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NATIONAL BANK OF THE REPUBLIC OF MACEDONIA ACT
(Revised text)

I. GENERAL PROVISIONS

Article 1

This Act shall regulate the organization and operations of the National Bank of the Republic of Macedonia (hereinafter referred to as the National Bank of Macedonia).

Article 2

The National Bank of Macedonia shall be a bank of issue.

Article 3

The National Bank of Macedonia shall be an independent institution and liable for the Denar stability, the monetary policy and the overall payment liquidity in the Republic of Macedonia and in foreign countries.

Within the framework of its rights and liabilities, the National Bank of Macedonia shall be responsible for providing and maintaining a secure and stable banking system in the Republic of Macedonia.

Article 4

The Republic of Macedonia shall guarantee for the liabilities of the National Bank of Macedonia.

The National Bank of Macedonia shall not assume liabilities of other legal entities and individuals for payments, on the base of its liability for overall payments liquidity in the Republic of Macedonia and in foreign countries.

Article 5

The National Bank of Macedonia shall regulate the amount of money in circulation.

Article 6

In order to provide Denar stability and to regulate the amount of money in circulation, prior to the end of each current year the National Bank of Macedonia shall prepare monetary movement projections for the next year.

Article 7

On the basis of the Projection under Article 6, the Parliament of the Republic of Macedonia shall pass decisions on the purposes and the tasks of the monetary and foreign exchange policy.

Article 8

The National Bank of Macedonia shall monitor the achievement of the purposes and the tasks of the monetary and foreign exchange policy and shall analyze the occurrences and developments of the international credit relations, and shall submit semi-annual and annual report thereon to the Parliament of the Republic of Macedonia.

II. FUNCTIONS OF THE NATIONAL BANK OF MACEDONIA

1. Regulation of the amount of money in circulation

Article 9

The National Bank of Macedonia, within the scope of its rights and duties, and in compliance with the determined purposes and tasks of the monetary and foreign exchange policy, shall prescribe measures for their enforcement.

The enforcement measures of the monetary policy shall be the following:

1. ascertaining the amount of compulsory reserve of the banks and savings houses with the National Bank of Macedonia;
2. purchasing and selling securities owned by the National Bank of Macedonia;
3. purchasing and selling domestic and foreign transferable short-term securities
4. purchasing and selling bank deposits;
5. extending short-term credits to banks on the basis of domestic and foreign transferable short-term securities, only in case the banks have provided backing guarantees for the securities;
6. extending credit to banks with maturity not exceeding three months, and bonds of the Republic of Macedonia and securities of the National Bank of Macedonia, as collateral;
7. determining lending and deposit interest rates of the National Bank of Macedonia;
8. Issuing and withdrawing money by purchasing and selling foreign currency on the market, in compliance with the law; and

9. Limitation on the scale and timeframes of the growth rate of the banks' placements within a certain period of time.

In case of divergence of the monetary effects from the established monetary frameworks, the National Bank of Macedonia, considering its responsibility for maintaining the currency stability, shall undertake additional measures which are within its authority.

The actions under paragraph 2 of this Article shall be enforced in unified manner against all banks, unless otherwise determined by the law. The National Bank of Macedonia determines which of the measures specified under this Article shall be enforced against savings houses and under what conditions.

Article 10

The National Bank of Macedonia shall define the base for calculation and allocation of compulsory reserve of banks and savings houses and shall prescribe the percentage of the compulsory reserve.

The percentage of the compulsory reserve may be unique or differentiated according to the type, maturity and amount of deposits when determining the base for calculation and allocation of compulsory reserve.

As an exception, the National Bank of Macedonia, besides the allocation of compulsory reserve under the provisions of paragraph 1 and 2 of this Article, may determine allocation of compulsory reserve by applying marginal growth percentages on placements or deposits and other assets of the banks and savings houses, for a period not exceeding three months.

The National Bank of Macedonia shall determine the interest rate level as a basis for calculation and payment of interest on the compulsory reserve allocated by banks and savings houses with the National Bank of Macedonia.

Article 11

The National Bank of Macedonia shall determine the modes and time limits for calculation and allocation of compulsory reserve and modes and conditions for the use of compulsory reserve.

Article 12

The National Bank of Macedonia shall issue short-term securities and sell them directly, by auctions or on the inter-bank money and short-term securities market.

The banks and savings houses may subscribe to securities of the National Bank of Macedonia.

The National Bank of Macedonia may prescribe compulsory purchase of securities by the banks and savings houses, as a measure for maintenance of their minimum liquidity.

The National Bank of Macedonia shall determine the interest rate based on which it shall pay interest to the banks and savings houses for the compulsory subscription of securities.

Article 13

The National Bank of Macedonia shall determine the type, amount, dates and other requirements for purchasing and selling domestic and foreign transferable short-term securities, and may purchase and sell them to banks and savings houses directly, by auctions or on the inter-bank money and short-term securities market.

Article 14

The National Bank of Macedonia may purchase and sell deposits to banks and savings houses directly, by auctions or on the inter-bank money and short-term securities market.

Article 15

The National Bank of Macedonia shall determine the amount, period of use and repayment, and other requirements for granting credits to banks and savings houses directly, by auctions or on the inter-bank money and short-term securities market, as follows:

1. on the base of the domestic and foreign transferable securities with a maturity up to one year, for which the banks and savings houses have provided backing guarantees
2. on the basis of collateral of particular securities

The National Bank of Macedonia shall determine the types of securities serving as basis for granting credit in accordance with the provisions of this Article.

