the purpose of provision of conditions necessary for bringing the supply and demand of money and short-term securities together, a money and short-term securities market is established.

Money and short-term market operations

Article 58

Operations on the money and short-term securities market include mediation in the turnover of money and short-term securities.

Form of Establishment of the Money and Short-term securities Market

Article 59

(1) The money and short-term securities market is established in the form of a joint stock company.

(2) The basic capital of the money and short-term securities market shall not be less than 75.000 EUROS in Denar counter value according to the exchange rate of the National Bank of the Republic of Macedonia on the day the approval for operation is issued.

Founders of the Money and Short-term securities Market

Article 60

- (1) The money and short-term securities market is founded by banks and savings houses.
- (2) The founders of the money and short-term securities market provide the conditions necessary for the market functioning.

Approval for Establishing the Money and Short-term securities Market

Article 61

The National Bank of the Republic of Macedonia, subject to control over documentation required for granting an approval for establishing and operation, issues an approval for commencement of operation of the money and short-term securities market and conducts surveillance over its operation.

Acting on the Money and Short-term securities Market

Article 62

In the legal relations with other legal entities, the money and short-term securities market acts on behalf of and for the benefit of the participants in the market operation.

Participants in the Operation of the Money and Short-term securities Market

Article 63

- (1) Participants in the money and short-term securities market may be banks and savings houses.
- (2) An approval of operation on the money and short-term securities market shall be issued by the market's managing board, on basis of the criteria set in the By Law of the market.

Acting of the Participants on the Money and Short-term securities Market

Article 64

The participants on the money and short-term securities market shall act on their own behalf and for their own benefit, on their own behalf and for the benefit of others, and on behalf of and for the benefit of other legal entities.

Participation of the National Bank of the Republic of Macedonia in the Operation of the Money and Short-term securities Market

Article 65

The National Bank of the Republic of Macedonia is a participant on the money and short-term securities market in a function of a regulator of the volume of the demand and supply of money and short-term securities.

Commission of the Participants in the Money and Short-term Securities Market Operation

Article 66

The participants on the money and short-term securities market shall pay commission on basis of concluded deals in the turnover of money and short-term securities.

Information system of the Money and Short-term securities Market

Article 67

The money and short-term securities market shall organize an information system to provide data on the demand and supply of money and short-term securities, market value of securities, amount of interest, financial reliability of issuers of short-term securities and the securities themselves, the listing of short-term securities, as well as other information relevant for the operation of the market.

2. TRADING IN LONG-TERM SECURITIES

2.1 Long-term Securities Exchange (Stock Exchange)

Establishing of Stock Exchange

Article 68

(1) For the purpose of provision of conditions necessary for bringing the supply and demand of long-term securities together, i.e. organized trading in long-term securities, a long-term securities Exchange is established (hereinafter: Exchange).

(2) Legal and any other entity cannot be registered in the Trade register under the name- exchange of long-term securities and in its operations cannot use the name-exchange of long-term securities if it is not established as an exchange of long-term securities and has not obtained a licence for establishment and operation on the long-term securities exchange.

Manner of Operation of the Exchange

Article 69

(1) The Exchange is a legal entity and functions as a not-for-profit organization.

(2) The surplus of revenues over expenditures of the Exchange, as shown in the annual statements, shall be used for further development of the Exchange.

Form of Establishment

Article 70

The Exchange is founded as a joint stock company.

Principles of Operation

Article 71

In its operation, the Exchange provides:

- legality in the trading with long-term securities;
- compliance with the rules and standards of the Exchange by the participants in its operation;
- protection of the interests of participants in the operation of the Exchange;
- regularity in informing the public on issues relevant for the operation of the Exchange.

Founders

Article 72

(1) An Exchange may be established by legal entities with head offices in Macedonia, whose activity is connected to trading in securities.

(2) The Exchange members shall at the same time be its founders, who must have securities trading license issued by the Commission.

Terms and Conditions for Establishing an Exchange

Article 73

(1) An Exchange may be established under the following conditions:

- that it has at least three founding members;
- that the founding members provide the determined minimum amount of the money portion of the basic capital, along with adequate premises for organizing the brokerage activities;
- that a permission for establishment and operation has been obtained by the Commission; and
- that the Exchange be capable of performing all required operations in terms of staff, technical equipment and organization.

(2) The Exchange shall have at least three employees who have passed an examination on working with securities (expertise examination).

(3) The Exchange shall have an adequate information, computer and communication system to perform clearing transactions following concluded deals at the Exchange.

(4) The Exchange shall have organizational departments to provide efficient and uniform performance of all operations.

Submission of Request for Establishment

Article 74

(1) The Founding Committee of the Exchange shall submit an application to the Commission for approval of the establishment and commencement of operation.

(2) In addition to the application of paragraph 1 of this Article, the Founding Committee shall also submit the following:

- a study on the establishment and operation of the Exchange;
- act of establishment of the Exchange;
- draft-By Law of the Exchange;
- draft-Rules of the Exchange; and
- evidence on fulfilled obligations set by the draft-agreement on establishment.

Establishment Study

Article 75

The study on establishment and operation of the Exchange shall analyse the following:

- macroeconomic conditions under which an Exchange is proposed to be established;
- goals and objectives an Exchange is established for;
- functions of the Exchange operations;
- links of the Exchange with the country's banking system and other legal entities and institutions;
- links of the Exchange with other similar institutions
- capital relations between the founding members and their financial reliability;
- management and administration models used at the Exchange;
- inner organizational structure of the Exchange;
- office, staff and technical aspects of the Exchange's operation;
- ways of protection of confidential information related to the operation of the Exchange;
- internal audit;
- responsibility in the operation of the Exchange;
- projection of the development of the Exchange over the next 3 years; and
- other issues related to the operation and development of the Exchange.

Content of the Charter

Article 76

The Exchange Charter, in addition to issues determined in Article 251 of the Law on Trading Companies, shall determine the following:

- membership criteria and duties and rights of the Exchange members;
- conditions, criteria and documents required for admission of individual members to the Exchange and their rights and duties;
- possible reasons for denying certain participants in the operation of the Exchange the right to presence on the Exchange;
- manner of holding Exchange trading;
- method of audit conducted by the Exchange itself over operations carried out on the Exchange;

- ways of resolving potential law suits between shareholders, members and participants on the Exchange;
- manner of prevention of abuse of information not accessible to all participants at the Exchange;
- manner of prevention of abuse and ways to secure against failure to fulfil undertaken duties (real security);
- manner of organizing the information system; and
- other issues related to the work of the Exchange.