Article 16

Depending on the monetary and general economic trends, the National Bank of Macedonia shall set and publish the general discount rate of the National Bank of Macedonia.

Depending on the discount rate under paragraph 1 of this Article, the National Bank of Macedonia shall set all the other interest rates of the National Bank of Macedonia.

Article 17

The National Bank of Macedonia shall also issue and withdraw money by purchasing and selling foreign currency in the foreign exchange market, in compliance with the law and the established monetary and foreign exchange policy.

Article 18

The National Bank of Macedonia may limit the scale and timeframes for placement growth of the banks and savings houses, if it is necessary for in order to achieve the purposes and tasks of the monetary policy, and unless these objectives and tasks are achievable through other measures within the authority of the National Bank of Macedonia.

If the measure under paragraph 1 of this Article is to be applied for a period exceeding three months, the National Bank of Macedonia shall seek an approval from the Parliament of the Republic of Macedonia for further application of that measure.

No bank or savings house shall be exempted from the limit stipulated under paragraph 1 of this Article.

2. Maintaining the liquidity of the banks and savings houses

Article 19

The bank shall be considered illiquid in case of shortage of funds for payment of the due liabilities without using funds from the compulsory reserve.

The National Bank of Macedonia shall establish rules and standards for maintaining the liquidity and solvency of the banks.

In order to maintain the liquidity of banks and savings houses, the National Bank of Macedonia shall adopt decisions on:

1. determining the level, conditions and manner of maintaining the minimum liquidity requirement of the banks and savings houses;
2. establishing the required framework of the maturity structure of the banks and savings houses placements;

3. determining the manner of utilization of compulsory reserve with the National Bank of Macedonia in order to maintain the liquidity of the banks and savings houses;
4. determining the level and manner of forming special provisions of the banks for covering potential losses;
5. determining the types and level of guarantee capital of the banks and savings houses;
6. establishing the framework of banks for providing backing guarantees on securities issued by enterprises, for issuing guarantees and own securities by the banks;
7. setting the conditions for forming special provisions of the banks and savings houses in order to maintain the payment liquidity based on savings deposits and current accounts of individuals in Denars;
8. determining the level, period of use and repayment, as well as other conditions for granting short-term credits to banks in order to maintain their daily liquidity, on the basis of certain securities;
9. establishing the minimum general requirements for creditworthiness of the banks and savings houses;
10. setting the limits of various types of risky exposures of banks and savings houses and measures for their protection.

The measures under paragraph 1 of this Article shall be enforced in a uniform manner against all the banks, unless otherwise determined by the law. The National Bank of Macedonia determines which of the actions specified under this Article shall be enforced against savings houses and under what conditions.

Article 20

The National Bank of Macedonia may require from the banks and savings houses to hold a portion of their funds in their accounts and in particular liquid placements, as minimum requirement for maintenance of their liquidity.

The National Bank of Macedonia may also prescribe an obligation for the banks and savings houses to maintain the structure of their placements within a particular maturity framework, and to harmonize it with the maturity structure of sources of funds .

Article 21

The National Bank of Macedonia shall guarantee both savings deposits and current accounts (hereinafter referred to as savings deposits) of individuals with the banks in Denars in the amount not exceeding 60% of the savings deposits, per individual savings depositor, however not exceeding Denar equivalent of DEM 10.000 per individual savings depositor in one bank.

Savings deposit under paragraph 1 of this Article shall be considered to be the principal of savings deposit increased by an amount of interest, not exceeding the discount rate of the National Bank of Macedonia.

An obligation rises for the National Bank of Macedonia in case of introducing bankruptcy or liquidation proceedings against bank which is not capable of settling its liabilities with individuals based on savings deposits, in Denars in a manner stipulated by the law.

Article 22

The National Bank of Macedonia shall determine the level, period of use and repayment, and other requirements for granting short-term credits to banks and savings houses, in order to maintain their daily liquidity.

The National Bank of Macedonia shall grant the credits stipulated under paragraph 1 of this Article, on the basis of securities held by the banks and savings houses, as follows:

1. National Bank of Macedonia securities;
2. Securities issued by the Republic of Macedonia;
3. Securities which the Republic of Macedonia is obligated by the law to guarantee for and to assume their depreciation;
4. Particular discount bills of exchange of the enterprises;
5. Treasury bills of banks and savings houses and
6. Commercial bills.

Article 23

The National Bank of Macedonia may not purchase domestic and foreign transferable short-term securities through banks and savings houses as well as to grant credits to banks and savings houses that failed to fulfill the minimum general requirements for creditworthiness.

As an exemption from the provision of paragraph 1 of this Article, the National Bank of Macedonia may grant credit to a bank or savings house in order to maintain its daily liquidity, if the bank or savings house fulfills the requirements for use of those credits included in a decision brought by the National Bank of Macedonia.

Article 24

The institutions carrying out the payment operations shall immediately submit data at their disposal and within their authority, which shows the illiquidity of a bank and savings house, to the National Bank of Macedonia.

Article 25

The National Bank of Macedonia shall determine the date when a bank or savings house became illiquid and undertake actions for establishing a long-term liquidity position.