Contents of the Rules of Operation

Article 77

The Rules of Operation of the Exchange shall determine the following:

- types of activities, conditions and manners in which the work of the Exchange will be carried out;
- conditions to be fulfilled by participants in order to be able to trade on the Exchange;
- trading conditions on the Exchange;
- conditions and manner in which participants shall meet their liabilities agreed upon in concluded deals;
- conditions under which the Exchange will prohibit trading in order to avoid manipulative operations;
- provisions to regulate the behaviour of brokers and measures against acts contrary to the behaviour rules (code of ethics); and
- other issues relevant to the work of the Exchange.

Entry into the Trade Register

Article 78

The Exchange shall submit an abstract of its court registration to the Commission within 15 days following the registration date, for record keeping purposes.

Acts Subject to Commission Approval

Article 79

(1) The Exchange shall seek approval from the Commission for:

- its act of establishment and any changes therein;
- its Charter and any changes therein;
- the Operating Rules and the changes of the Operating Rules of the Exchange
- trading procedures;
- listing rules;
- clearing and settlement procedures;
- status changes of the Exchange.

(2) For the purpose of investor protection and/or securing fair and proper trading in securities, the Commission may direct the Exchange to introduce changes or adopt new acts related to the work of the Exchange.

Pursuant to the appointment of an Exchange director

Article 80

The Commission gives consent for appointing an Exchange director.

Entry of Changes into the Trade Register

Article 81

The Exchange shall report to the Commission any changes in its court registration within 5 days following the entry of any such changes into the court register.

Amount of Basic Capital

Article 82

(1) The Exchange is established with a basic capital in the form of money and in an amount of at least 500,000 Euros in Denar counter value at the middle exchange rate of the National Bank of the Republic of Macedonia, on the date of obtaining a license to establish and operate an Exchange.

(2) The basic capital of the Exchange is divided into common shares of the same type. Shares shall be non-negotiable, except in cases of expiration of membership to the Exchange.

(3) In case of expiration of membership to the Exchange, the founding member may sell his shares to any legal person that has received consent from the Commission for working with securities.

(4) Any transfer of shares in any other way different than the way described in paragraph 2 shall be regarded void.

Interest of Founders

Article 83

(1) Each founding member owns an equal number of common shares and has equal rights in the management of the Exchange.

(2) Legal entities additionally applying for admission as founding members or members of the Exchange shall have to meet the criteria of this Law and accept the Exchange act of establishment and Charter and shall invest funds into the basic capital in a money amount that will provide them with an equal participation in the basic capital as that of the original founders. An additional number of common shares of the same kind will be issued to cover any additionally invested capital.

(3) Legal entities additionally investing capital in the basic capital of the Exchange shall be granted equal rights as a founder and a member of the Exchange.

Refund of Founding Investment to Founders

Article 84

Money and investments in other kinds may be returned to founding members only in case of permanent termination of the Exchange, following a complete clearance of all liabilities of the Exchange.

Settlement of Disputes among Members

Article 85

Any disputes between Exchange members with regard to the Exchange operation shall be resolved through arbitration. The arbitration is carried out by the Exchange on the basis of its own Arbitration Rules.

Determination of Conditions, Procedures and Manner of Listing

Article 86

(1) The conditions and manner of, as well as the procedure for listing of long-term securities shall be regulated by separate rules.

(2) The rules of paragraph 1 of this Article are passed by the Exchange, upon a previous approval of the Commission.

Exchange Members

Article 87

(1) Members of the Exchange may be brokerage houses and banks, registered and with a licence to work in the Republic of Macedonia.

Membership Terms

Article 88

(1) An Exchange Member shall meet the following conditions:

- be licensed by the Commission for trading in securities;
- be a company with a minimum basic capital of 75,000 Euro's in Denar counter value at the middle exchange rate of the National Bank of the Republic of Macedonia on the day the request is submitted;
- pay an annual membership fee thus gaining the right to a seat as an Exchange intermediary;
- at all times maintain in its securities business a minimum Adjusted Liquid Capital of not less than 15,000 Euro's in Denar counter value at the National Bank middle exchange rate, or 5 % of its total indebtedness, whichever is higher;
- have at least two brokers licensed by the Commission and the Exchange;

- be adequately equipped in terms of organization and technical equipment;
 - satisfy any other criteria as the Commission and the Exchange may prescribe.
- (2) The content of the liquid capital is regulated with a separate decision (rules) by the Commission.

Documentation Required for Membership

Article 89

A brokerage house or a bank applying for Membership on the Exchange shall submit the following documentation to the Exchange:

- application in writing and in such form and with such content as determined by the Exchange;
- a copy of its Charter;
- evidence of compliance with the requirements for a minimum basic capital of 75,000 Euro's in Denar counter value at the middle exchange rate of the National Bank of the Republic of Macedonia;
- any additional information as the Exchange may require;
- an approval by the Commission for working with securities.

Exchange Operations, Notion

Article 90

Exchange operations, as determined by this Law, are:

- market creation of prices of securities traded on the Exchange;
- listing of the securities traded on the Exchange;
- trading in securities;
- determination and settlement of the concluded securities transactions;
- publishing information on the operation of the Exchange.

Exchange Trading, Notion

Article 91

Trading in securities on the Exchange includes transactions in long-term securities, concluded between the Exchange members, under terms and conditions as provided for in the rules and other acts of the Exchange.

Settlement of Transactions in Securities

Article 92

- (1) Settlement of transactions in securities on the official market of the Exchange may be carried out at once, but not later than three (3) days following the transaction date.
- (2) Settlement of transactions in securities on the non-official market of the Exchange will be carried out according to the Exchange rules.

Contents of Exchange Acts

Article 93

The manner and conditions of trading, rights and obligations emerging from concluded transactions, trading documentation, listing of securities, determination of prices of securities, fulfilment of liabilities and public disclosure of information are all determined more specifically by the Charter, the Rules of operation and other acts of the Exchange.

Listing of Securities

Article 94

(1) Long-term securities are listed upon written request and application of the issuer.

(2) Long-term securities offered for listing on the Exchange must have all formal features as set by legal and other provisions, as well as in the approval for their issue.

(3) A general listing condition for long-term securities is that they be fully paid and with unlimited transferability.

Register of Listed Securities

Article 95

The Exchange shall keep a separate register for each issuer, where it shall keep all relevant data and documents on issuers whose securities are listed on the Exchange.

Information System of the Exchange

Article 96

The Exchange shall organize an adequate information system through which it shall regularly and timely inform the public of the:

- name of issuer and type of securities traded on the Exchange;
- buy, sell, highest, lowest and last price of individual types of securities;
- number and value of securities traded on the market;
- other information relevant to the operations of the Exchange.