The National Bank of Macedonia shall report on the illiquidity of a bank or savings house to:

- the Parliament of the Republic of Macedonia;
- the Government of the Republic of Macedonia and
- the Assembly of the bank or savings house.

3. Maintenance of liquidity in external payments

Article 26

Within the framework of its rights and duties, the National Bank of Macedonia shall monitor the implementation of the balance of payments and the foreign exchange policy of the Republic of Macedonia and shall bring decisions and prescribe measures.

Article 27

The National Bank of Macedonia shall purchase and sell foreign currency in the foreign exchange market and shall conduct other operations stipulated by the law in order to maintain liquidity for payments in foreign countries.

Article 28

The National Bank of Macedonia may open accounts in foreign countries.

The National Bank of Macedonia shall handle the permanent and current reserves of the Republic of Macedonia, excluding the current foreign exchange reserves managed by the authorized banks.

Article 29

The National Bank of Macedonia may prescribe an obligation to notify on external payments in advance, an obligation of authorized banks to hold certain amount of foreign currency or liquid foreign exchange placements as minimum reserve for maintaining liquidity in external payments and other measures within its authority, in order to maintain liquidity for external payments of the Republic of Macedonia, within the framework of the established foreign exchange policy.

Article 30

The National Bank of Macedonia may participate in the transactions conducted in international foreign exchange markets.

Article 31

In accordance with the established foreign exchange policy, the National Bank of Macedonia shall undertake measures for achieving the volume and structure of agreement and use of foreign credits and shall monitor and control the establishment of international credit relations, in compliance with the law.

Article 32

The National Bank of Macedonia shall enable the implementation of payments and international financial agreements.

Article 33

The National Bank of Macedonia may be indebted to foreign countries on its behalf and for its account, in order to maintain the liquidity of payments in foreign countries.

The National Bank of Macedonia may receive the credits under paragraph 1 of this article, with maturity of more than a year, only in compliance with the law.

Article 34

The National Bank of Macedonia may be indebted on its behalf and for the account of the Republic of Macedonia, only in compliance with the law.

3. Issuance of notes and coins

Article 35

Notes and coins denominated in domestic currency shall be the only legal tender in the Republic of Macedonia.

Article 36

All the rights and duties regarding operations the Republic of Macedonia expressed in form of money, as well as all the values and amounts, shall be expressed and executed in Denar.

Article 37

The monetary unit of the Republic of Macedonia shall be defined by a special law.

Article 38

The National Bank of Macedonia shall issue notes and coins and shall determine the denominations as well as the basic features of the notes and coins.

The National Bank of Macedonia shall bring decision on issuance and withdrawal of notes and coins from circulation.

Article 39

The National Bank of Macedonia shall supply the institutions carrying out the payment operations with notes and coins.

The expenses for delivery of cash to the organizational units of the institutions carrying out the payment operations shall be covered by the National Bank of Macedonia. The National Bank of Macedonia shall also cover the expenses for replacement of damaged notes and expenses for withdrawal of worn-out notes, conducted by the institutions carrying out the payment operations for the account of the National Bank of Macedonia.

Article 40

The National Bank of Macedonia in agreement with the Government of the Republic of Macedonia shall determine the lowest denomination in circulation for completing the final calculation in the cash and non-cash payment operations and in the account book.

Article 41

The withdrawn notes and coins shall cease to be legal tender and shall be replaced within the timeframes and manner determined by a decision brought by the National Bank of Macedonia.

Article 42

The National Bank of Macedonia shall replace the notes and coins that became unsuitable for circulation under terms and manners that it considers adequate.

Article 43

The decision on issuance of notes in case of emergency in the country due to immediate military threat or state of war shall be brought by the Government of the Republic of Macedonia.

Article 44

The production of notes and coins is in the authority of the National Bank of Macedonia.

The notes and coins shall be produced by an institution operating in the territory of the Republic of Macedonia authorized by the law, or in exclusive instances, in foreign countries, on a basis of a decision brought by the Government of the Republic of Macedonia, and upon proposal of the National Bank of Macedonia.

5. Operations for the account of the Republic

Article 45

The National Bank of Macedonia shall carry out deposit, credit and other banking operations for the account of the bodies of the Republic of Macedonia.

Article 46

The National Bank of Macedonia may extend credits to the Republic of Macedonia for the needs of the State Budget in the amount not exceeding 5% of the total amount of the Budget for each current year.

The date of repayment of the credits extended under paragraph 1 of this article shall not exceed the end of the budget year for which the credit has been extended. The National Bank of Macedonia shall not extend new credits until full repayment of the principal and interest of already approved credit.

As an exception of paragraph 1 and 2 of this article, the National Bank of Macedonia may grant credit at higher percent and with an extended date for repayment, provided that the Republic of Macedonia enters indebtedness in order to regulate the external debts or membership in international organizations.

The credits under paragraph 1 of this Article shall be guaranteed with transferable long-term securities, with market interest rate and with maturity corresponding to the credit repayment date.

In accordance with the provisions of this article, credits may be extended to the Republic of Macedonia only within the frameworks of the monetary policy projections.

6. On-site and off-site banking supervision

Article 47

The National Bank of Macedonia shall conduct on-site examination of banks and savings houses and off-site examination of the enforcement actions of the monetary and foreign exchange policy and the regulations establishing the foreign exchange operations and the international credit relations, the exchange of commodities and services and the international economic activities performed by the banks and savings houses.

The examinations under paragraph 1 of this Article shall be performed according to standards and procedures set by the National Bank of Macedonia.

The examinations under paragraph 1 of this Article shall be conducted by the National Bank of Macedonia in indirect manner, by reviewing the documentation submitted to the National Bank of Macedonia and in direct manner, by examining the bank and the savings house and other entities that are capital and management related to the bank and the savings houses.

The National Bank of Macedonia shall prescribe the capital and management relation under paragraph 3 of this Article.

Article 48

The banks and savings houses shall submit the necessary data for conducting examination under Article 50 of this Act, upon request by the National Bank of Macedonia.

Article 49

If the examinations stipulated under Article 47 indicate that the banks and savings houses failed to adhere to the established standards, and if certain irregularities are identified in the enforcement of actions of the monetary and foreign exchange policy, of regulations establishing the foreign exchange operations and international credit relations, the international exchange of commodities and services and international economic activities, the Governor shall bring a decision on taking actions against the bank or the savings house and shall determine deadlines for overcoming of the identified irregularities.

Within 8 days upon receipt of the decision, the discontented party may file an appeal under paragraph 1 of this Article with the Council of the National Bank of Macedonia.

Appeals against the decision of the Governor under paragraph 1 of this Article shall not delay the implementation of the decision.

Article 50

The actions under Article 49 of this Act taken against a bank, i.e. savings house shall be the following:

1. Ceasing the use of assets from the primary issue;
2. Limitation on the growth of placements for a period of 30 to 90 days;
3. Ceasing the foreign currency and exchange operations in the country;
4. Excluding from the foreign exchange market
5. Ceasing the payments in foreign countries, except for the payments of matured liabilities based on foreign credits and conventional liabilities;
6. Limiting external indebtedness;
7. Increasing the amount of fixed capital, the reserve funds and the special provisions for covering the loss risk;
8. Writing off non-performing claims;
9. Ceasing the crediting of particular founders and depositors;
10. Closing certain branches and representative offices;
11. Statutory changes;
12. Revocation of the granted approval for appointing a managing body of the bank and authorization of representative from the National Bank of Macedonia to organize the operations of the bank until a new managing body is appointed;
13. Limitation on the right of profit transfer or payment of dividends; and
14. Other actions that the Governor considers necessary;

The actions under this article and the period of their duration shall be determined by a decision brought by the Governor of the National Bank of Macedonia.

Article 51

If the Governor considers that the financial standing of the Bank or the savings house will not improve, and in spite of the taken actions the bank i.e. the savings house still fails to adhere to the supervisory standards and fails to enforce the imposed actions, the Governor may bring a decision on revocation of the operating license of the bank or savings house.

Within 8 days upon the receipt of a decision, the discontented party may file an appeal under paragraph 1 of this Article with the Council of National Bank of Macedonia.

Article 52

If a bank or savings house against which actions have been taken, fail to comply with the law within the period determined under Article 50 of this Act, the National Bank of Macedonia shall commence collection of its claims on that bank, or savings house.

Article 53

The National Bank of Macedonia, within the framework of authorizations established by the regulations for foreign trade and foreign exchange operations, shall control the foreign trade and foreign exchange operations of enterprises and other domestic entities.

If the control under paragraph 1 of this Article indicates that the enterprises and other domestic entities perform activities or acts which are considered as violation of the Law, the National Bank of Macedonia shall press charges against them, to the authorized body.

Article 54

The National Bank of Macedonia shall conduct the examination under paragraph 1 of Article 47 of this Act, upon request of the Government of the Republic of Macedonia.

The National Bank of Macedonia shall report to the Parliament of the Republic of Macedonia and the Government of Republic of Macedonia, on the conducted controls and taken actions, twice a year.

Article 55

The National Bank of Macedonia shall be authorized to grant founding and operating licenses to a bank, savings house, foreign bank branch and money and short-term securities market and shall determine the documentation required for granting a founding and operating license to a bank, savings house, foreign bank branch and money and short-term securities market.

Article 56

The National Bank of Macedonia shall determine whether the requirements for establishing a bank, savings house, foreign bank branch and money and short-term securities market prescribed by the Law are fulfilled, and whether such an establishment is cost-effective, and shall grant operating and founding license.

The National Bank of Macedonia shall authorize a bank for foreign banking operations based on the assessment for fulfillment of the prescribed requirements.

The National Bank of Macedonia shall control the fulfillment of the set requirements for founding and operating of the entities under paragraph 1 of this Article. If it determines that they failed to fulfill them, it shall revoke the granted license.

Article 57

The National Bank of Macedonia shall set the minimum scale, form and content of the program of economic and financial audits and of the report on the economic and financial auditing of banks and savings houses.

The National Bank of Macedonia may require the banks and savings houses to prepare and submit reports on the economic and financial audits of their annual account and operations within a certain time frame.

The National Bank of Macedonia may require from the bank, i.e. savings house to submit a new report on the economic and financial auditing of their annual account and operations within a certain time frame, prepared by another authorized auditor in compliance with the Law, if it assesses that the report under paragraph 2 of this Article is not in compliance with the established auditing standards or with the determined scope, form and content of the report on the economic and financial auditing of the banks and savings houses.