Obligations of the Employees and Members of the Exchange

Article 97

(1) Members of the managing boards and the employees of the Exchange shall not give false and incorrect information likely to influence the prices of securities traded on the Exchange.

(2) The members of the Exchange must not give false and incorrect information likely to influence the price of the securities traded on the Exchange.

(3) Members of the managing boards and the employees, as well as the members of the Exchange shall not participate in the so called insider dealing related to any long-term security listed or traded on the Exchange, or assist any member or any other person to participate in any such insider dealing.

(4) Misuse of inside information accessible to members of the managing boards, employees and members of the Exchange is prohibited.

Supervision over the Exchange

Article 98

(1) The Commission conducts supervision over the work of the Exchange and its members involved in dealing in long-term securities.

(2) The Commission carries out the supervision by reviewing the periodical and annual operational reports, as well as the business books and other documentation.

(3) The Commission has the power to also conduct supervision of companies listed on the Exchange, regarding the issuance, trading and listing of the securities.

(4) In case the Commission reveals irregularities during the supervision of paragraph 3 of this Article, it may issue a decision to temporarily suspend such companies from listing.

Subject of Supervision

Article 99

In performing the supervision of Article 98 of this Law, the Commission reviews in particular any documentation related to:

- legality of activities related to trading in securities;
- fulfilment of obligations by the issuer as prescribed by law, i.e. the act on issuance of securities;
- legality of trading in long-term securities on the Exchange;
- compliance by the Exchange and Members with legal and other regulations pertaining to the securities industry, as well as their own rules, Charters and other acts on the basis of which a license to operate on the Exchange is issued;
- trading in securities on the Exchange in accordance with prescribed conditions for trading, i.e. whether such activities are performed by authorised intermediaries;
- the supervision of the financial situation of the Exchange members; and
- manner of securing fulfilment of liabilities related to deals concluded as part of the trading in long-term securities on the Exchange.

Reports on Operation of the Exchange

Article 100

(1) The Exchange shall submit to the Commission daily, weekly and monthly reports on its operation.

(2) The Exchange shall submit to the Commission an annual report on its operation.

(3) The Exchange shall submit to the Commission a financial statement audited by a certified auditor, not later than 31 May of the current year, regarding the previous year.

Annual Report

Article 101

(1) The Commission approves the annual report on the operation of the Exchange, in accordance with Article 100, paragraph (2) of this Law.

(2) If, in the opinion of the Commission, a review is needed of certain parts of the annual report on operation of the Exchange, the Commission undertakes supervision measures over the Exchange and its management.

Operational Program

Article 102

The Exchange shall furnish the Commission with an Operational Program for the subsequent year, by the end of the current year, for confirmation.

Measures against Irregular Operation of the Exchange

Article 103

(1) Should the supervision reveal irregularities or illegal activities in the operation of the Exchange, the Commission may undertake the following measures:

- issue an order to remedy the revealed irregularities and illegal activities in the operation with long-term securities;
- issue an order for temporary stopping of the Exchange operation;
- publicly disclose the data about the irregularities and illegal activities in the work of legal entities participating on the Exchange and of the Exchange itself;
- temporarily or permanently revoke the approval for operation of the Exchange;
- undertake other measures for improving the financial discipline in the operations with long-term securities.
- a decision for revoking the consent for an Exchange director.

(2) In case of revealed irregularities, all supervision costs shall be born by the Exchange.

2.2 Authorised Participants on the Exchange

Entities Performing Operations Related to Trading in Long-term Securities

Article 104

(1) Activities related to trading in securities may be carried out by brokerage houses and banks.

(2) The provisions of this Law pertaining to the brokerage houses shall also apply to the banks-founders and members of the Exchange, unless otherwise stipulated with this Law.

Forms of Establishment of Brokerage Houses

Article 105

Brokerage houses may be established as joint stock companies.

Operations performed by the brokerage houses

Article 106

(1) A brokerage house shall carry out the following activities:

- receipt and execution of investors' orders for purchase and sale of long-term securities, on behalf of and for the account of clients;
- trading in long-term securities on its own behalf and for its own benefit;
- management of financial property for the account of clients (client's financial property management);
- organization, preparation and purchase of newly issued long-term securities; and
- advising clients on issuing and purchasing or selling long-term securities (investment advise);

(2) The Commission issues a decision for an approval for establishment and operation of a brokerage house within 30 days from the day the application has been submitted, if it determines that the brokerage house complies with the conditions for work, explicitly stating the activities approved.

(3) If the Commission does not issue a decision for an approval for establishment and operation of the brokerage house, the founder of the brokerage house is entitled to submit an appeal to the Government of Republic of Macedonia within 15 days from the day the decision for not approving the establishment of operations was received.

Founders of Brokerage Houses

Article 107

(1) A brokerage house may be established by at least two domestic and/or two foreign legal entities or individuals.

(2) Under an exception of paragraph (1) of this Article, bank, Savings house or an insurance company may individually establish a brokerage house.

(3) In cases when the founder of the brokerage house is a bank or a savings house, it is required that it previously receives an approval from the National Bank of the Republic of Macedonia.

(4) One and the same legal entity may be a founder of only one and the same brokerage house.

(5) The brokerage house may not purchase and trade with the shares of another brokerage house on its own behalf and for its own account.

Basic Capital of Brokerage Houses

Article 108

(1) A brokerage house is founded with a basic capital of at least 75,000 Euro's in Denar counter value at the middle rate of the National Bank of the Republic of Macedonia on the day of granting license for operation, provided that the firm is registered for activities set forth in items 1 and 5 of Article 106 of this Law.

(2) A brokerage house is founded with a basic capital of at least 150,000 Euro's in Denar counter value at the middle rate of the National Bank of the Republic of Macedonia on the day of granting license for operation, provided that the firm is registered for activities set forth in items 1, 3, 5, of Article 106 of this Law.

(3) The liquid capital of the brokerage house from Paragraph (2) of this Article in any time must be at least EURO 30.000.

(4) A brokerage house is founded with a basic capital of at least 500,000 Euro's in Denar counter value at the middle rate of the National Bank of the Republic of Macedonia on the day of granting license for operation, provided that the firm is registered for all activities set forth in Article 106 of this Law.

(5) The liquid capital of the brokerage house from Paragraph (4) of this Article in any time must be at least EURO 50.000.

(6) Brokerage houses shall maintain the value of its basic capital at all times during its operation.

Documents Accompanying the Request of Approval

Article 109

(1) Prior to obtaining an approval from the Commission, a brokerage house may not be entered into the trade register.