Article 58

The National Bank of Macedonia shall pass decisions that prescribe methodology, form, content, manner and deadlines in which the banks and savings houses shall submit data to National Bank of Macedonia in order to perform the banking supervision and to implement the measures of the monetary and foreign exchange policy.

The Governor of National Bank of Macedonia with consent of the Minister of Finance shall prescribe a special method of executing the accounting of banks and savings houses in compliance with the generally accepted accounting standards.

III. BODIES OF THE NATIONAL BANK OF MACEDONIA

Article 59

The bodies of the National Bank of Macedonia shall be the following: the Council of the National Bank of Macedonia and the Governor of the National Bank of Macedonia.

Article 60

The Council of the National Bank of Macedonia shall consist of the Governor and the Deputy Governor of the National Bank of Macedonia and seven experts and scientists. A member of the Council of the National Bank of Macedonia may not hold a position with a bank of savings house.

The Governor of the National Bank of Macedonia shall be President of the Council of the National Bank of Macedonia. In case of absence of the Governor, the Deputy Governor shall perform the functions of the President of the Council.

The members of the Council of the National Bank of Macedonia shall be appointed by the Parliament of the Republic of Macedonia to serve a term in office of seven years.

A member of the Council of the National Bank of Macedonia may be dismissed prior to the expiration of his term in the office if convicted for a criminal act against property or for economic offence, in identical procedure as for his appointment.

A member of the Council of the National Bank of Macedonia may not be appointed for two successive terms in office.

The Council of the National Bank of Macedonia as well as each of its members shall be responsible for and report to the Parliament of the Republic of Macedonia on the performance of functions and tasks of the National Bank of Macedonia stipulated by this and other laws.

Article 61

At its meetings, the Council of the National Bank of Macedonia shall decide upon its scope of operations.

The decisions of the Council of the National Bank of Macedonia shall be published in the Official Gazette of the Republic of Macedonia.

Article 62

The Council of the National Bank of Macedonia shall adopt Rules and Procedures for its operations.

Article 63

In managing the operations of the National Bank of Macedonia concerning proposals and implementation of the monetary and foreign exchange system and policy, the Council of the National Bank of Macedonia shall decide upon the following:

1. determining a methodology of monetary planning;
2. adoption of a financial plan and annual accounts of the National Bank of Macedonia;
3. adoption of a Statute of the National Bank of Macedonia;
4. determining a projection of monetary movements;

5. defining the objectives and tasks of the monetary and foreign exchange policy and determining the methods for their accomplishment;
6. establishing the types and levels of banks and savings houses' guarantee capital;
7. determining the base and amount of compulsory reserve of banks and savings houses and determining the method, conditions and terms of calculation and allocation of compulsory reserve;
8. prescribing the level and method of establishing banks' special provisions for potential losses;
9. determining the method and conditions for utilization of compulsory reserve;
10. issuing securities of the National Bank of Macedonia;
11. determining the level and terms for granting credits to banks;
12. determining the amount and conditions for buying securities directly by auctions, or at the money and short-term securities market;
13. determining the conditions for buying and selling bank deposits;
14. setting the interest policy of the National Bank of Macedonia;
15. limiting the extent and rate of placement growth of the banks and savings houses;
16. prescribing the obligations of banks and savings houses with regard to the maintenance of minimum liquidity, maintenance of the investment structure according to their maturity terms within specific frameworks, and harmonization of placement terms with the structure of the sources of the funds according to their maturity;
17. determining a framework for the banks and savings houses with regard to providing guaranties on securities, giving guaranties and issuing their own securities;
18. prescribing the minimum requirements for creditworthiness to be met by the banks and savings houses;
19. prescribing the obligations of the authorized banks to hold certain amount in foreign currency or in other foreign currency liquid placements as a minimum reserve for the maintenance of liquidity in foreign payments;
20. issuing of new denominations of bank-notes and coins, determining the basic characteristics of the new bank-notes and coins, completing the final calculations in cash and non-cash payment operations, and issuing and withdrawing bank-notes and coins from circulation;
21. prescribing the method and conditions for buying and selling gold in foreign countries and other precious metals in the Republic of Macedonia, and also for the export and dispatch of monetary gold;
22. granting credits for the needs of the Republic of Macedonia and conditions for their repayment;
23. determining an uniform tariffs for charging the services provided by the National Bank of Macedonia;

24. prescribing detailed conditions and method of examination, the types, terms, order and procedure of taking actions against banks and savings houses;
25. determining regulations and standards of supervision;
26. prescribing the minimum volume, form and content of the program for economic and financial auditing and of the report on the economic and financial auditing for banks and savings houses;
27. prescribing standards that determine which of the placements are considered risky and the degree of their risk ;
28. making decision on the purpose and the level of allocation of assets for the needs stipulated under paragraph 2 of Article 78 of this Act;
29. deciding upon appeals against a decision of the Governor;
30. other issues and adopting regulations which are within the authority of the National Bank of Macedonia, unless the Governor of the National Bank of Macedonia is authorized to do the same;
31. reports on the implementation of monetary and foreign exchange policy; and
32. reports on accomplished examinations and undertaken actions.

Article 64

The Council of the National Bank of Macedonia shall decide upon managing the operations of the National Bank of Macedonia pertaining to the implementation of the monetary and foreign exchange policy, with majority votes of all members of the Council of the National Bank of Macedonia, unless otherwise determined by this Act.