(2) The application for issuing an approval shall be accompanied by:

- an act of establishment and the Charter;
- a description of activities of the brokerage house and a business plan for the first two years of operation;
- information on the amount of any holding of the founders in other legal entities;

- in cases when founders of brokerage houses are banks, insurance companies or savings houses, they shall have obtained a previous opinion by the competent supervisory body;
- evidence of the amount of capital in accordance with Article 108 of this Law;
- documentation prescribed by the Commission to prove that the brokerage house is equipped in terms of staff, as well as fit from technical and organizational aspects to perform all activities for which it is founded.

Consent for appointing the Director of the Brokerage house

Article 110

The Commission gives its consent for appointing the Director of the Brokerage house.

Authorised Participants for working in Brokerage houses

Article 111

(1) The brokerage house shall operate through its authorised participants, i.e. individuals who have passed a special examination for trading in securities (brokers).

(2) The manner and conditions for sitting the examination of Paragraph (1) of this Article are set by the Commission.

Obligations of the Broker

Article 112

(1) In their work, brokers shall:

- strictly follow the instructions given by the clients and the brokerage house;
- act in a manner of conscientious businessmen;
- strictly respect the Exchange rules and Brokers' Ethics;
- inform the brokerage house of the market situation and bear in mind the brokerage house interests and keep its business secrets;
- respect the Code of ethics and honour of the Exchange.

(2) Brokers may not execute orders or advise clients to get involved in trading in securities for the sole purpose of earning commission.

(3) Brokers shall not unnecessarily postpone the execution of clients' orders, if market conditions allow such execution.

(4) In case of disrespect of any of these rules, as well as if the broker performs a criminal act related to financial operation, the Commission may revoke the license on trading in securities from such brokers.

Register of Orders

Article 113

(1) The brokerage house shall keep a register of clients' orders, its own orders and orders related to managing clients' funds, in a time sequence, and shall also keep a record of all cancelled orders.

(2) The manner of keeping the register of orders shall be in an electronic form and shall be prescribed by an act issued by the Commission.

Manner of Managing Funds

Article 114

The brokerage house shall present the balance of long-term securities and funds of clients separately from its own accounts. For the purpose of protection of clients' funds, the brokerage house shall open a separate account. The funds on the separate account may be used exclusively for purposes agreed upon between the brokerage house and its clients.

Keeping Business Books

Article 115

The brokerage house shall keep the business books in compliance with the accounting standards and the legal provisions.

Forbidden Operations with Long-term Securities

Article 116

(1) The brokerage house shall not get involved in operations with long-term securities which could endanger the stability of the long-term securities market, and in particular shall they not:

- mislead investors to wrong conclusions about prices of securities by performing ostensible activities;
- manipulate with prices of long-term securities based on previous agreeing with other brokers;
- publish or spread misinformation with the aim of causing a movement in prices of securities;
- directly or indirectly get involved in trading in long-term securities for the purpose of stabilizing or increasing of prices of securities;
- lend clients' securities to others without a written approval from the clients.

(2) The brokerage house may borrow and lend securities in a manner and under conditions set by the Commission.

Obligation of Reporting to the Commission

Article 117

(1) The brokerage house shall regularly report to the Commission on its financial standing, any changes to its status, changes in the ownership structure of its own basic capital, as well as of any event of insolvency.

(2) The brokerage house shall submit monthly reports on its operation to the Commission. The form and substance of the monthly reports shall be prescribed by the Commission.

(3) The brokerage house shall regularly submit to the Commission an annual financial report audited by an authorised auditor.

Obligation to Keep Business Secrets

Article 118

(1) Employees in brokerage houses shall keep as a business secret all information they receive in relation to the operation of the firm and are not yet a public knowledge and could influence the prices of securities.

(2) In their acts, brokerage houses shall provide protection of business secrets and prevention of abuse of such secrets, as well as control over the flow of business secrets within and outside their business system.

2.3 Supervision over the Operation of Authorised Participants on the Exchange

Supervision by the Commission

Article 119

The Commission shall conduct control over the operation of the brokers, brokerage houses and the banks. The Commission may review books, acts and other documents of the brokerage houses and the banks that refer to the securities operations.

Subject of Supervision by the Commission

Article 120

(1) When conducting supervision, the Commission may:

- ask for reports and information on business assignments of the brokerage houses and the banks;
- ask for auditor's reports and additional information on the audit of the brokerage house and the bank;
- ask for other documents related to the inspection.

(2) The Commission may carry out sudden inspection of the authorised participants on the Exchange.

Determination of Irregularities in the Operation of Authorised Participants on the Exchange

Article 121

(1) Should the Commission come across any irregularities when conducting supervision of the authorised participants on the Exchange related to either the trading in securities or the keeping of business books, the Commission may decide to impose an obligation onto the firm to deal away with the revealed irregularities within a determined period of time.

(2) The authorised participants on the Exchange shall correct all irregularities and report to the Commission of the steps undertaken in this direction. The report should enclose documents and other evidence on the irregularities having been corrected.

Violation of Regulations on Operations with Long-term Securities

Article 122

(1) Should the Commission's supervision reveal a breach of the rules for trading in long-term securities by the authorized participants, the Commission shall pass a decision to:

- partially or completely prohibit such authorised participant to perform certain activities for which a certificate is obtained by the Commission;
- temporarily or permanently prohibit the brokerage house to perform certain activities for which a certificate is obtained by the Commission;
- publicly announce that the authorized participant in question has violated the rules concerning the long-term security operations.
- for revoking the consent for the Director of the Brokerage house

(2) A complaint against the decision of the Commission from Paragraph (1) of this Article can be lodged to the Government of Republic of Macedonia within 15 days starting from the day such decision is received.

(3) The complaint against the decision from Paragraph (2) of this Article does not postpone the execution of the decision from Paragraph (1) of this Article.

Supervision Costs

Article 123

If any irregularities are revealed in the operation of a brokerage house, the costs of inspection shall be born by the inspected brokerage house.

Revocation of Licenses for Performing Operations with Long-term Securities

Article 124

(1) The Commission may revoke the license for operation with long-term securities from a brokerage house if:

- an authorised participant seriously violates the rules for dealing in long-term securities;
- an authorised participant fails to start operating within 6 months commencing from the date of obtaining the license, or if a brokerage house ceases its operations for a period longer than 6 month;
- the license has been obtained on the basis of false information;

- an authorised participant fails to meet criteria on continuation of operating as such.

(2) Prior to issuing the decision of Paragraph (1) of this Article, the Commission shall enable the authorised participant to present explanation for the reasons which may have led to such a decision.

(3) The authorised participant concerned may lodge a complaint against the decision of Paragraph (1) of this Article with the Government of the Republic of Macedonia, within 15 days the revocation decision is received.