The Council of the National Bank of Macedonia shall decide upon issues under items 1,2,3,4,9,15 and 16 of Article 63 of this Act, with a majority of two-thirds of the votes of the total number of members.

If the Council of the National Bank of Macedonia, when deciding upon paragraphs 1 and 2 of this Article, fails to reach a consent, and if the Governor of the National Bank of Macedonia assesses that due to the failure to pass a decision, considerable disturbances may arise in the economy and market that affect the monetary and foreign exchange tasks or cause considerable damages for the state, he/she shall report to the Parliament of the Republic of Macedonia with the individual opinions of the members of the Council of the National Bank of Macedonia and shall bring a decision upon which a consent has not been reached.

The Governor of the National Bank of Macedonia shall cease the execution of the decision and the by-law of the Council of the National Bank of Macedonia under paragraph 1 and 2 of this Article within two working days from passing the decision, and shall notify the Parliament of the Republic of Macedonia thereon.

The Parliament of the Republic of Macedonia shall adopt final decisions on the disputed issues under paragraphs 3 and 4 of this Article.

Article 65

The Governor of the National Bank of Macedonia shall be authorized to adopt instructions for the uniform method of application of the regulations and decisions of the Council of the National Bank of Macedonia brought in compliance with Article 63 of this Act.

Article 66

The Governor of the National Bank of Macedonia shall manage and organize the operations of the National Bank of Macedonia and shall bring decisions on the financial operations which are not in the authority of the Council of the National Bank of Macedonia.

Article 67

The Governor of the National Bank of Macedonia shall represent the National Bank of Macedonia.

The Governor shall pass decisions and other by-laws related to the operation of the National Bank of Macedonia that are not within the authority of the Council of the National Bank of Macedonia with this Act, and shall notify the Council of the National Bank of Macedonia on the passed decisions and other by-laws, at its next session.

Article 68

The Governor of the National Bank of Macedonia shall be appointed or dismissed by the Parliament of the Republic of Macedonia, on proposal of the President of the Republic of Macedonia, to serve a term in the office of seven years, with a right of one reelection.

The Governor of the National Bank of Macedonia may be dismissed prior to the expiration of the term in the office in case he is convicted for criminal offence against the property or for economic offences, in identical procedure as for his appointment.

Article 69

The Governor of the National Bank of Macedonia shall be responsible to the Parliament of the Republic of Macedonia for his actions.

Article 70

A Deputy Governor and one or more Vice-Governors shall be appointed at the National Bank of Macedonia.

In the Statute of the National Bank of Macedonia it shall be determined which duties in the authority of the Governor may be delegated to the Deputy Governor or Vice-Governors.

The Deputy Governor shall be appointed by the Parliament of the Republic of Macedonia, on proposal of the Governor, for a term in office of seven years, with a right of one re-election.

The Deputy Governor and the Vice-Governors may be dismissed prior to the expiration of the term in the office in case of he is convicted for criminal act against the property or for economic offences, in identical procedure as for their appointment.

The Vice-Governor shall be appointed by the Parliament of the Republic of Macedonia, on proposal of the Governor, for a term in office of seven years, with a right of one re-election.

Article 71

Comptrollers shall be set up for internal control of the operations of the National Bank of Macedonia.

The Comptrollers under paragraph 1 of this Article shall be set up by the Council of the National Bank of Macedonia.

IV. ORGANIZATION OF THE NATIONAL BANK OF MACEDONIA

Article 72

The National Bank of Macedonia shall have a status of a legal entity.

The main office of the National Bank of Macedonia shall be in Skopje.

Article 73

The National Bank of Macedonia may become a member and may participate in the international financial institutions. Should funds from the state budget be used in this purpose, an approval from the Parliament of the Republic of Macedonia shall be required.

Article 74

The National Bank of Macedonia shall adopt a Statute.

The Statute shall determine the organization and operation of the National Bank of Macedonia.

The Statute of the National Bank of Macedonia shall be brought by the Council of the National Bank of Macedonia and shall be approved by the Parliament of the Republic of Macedonia.

Article 75

The seal of the National Bank of Macedonia shall bear the name of the bank in Macedonian language and the herald of the Republic of Macedonia.

Article 76

The rights, duties and responsibilities of the employees of the National Bank of Macedonia shall be determined in compliance with the provisions of the Law on Civil Service.

The procedure of application of the provisions of this Act under paragraph 1 of this Article shall be determined by the Governor of the National Bank of Macedonia.

V. INCOME, EXPENDITURES AND RESERVES OF THE NATIONAL BANK OF MACEDONIA

Article 77

The National Bank of Macedonia shall generate income from the following:

1. interest on total assets of the National Bank of Macedonia and the foreign exchange reserves;
2. commission on operation with state funds;
3. residue of positive exchange rate differentials, after the coverage of the negative exchange rate differentials;
4. commission for services;
5. trading and handling securities and deposits;
6. income based on specific laws, and
7. Other income generated through its operation.

Article 78

The income generated by the National Bank of Macedonia shall be used to settle:

1. Interests on total liabilities of the National Bank of Macedonia;
2. commission on funds deposited with the National Bank of Macedonia;
3. expenses based on foreign exchange operations;
4. non-covered but effectuated negative exchange rate differentials following the coverage from the positive effectuated exchange rate differentials;
5. expenses based on specific laws;
6. costs for production of notes and coins and their delivery to the institution carrying out payment operations;
7. depreciation costs, and
8. other expenses that the National Bank of Macedonia incurs in its operation.

The income generated by the National Bank of Macedonia shall provide funds for:

1. The fixed assets of the National Bank of Macedonia;
2. The reserves of the National Bank of Macedonia, and
3. Salaries, joint consumption and tangible expenses for the functions of the National Bank of Macedonia.

The reserves of the National Bank of Macedonia shall be used for covering losses during bank operations, as well, as the risks in the current operations of the Bank.

Article 79

The residue of the positive exchange rate differentials under item 3 of Article 77 of this Act shall be transferred on a special account for the reserves of the National Bank of Macedonia and may be used only for coverage of non-covered negative exchange rate differences.

The expenditures under item 5 of Article 78 of this Act shall be executed till the level of income generated under item 7 of Article 79 of this Act.

Article 80

The expenditures of the National Bank of Macedonia arising from activities performed for the account of the country shall be covered by the state budget.

Article 81

The financial plan and the annual account of the National Bank of Macedonia shall be adopted by the Council of the National Bank of Macedonia and shall be approved by the Parliament of the Republic of Macedonia.

The Council of the National Bank of Macedonia shall adopt the annual account for the previous year and the financial plan for each current year, by February 28, each year.

The Council of the National Bank of Macedonia shall adopt a decision for interim financing of the National Bank of Macedonia, until the adoption of the financial plan of the National Bank of Macedonia.

Article 82

After the application of the provisions under paragraph 2 of item 78 of this Act, the excess income above the expenditures of the National Bank of Macedonia shall be considered as income of the state budget, unless otherwise determined by law.

The excess expenditure over revenue of the National Bank of Macedonia shall be covered from the reserve funds of the National Bank of Macedonia, and in case of insufficiency of funds the excess expenditures shall be covered from the funds of the state budget.

Article 83

The funds for the fixed assets shall be determined by the financial plan of the National Bank of Macedonia and shall be determined by the annual account of the National Bank of Macedonia.

Article 84

The reserve funds shall be allocated from the income in the amount determined by the Council of the National Bank of Macedonia by a decision or when determining the expenditure under Article 78 paragraph 2 item 2 of this Act.

The decision on the use of reserve funds shall be brought by the Council of the National Bank of Macedonia.

VI. PENALTY CLAUSES

Article 85

The bank or savings house shall be charged with a fine from 150 to 250 salaries for an economic offence:

1. if it fails to adhere to the prescribed framework when providing backing guaranties, issuing guaranties and issuing its own securities (Article 19 paragraph 3 item 6);
2. if it fails to maintain liquid funds within the specified amount or structure prescribed by the National Bank of Macedonia (Article 20);
3. if it fails to enforce the measures adopted by the National Bank of Macedonia in conformity with this Act (Articles 9, 19 and 29);
4. if it fails to provide a report on the economic and financial audits of its annual account and its operation, within the specified period, upon request of the National Bank of Macedonia (Article 57);
5. if preventing performance of examination by authorized officers from the National Bank of Macedonia (Article 47);
6. if destroying documents in order to prevent performance of examination by the National Bank of Macedonia (Article 47) and
7. if providing the National Bank of Macedonia with inaccurate reports to (Articles 48 and 49).

The responsible person of the bank or a savings house shall be charged with a fine from eight to ten salaries for economic offence for the actions under paragraph 1 of this Article.

Article 86

The responsible person of the National Bank shall be charged with a fine from eight to ten salaries for economic offence:

1. if he/she purchases transferable short-term securities through a bank or a savings house or if he/she grants a credit to a bank or a savings house although, according to the available data, it is clear that the minimum general requirements of creditworthiness stipulated by this Act (paragraphs 1 and 2 of Article 23) have not been met, or
2. if he/she fails to carry out examination or fails to take measures within his/her authority (paragraph 2 of Articles 47, 50 and 56).

VII. TRANSITIONAL AND FINAL PROVISIONS

Article 87

The National Bank of Macedonia shall be a legal successor of the previous National Bank of Macedonia and shall assume its rights and duties.

Article 88

The National Bank of Macedonia shall comply its organization, by-laws and operations with the provisions of this Act, within six months after the date it becomes effective.

Article 89

The Governor, Deputy Governor and Vice-Governors appointed by the Parliament of the Republic of Macedonia prior to the date of effectiveness of this Act, shall remain in office until the expiry of their terms.

Article 90

The Governor of the National Bank of Macedonia shall perform the functions of the Council of the National Bank of Macedonia, till the election of the Council of the National Bank of Macedonia.

The Council of the National Bank of Macedonia shall be elected within 30 days after this Act enters in effect.

Article 91

On the day of entering in effect of this Act, the National Bank of Macedonia shall guarantee demand deposits and current accounts of the individuals in Denars, till the level determined by this Act; and shall fully guarantee the time-deposits, depending on the maturity but no longer than three years after this Act enters into effect.

Article 92

With the effectiveness of this Act, the National Bank of Macedonia Act ("Official Gazette of the SRM", no.43/89) shall no longer be in effect, whereas the National Bank of Yugoslavia Act and the Act on Unique Monetary Operations of the National Banks of the Republics and the National Banks of the Autonomous Provinces (Official Gazette of the SFRY", no. 34/89, 88/89 and 61/90) shall cease to have effect on the territory of the Republic of Macedonia.