2.4 Investment advisors

Entities that Act as Investment Advisors

Article 125

- (1) Activities related to investment advising may be performed by an Investment Advising Company.
- (2) The Investment Advising Company shall operate through authorised persons who have passed a special examination for investment advising (investment advisors).
- (3) The Commission shall determine the manner and conditions for sitting the exam from Paragraph (2) of this Article.

Supervision over the Investment Advisor's Operation

Article 126

- (1) The Commission shall supervise the operation of the investment advisors and the Investment Advising Company.
- (2) The Commission may decide to revoke the approval for operating as investment advisor if:
 - the investment advisor violate the rules for trading in securities
 - the approval has been obtained on the basis of false information;
 - the investment advisor fails to meet criteria on continuation of operating as such
- (3) The investment advisors may file a complaint to the Government of the Republic of Macedonia against the Commission's decision from Paragraph (2) of this Article within 15 days.

2.5 Settlement of Liabilities Under Transactions in Securities and Maintenance of Register of Dematerialized Securities

Purpose of Establishment of Central Securities Depository

Article 127

(1) A Central Securities Depository in the Republic of Macedonia shall be founded for the purpose of clearing and settlement of liabilities on the basis of transactions with long-term securities and maintaining a register of securities.

(2) The decision regarding the foundation of a Central Securities Depository is announced by the Commission in at least one daily newspaper in the Republic of Macedonia.

Establishment of a Central Securities Depository

Article 128

(1) Founders of the Central Securities Depository may be brokerage houses, banks, insurance companies and fund management companies.

(2) The Central Securities Depository shall be established as a non-profit joint stock company.

(3) Each founder of the Central Securities Depository shall have equal number of common shares and equal participation in the management.

(4) Legal entities of Paragraph (1) of this Article that will additionally invest in the basic capital of the Central Securities Depository shall obtain equal rights of a founder.

(5) Only the founders of the Central Securities Depository may be participants in its operation.

(6) Any surplus of income over expenses of the Central Securities Depository, as presented in the annual statement, may be used for its development.

Basic Capital

Article 129

(1) The Central Securities Depository shall be established with a basic capital of at least 300,000 Euro's in Denar counter value at the middle exchange rate of the National Bank of the Republic of Macedonia on the date of granting license of operation.

Conditions for Granting Approval for Operation of the Central Securities Depository

Article 130

(1) The Commission grants a license for work of a Central Securities Depository only if it is satisfied that the Central Securities Depository meets the following requirements:

- that it has an act of establishment and a Charter;
- that it has Rules for operation;
- that it is equipped for quick and accurate clearance and settlement of liabilities under transactions in securities;
- that it has provided an adequate infrastructure for maintenance of a register of securities in a dematerialized form;

- that it protects the interests of investors and issuers who keep their securities in a dematerialized form;
- that it is equipped in terms of staff, techniques and organisation to perform the functions of a central securities depository as defined in Article 133 herein.

(2) The Commission sets the closer terms and conditions for granting approval for establishment and commencement of operation of a Central Securities Depository.

Seeking Consent from the Commission

Article 131

The Central Securities Depository shall request approval of the Commission for the following:

- changes to the act on establishment and the charter;
- changes in the Rules of Operation;
- status changes.

Consent for Appointing the Director of the Central Securities Depository

Article 132

The Commission gives its consent as for appointing the Director of the Central Securities Depository.

Basic Functions of the Central Securities Depository

Article 133

The basic functions of the Central Securities Depository shall be:

- maintaining register of securities;
- issuing international securities identification number (ISIN) for all issues of securities;
- clearance and settlement of securities in the principle "delivery versus payment";
- provision of additional services to issuers and holders of securities.

Registration of Securities in the Central Securities Depository

Article 134

(1) The Central Securities Depository shall maintain records of securities issued and new issues of securities in the Republic of Macedonia, as electronic records.

(2) All joint stock companies in the Republic of Macedonia (trade companies, banks and insurance companies) shall have their shareholding books maintained at the Central Securities Depository.

(3) The Central Securities Depository, as a central information base, shall contain electronic data on issued securities, with records of rights conferred in

securities, all holders of such rights and rights conferred in the securities that may be owned by third parties.

Accurateness of Data

Article 135

(1) Data maintained at the Central Securities Depository have a status of assumed accurateness and truthfulness.

(2) The company whose securities are maintained at the Central Depository is responsible as for the accurateness of the data submitted to the Central Securities Depository up to the moment of their submission.

(3) The Central Depository is responsible as for the accurateness of data on companies whose securities are maintained at the Central Securities Depository, from the moment of their submission.

Clearance and Settlement of Transactions in Securities on an Organized Market

Article 136

Clearance and settlement of transactions in securities realized on an organized securities market shall be carried out in the Central Securities Depository.

Principle of Constitutiveness

Article 137

(1) Rights of holders of securities shall come into effect upon entering the security onto the holders' account at the Central Securities Depository and are transferred by entering the security onto the new holder's account at the Central Securities Depository.

(2) Rights conferred by securities are obtained, limited or transferred by adequate entry in the Central Securities Depository, unless otherwise determined by law.

"Delivery Versus Payment" Principle

Article 138

Obligations to transfer securities, resulting from transactions in securities on the Exchange, shall be settled by simultaneous delivery of the securities and payment of the securities price, in accordance with the "delivery versus payment" principle.

Rules of the Central Securities Depository

Article 139

- (1) The Central Securities Depository shall issue separate rules to determine:
- the manner of maintaining the register of dematerialized securities,
 - the manner and procedure for clearance and settlement of liabilities resulting from transactions in securities concluded on the Exchange;
 - the manner of maintaining the accounts of securities holders;
 - the manner of establishing and functioning of a Guarantee Fund;
 - the methods of protection against errors of the Central Securities Depository in the performance of its functions.
- (2) The Commission gives consent with the rules of Paragraph (1) of this Article.
- (3) The funds from the Guarantee Fund may be also deposited in treasury bills of the National Bank of the Republic of Macedonia and state securities.

Temporary or Permanent Ban on Operation of Participants in the Central Securities Depository

Article 140

(1) The Central Securities Depository shall issue a decision to temporarily or permanently revoke the right to participation in the work of the Central Securities Depository to participants from Article 128 of this Law in the Central Securities Depository who, in the course of their operation, disrespect the general acts and procedures of the Central Securities Depository and fail to fulfil liabilities under concluded transactions in securities.

(2) Participants may file a complaint against the decision of Paragraph (1) of this Article to the Commission, within 15 days following receipt of the decision.

Bankruptcy of Participants in the Central Securities Depository

Article 141

When a participant from Article 128 of this Law in the Central Securities Depository, in accordance with the prescribed general acts and procedures, transfer to its own account the funds and rights conferred by securities, in such an amount as needed for settlement of transactions in securities, the provisions of the Bankruptcy Law regarding "denial of past transactions " shall not apply in the case of a bankruptcy of a participant in the Central Securities Depository.

Supervision over Carrying out the Obligations

Article 142

The Central Securities Depository conducts supervision over the settlement of liabilities under transactions in securities carried out on the Exchange, with the aim of revealing any incompliance with the general acts and procedures prescribed by the Central Securities Depository or any other violations by the participants from Article 128 of this Law in the Central Securities Depository.

Securities Account

Article 143

(1) An account of securities is an aggregate balance of all securities owned by each individual owner of securities, registered in the Central Securities Depository.

(2) Accounts shall be opened in the Central Securities Depository on which balances of securities of individual owners shall be maintained, transfers of rights reflected in securities shall be carried out, and rights emerging from securities assigned to third parties, as well as restrictions on the transfer and terms and conditions for disposal are entered.

(3) Any owner of securities, at his/her own request, may have more than one securities account at the Central Securities Depository.

Contents of the Securities Accounts

Article 144

Securities accounts shall contain data on:

- quantity (number) of securities, separately for each security;
- holders rights conferred by securities;
- unique identification (identification number) of the owner of rights conferred by the securities i.e. passport number for foreign entity;
- any restrictions in the exercise of rights;
- rights of third parties resulting from securities (collateral etc.), and
- other data related to the rights conferred by securities, transfer restrictions and ban on disposal.

Services Rendered by the Central Securities Depository

Article 145

The Central Securities Depository may render the following services, on behalf and for the account of issuers of securities:

- registration of the holders of securities;
- submission of an updated list of all existing holders of securities;
- other services related to issued securities (calculation and payment of dividend/interest, distribution of securities, etc.).

Data Accessibility

Article 146

(1) The right to obtaining data regarding ownership of securities kept at the Central Securities Depository shall be enjoyed by the holder of dematerialized securities, issuers of securities and bodies and institutions authorized by law, should such data be necessary in procedures within their powers or for the needs of their regular operation, in accordance with law.

(2) The Commission shall define the manner and procedure for obtaining data from the Central Securities Depository.

Notification

Article 147

(1) Each holder of securities registered in the Central Securities Depository shall be notified of the balance and any changes regarding their securities account.

(2) Once a year, the Central Securities Depository shall issue a statement of balance to each holder of securities, as of 31 December of the previous year, at latest within 30 days of the current year;

(3) The Central Securities Depository shall provide a computer statement of recorded data on securities, at a request of the owner.

(4) A list of all holders of securities of a company may be issued to the issuer of securities as well as bodies and services authorized by law.

Obligations of the Management and Employees of the Central Securities Depository

Article 148

(1) The management and employees, as well as certified auditors shall keep the confidentiality of data learned in the course of their daily operations, unless obliged to disclose such data under this or any other law.

(2) The management and employees of the Central Securities Depository who have access to data in the course of their duties, may not be members of bodies of the founders from Article 128 of this Law of the Central Securities Depository and may not perform activities for them.

Fees of the Central Securities Depository

Article 149

(1) All users of services of the Central Securities Depository shall pay fees in accordance with a tariff determined by the Central Securities Depository.

(2) The Commission shall approve the tariff of Paragraph (1) of this Article.

Supervision of the Central Securities Depository

Article 150

(1) The Commission conducts supervision over the operation of the Central Securities Depository.

(2) In conducting supervision of the Central Securities Depository operation, the Commission may ask for:

- access to data in the Central Securities Depository;
- reports and information on cleared and settled transactions in securities;

- reports on audits performed and additional information thereon;
- changes to the general acts regulating the operation of the Central Securities Depository.

Measures of the Commission

Article 151

(1) If the supervision reveals that the Central Securities Depository violates the regulations while working with securities, the Commission may, with a decision, undertake the following measures:

- introduce complete or partial ban on carrying out certain duties of the persons in charge;
- introduce permanent or temporary ban on certain operations of the Central Securities Depository, in accordance with this Law.
- revoke the consent for the Director of the Central Securities Depository.

(2) The Central Securities Depository may lodge a complaint to the Government of the Republic of Macedonia against the Commission decision of Paragraph (1) of this Article, within 15 days following receipt of such decision.

2.6 Special Provisions on Operations with Long-term Securities

Entities Obligated to Keep inside Information

Article 152

(1) Entities, shareholders, members of managing or supervisory committees or board of directors, employees of legal entities or individuals working for legal entities under a contract, and individuals who by professional duty have access to inside information, shall not acquire material benefit on the basis of such insider information.

(2) Capital and first relatives are assumed under entities from paragraph 1 of this Article.

Inside Information, Notion

Article 153

Inside information, as understood by this Law, means any information related to one or more issuers of long-term securities, such that is not yet public knowledge and, if it did become public knowledge, it might have significant impact on prices of securities or on a purchase or a sale decision of third parties.

Obligations of Persons Who Have Obtained Inside Information

Article 154

An individual who has obtained inside information in terms of Article 153 of this Law, shall not disclose such information to any other person or, on the basis of such information, advise others to buy or sell securities.

Prevention of Trading in Long-term Securities on Basis of Inside Information

Article 155

The manner and procedure for prevention of insider dealing are set by a regulation of the Commission.

2.7 Over the Counter Trading

Notion

Article 156

Trading may also be carried out of the Exchange (over the counter trading), under rules set by the Commission.

VI. SECURITIES COMMISSION

Regulation and Supervision over Operations with Securities

Article 157

(1) The Commission is an autonomous and independent organization, in charge of the implementation of this Law and the Investment Fund Law ("Official Gazette of the Republic of Macedonia" No. 9/2000), as well as all other regulations passed on basis of these two laws.

(2) The Commission regulates and supervises all participants in the operation with securities on the territory of the Republic of Macedonia.

(3) Within its legal powers and authorizations, the Commission is also responsible for the legal and efficient functioning of the long-term securities market, as well as for investors' rights protection, with the aim of continual building up public trust in the institutions on the long-term securities market in the Republic of Macedonia.

(4) The Commission has a status of a legal entity.

(5) The Commission establishes a department of qualified personnel managed by a Director.

(6) The seat of the Commission is in Skopje.

Structure

Article 158

The Commission consists of a president and six members.

Appointment and Dismissal of the Commission President and Members

Article 159

(1) The President and members of the Commission shall be appointed and dismissed by the Parliament of the Republic of Macedonia, at a proposal of the Government of the Republic of Macedonia.

(2) The President and members of the Commission shall serve a term of seven years, with the possibility of being re-elected.

Conditions for Appointment of Commission President and Members

Article 160

(1) Persons fulfilling the following conditions may be appointed president and member of the Commission:

- be a citizen of the Republic of Macedonia;
- have at least a university degree;
- have a reputation of a renowned expert in the field of finances and corporate law; and
- not have been criminally prosecuted or under investigation.

(2) The President and members must not make decision as for the legal entities with which they are in contractual relations i.e. shareholders in legal entities that are subject to supervision and approvals of the Commission.

Dismissal of the Commission President and Members

Article 161

(1) The term of the President and members of the Commission may be terminated only if they:

- are unjustifiably absent from work of the Commission for a period of 6 months;
- submit a voluntary written resignation;
- have been criminally prosecuted;
- lose their working ability to perform regular tasks;
- disclose a business secret learnt in the course of their work in the Commission; and
- disclose inside information obtained in the course of their work in the Commission.

(2) The obligations of Paragraph (1) items 5 & 6 of this Article shall remain in effect in the period of 5 (five) years following the date of the expiry of the term.

Charter

Article 162

(1) The Commission has Charter approved by the Parliament of the Republic of Macedonia.

(2) The Charter regulates the organisation, management and running, procedures for passing acts and changes and additions therein, as well as other issues within the powers of the Commission.

Functions

Article 163

(1) The Commission performs the following functions:

1. Undertakes measures to secure the implementation of this Law and other laws within its competence;
2. Passes acts or rules arising from this Law and other laws within its competence;
3. Undertakes measures to ensure the implementation of such acts or rules passed in accordance with this Law and other laws within its competence;
4. Undertakes measures required for the protection of interests of persons investing in securities and prevents dishonest and illegal activities related to trading in securities;
5. Issues approvals arising from this Law and other laws within its competence;
6. Regulates the manner of trading in securities on the Exchange and over the counter;
7. Monitors and controls the activities of brokerage houses and banks in their dealings with securities, as well as authorised investment management companies i.e. investment funds;
8. Performs inspection over the operations of the Central Securities Depository;
9. Prescribes standards of competition among brokerage houses and banks in their dealings with securities, as well as authorised investment management companies i.e. investment funds, by inspections or in another manner;
10. Gives consent as for appointing and releasing managers from duty from Articles 80, 110 and 132 of this Law as well as managers in investment funds management companies from the Law on Investment Funds.
11. Approves public invitations regarding public offer of securities;
12. Ensures legality, honour and transparency of the securities market;
13. Approves the rules of the securities market related to listing of securities and the obligations for disclosure and periodical financial statements of listed companies;
14. Co-operates with other institutions in and outside the Republic of Macedonia through exchange of information and in other ways;
15. Passes acts or rules related to the internal organization of the Commission; and

16. Performs other activities related to the security industry and in accordance with this Law.

(2) The Commission is accountable for its work before the Parliament of the Republic of Macedonia and reports annually on its work as well as submits final settlements.

Provision of Operational Funds

Article 164

(1) Funds necessary for the operation of the Commission shall be provided from:

1. Fees paid for approval of issues of securities;
2. Fees paid for a license for establishing an Exchange;
3. Fees for approval of giving consent for establishing and operation of a brokerage house and operation of a bank for performing dealings with securities;
4. Fees for an issued working license to a Central Securities Depository;
5. Fees determined by the Law on Investment Funds;
6. Fees for licenses for work in the securities industry;
7. Fees paid by associations of Exchanges and authorised participants when seeking approval of their acts;
8. Other income that the Commission generates during its operation.

(2) The Commission passes a Tariff Book which contains the amount of the above listed fees.

(3) The shortage of funds needed for the operation of the Commission will be compensated by the Budget of the Republic of Macedonia.

(4) The Tariff Book of Paragraph (2) of this Article is approved by the Government of the Republic of Macedonia.

VII. SANCTIONS

Criminal acts

Article 165

(1) The managing body, persons with special authorizations or other employees who in the course of carrying out their duties come across information and pass the same ones further to third persons, who on the basis of those information will buy or sell securities and because of that information shall acquire greater financial benefit, will be sentenced from 3 to 5 years of imprisonment.

(2) If the person who has disclosed the information has acquired a financial benefit by its disclosure, will be sentenced from 5 to 10 years of imprisonment.

Misdemeanors

Article 166

An issuer shall be fined for a misdemeanor by a money fine of 100,000 to 300,000 Denars, if:

1. Issues securities without a nominal value (Article 6, Paragraph (4));
2. It fails to fulfil obligations emerging from the securities (Article 8);
3. The public offering and trading in option and futures contracts is not carried out in accordance with Article 14 of this Law;
4. It does not keep records of issued shares at the Central Securities Depository (Article 20);
5. It fails to notify the Commission in accordance with Article 21 of this Law;
6. Issues securities without the approval of the Commission (Article 37, Paragraph (1));
7. Issues securities contrary to Article 37, Paragraph (3) of this Law;
8. Fails to submit an act on issuance of securities to the Commission and fails to issue an announcement (Article 40);
9. It carries out the initial (primary) sales of securities contrary to Article 44 of this Law;
10. Fails to commence the procedure for subscription and purchasing securities within the prescribed time-limit (Article 45);
11. Fails to publish the public invitation for subscription and purchase of securities in accordance with this Law (Article 46, Paragraph (2));
12. Fails to publish the announcement to the public on the subscription and purchase of securities in accordance with this Law (Article 46, Paragraph (3));
13. Does not provide access to the accounting records, the Charter or the act of establishment (Article 46, Paragraph (5));
14. Does not make the public invitation available in accordance with Article 47, Paragraph (2);
15. It be proved that the contents of a Public offer are false and/or misleading (Article 48, Paragraph (1));
16. It be proved that the Public offer does not contain essential information about the issuer (Article 48, Paragraph (2));
17. The final content of the public invitation subject to publishing, differs from the public invitation approved by the Commission when passing the decision on issuance of securities (Article 49);
18. Fails to adequately co-ordinate the acts previously approved by the Commission, if circumstances change during the issue (Article 50, Paragraph (2));
19. It carries out the issue realization in a period longer than six months (Article 52, Paragraph (1));
20. Following the public invitation, fails to notify the Commission of the number of subscribed and purchased securities (Article 52, Paragraph (2));

21. Fails to notify the Commission within a period of time prescribed by Article 52, Paragraph (3);
 22. Fails to publicize information on subscribed and paid securities (Article 52, Paragraph (2));
 23. Fails to submit an annual report on its work (Article 53, Paragraph (1));
 24. Fails to comply with Article 53, Paragraph 4 of this Law;
 25. Fails to comply with Article 56 of this Law;
- (2) A fine of 100,000 to 300,000 Denars shall be imposed on all joint stock companies that fail to turn over their shareholding books within the prescribed time-limit, in accordance with Article 134, Paragraph (2) of this Law.
- (3) A fine of 100,000 to 300,000 Denars shall be imposed on all joint stock companies that will submit false information to the Central Securities Depository, in accordance with Article 135, Paragraph (2) of this Law.
- (4) A fine of 10,000 to 50,000 Denars shall also be imposed on responsible persons in the company for the violations of paragraphs 1 and 2 of this Article.

Article 167

- (1) The Exchange shall be fined with a fine of 100,000 to 300,000 Denars, if it:
1. Fails to ensure the operational principles of the exchange in the course of its operation (Article 71);
 2. Fails to ensure entry in the trade register within the prescribed time-limit and fails to notify the Commission thereof (Article 78);
 3. Fails to act as ordered by the Commission decision (Article 79, Paragraph (2));
 4. Fails to submit to the Commission data regarding the entry of changes into the trade register (Article 81);
 5. Fails to keep a separate registry in accordance with Article 97 of this Law;
 6. Fails to provide an appropriate information system in accordance with Article 96 of this Law;
 7. Fails to comply with the provisions of Article 97 of this Law;
 8. Fails to submit a report in compliance with Article 100 of this Law; and
 9. Fails to submit a Program of operation for the subsequent year (Article 102);
- (2) A fine of 10,000 to 50,000 Denars shall also be imposed on responsible persons in the company for the violations of Paragraph (1) of this Article.
- (3) Founders of an exchange who will found an exchange without a Commission approval shall be fined by 100,000 to 300,000 Denars (Article 72, Paragraph (2));
- (4) A fine of 100,000 to 300,000 Denars shall be imposed on legal and other entities for registering contrary to Article 78 of this Law.
- (5) Employees shall be fined by a fine of 10,000 to 50,000 Denars and Exchange members shall be fined by 100,000 to 300,000 Denars for violations of obligations in Article 97 of this Law.

Article 168

A fine of 100,000 to 300,000 Denars for violation shall be imposed on a brokerage house if it:

1. Fails to maintain the value of its basic capital at all times during its operation (Article 108);
2. Performs activities related to securities prior to obtaining a license (Article 109, Paragraph (1));
3. The license for operations with securities has been obtained on a basis of an application containing false data and documentation (Article 109, Paragraph (2));
4. employs authorised participant without a certificate for passed qualifying examination (Article 111, Paragraph (1));
5. performs activities related to securities likely to endanger the stability of the market (Article 112);
6. fails to keep a register of orders (Article 113, Paragraph (1));
7. fails to present the balance of long-term securities and funds of clients separately from its own accounts (Article 114);
8. it carries out activities from Article 116 of this Law;
9. fails to report to the Commission in accordance with Article 117 of this Law;
10. fails to comply with Article 121, Paragraph (2) of this Law.

(2) A fine of 10,000 to 50,000 Denars shall also be imposed on responsible persons and individuals in the company for the violations of Paragraph (1) of this Article.

(3) Employees of brokerage houses shall be fined by a fine of 10,000 to 50,000 Denars and brokerage houses shall be fined by 100,000 to 300,000 Denars for violations of obligations in Article 118 of this Law.

Article 169

(1) The Central Securities Depository shall be fined by 100,000 to 300,000 Denars for failure to act in compliance with Article 147.

(2) A fine of 10,000 to 50,000 Denars shall be imposed on managers and employees of the Central Securities Depository, as well as the authorised auditors, for acting contrary to Article 148 of this Law.

(3) The responsible person in the legal entity shall also be fined for violations defined in Paragraph (1) of this Article, by a fine of 10,000 to 50,000 Denars.

VIII. INTERIM AND FINAL PROVISIONS

Article 170

The term of the current members of the Commission shall last seven years from the date of their appointment by the Government of the Republic of Macedonia, and provisions in Article 159 and 161 herein shall apply following the expiry of the term of the current members.

Article 171

(1) The Commission shall pass separate rules to define the manner of transfer of shareholding books to the Central Securities Depository and the manner of issuing new issues of securities.

(2) Until the establishment of the Central Securities Depository, the activities related to clearing and settlement of liabilities based on transactions in securities and the maintenance of a register of dematerialized securities, shall be performed by the institution authorised by the Commission.

(3) Joint stock companies of Article 134, Paragraph (2) shall transfer their registers of securities to the authorised institution of Paragraph (2) of this Article within six months following the receipt of Commission authorisation.

Article 172

(1) Until the establishment of the Central Securities Depository by the entities stated in Article 128 of this Law, the Central Securities Depository shall be established by the Republic of Macedonia with a possibility to sell it to the entities of Article 128 of this Law.

(2) When the founder of the Central Securities Depository is the Republic of Macedonia, part of the Payment Operation Institution (employees, funds) shall be transformed to operate as a Central Securities Depository.

(3) The part of the Payment Operation Institution that will perform the service of a Central Securities Depository shall be determined by a decision of the Government of the Republic of Macedonia.

Article 173

(1) Authorized participants of the Exchange involved in the securities business shall co-ordinate their organization, operation and general acts with the provisions of this Law and renew their license within six months following the date this Law comes into effect.

(2) Companies which will fail to co-ordinate and renew the license within the time-limit of Paragraph (1) of this Article shall cease their operations with securities after the set date.

Article 174

(1) Until 31 December 2003, trading in securities not listed on the official markets of the Exchange shall be carried out on its unofficial market.

(2) Trading contrary to Paragraph (1) of this Article shall be null and void.

Article 175

The Banks involved in trading with securities in accordance with Article 87 of this Law will be eligible to act as authorised participants of the exchange starting from 01 January 2002.

Article 176

The Commission shall issue the regulations in accordance with this Law not later than six months after the date this Law comes into effect.

Article 177

(1) On the date this Law comes into effect, the Law on Issuance and Trading in Securities ("Official Gazette of the Republic of Macedonia" No.7/97, 15/97, 11/99, and 81/99) ceases to be in effect, except for the provisions concerning the part for physical issuance of securities until the commencement of the operations of the Central Securities Depository.

(2) The Commission announces the day the Central Securities Depository commences its operations in at least one daily newspaper in Republic of Macedonia.

Article 178

This law comes into effect on the eighth day following its publication in the "Official Gazette of the Republic of Macedonia".