558.

According to Article 82 of the Law on Amendments to the Banks and Savings Houses Act ("Official Gazette of the Republic of Macedonia" No. 17/96), at its meeting held on May 14, 1996, the Legislative Commission of the Parliament of the Republic of Macedonia approved the revised text of the Banks and Savings Houses Act.

The revised text of the Banks and Savings Houses Act covers the Banks and Savings Houses Act ("Official Gazette of the Republic of Macedonia" No. 31/93) and the Law on Amendments to the Banks and Savings Houses Act ("Official

Gazette of the Republic of Macedonia” No.78/93) which contains the day of their enactment.

1189.

According to Article 110 of the Constitution of the Republic of Macedonia and Article 70 of the Rules and Procedures of the Constitutional Court of the Republic of Macedonia (Official Gazette of the Republic of Macedonia no. 70/92), the Constitutional Court of the Republic of Macedonia on the session held on November 13 1996, brought the following

DECISION

1. Article 34 item 14 of the Law on Amendments to the National Bank of the Republic of Macedonia Act (Official Gazette of the Republic of Macedonia no. 17/96) shall be abolished.
2. This decision causes legal action from the date of its publication in the Official Gazette of the Republic of Macedonia.
3. Based on initiative submitted by Komercijalna Banka a.d. – Skopje and Aleksandar Manevski from Skopje, the Constitutional Court of the Republic of Macedonia, with a decision U. no. 118/96 from September 18, 1996, initiated a procedure for assessment of the constitutionality of the provision of Article 34 item 14 of the law mentioned in item 1 of this decision, since its compliance with the Constitution of the Republic of Macedonia was put in question.
4. At the session, the Court determined that in accordance with Article 34 item 14 of the Law, besides the actions that can be undertaken against bank or savings house that during their operations do not comply with the regulations, the Governor is authorized to undertake other actions that he considers necessary to be imposed.
5. In accordance with Article 14 paragraph 1 of the Constitution of the Republic of Macedonia, a person may not be sentenced for an act which, prior to the conduct, it had not been stipulated by law or other regulation as a criminal act and for which a sanction had not been determined.

As can be seen from the aforementioned, the perpetrator may not be sentenced for an act, which prior to its conduct it had not been stipulated by the law or other regulation as a criminal act and for which a punishment had not been determined.

Respecting the fact that the Governor of the National Bank, as organ with full power in it, besides the measures that the National Bank of the Republic of Macedonia overtakes against the banks that are not obeying the Law during their operations, and that are taxatively listed in Article 34 of the Law on Amendments to the National Bank of the Republic of Macedonia Act, with the present item no. 14 of the same Article of the Law, is entitled to overtake other measures that he/she finds appropriate to be taken against a certain bank, without ascertaining which measures are to be taken, and what are the cases in which they correspond as necessary. The Court has found that this provision is not according to the Constitution. This is because the Court has found that the Governor of the National Bank, as organ with full power in it, in situation when in the Constitution of the Republic of Macedonia there is a division of the power on three branches: legislative, executive and judicial, can not be authorized to decide the measures alone by himself and to decide in which cases it is necessary to apply them.

6. Based on the aforementioned, the Court decided as in item 1 of this decision.
7. This decision was brought by the Court composed of the President of the Court Jovan Proevski, Ph.D., and the justices Bahri Isljami, Nikola Krleski, Ph.D., Olga Lazova, Stojmen Mihajlovski, Ph.D., Milan Nedkov, Ph.D., Besim Selimi and Josif Talevski, Ph.D.

U. no. 118/96
November 13, 1996
Skopje

President
of the Constitutional Court of the
Republic of Macedonia
Jovan Proevski, Ph.D

657.

According to Article 110 of the Constitution of the Republic of Macedonia and Article 70 aline 1 of the Rules and Procedures of the Constitutional Court of the Republic of Macedonia (Official Gazette of the Republic of Macedonia no. 70/92), the Constitutional Court of the Republic of Macedonia on the session of June 18 1997, brought a

DECISION

1. ON ABOLISHING:

- a. Article 70 item 29 of the National Bank of the Republic of Macedonia Act (Official Gazette of the Republic of Macedonia no. 26/92, 29/93 and 17/96) and
 - b. Article 15-a and Article 17 paragraph 2 of the Banks and Savings Houses Act (Official Gazette of the Republic of Macedonia no. 31/93, 78/93 and 17/96).
2. This decision causes legal action from the date of publication in the Official Gazette of the Republic of Macedonia.
3. Based on initiative submitted by Gjorgi Misev, lawyer from Kavadarci, the Constitutional Court of the Republic of Macedonia, with a decision U. no. 184/96, introduced a proceeding for assessment of the constitutionality of the laws mentioned under a. and b. of item 1 of this decision, since their compliance with the Constitution of the Republic of Macedonia was put in question.
4. At the session, the Court determined that Article 70 paragraph 1 item 29 of the National Bank of the Republic of Macedonia Act stipulates that the Council of the National Bank of the Republic of Macedonia shall resolve appeals against decision of the Governor.

Biljana Daskalova
Official Gazette 37/98
October 25,2000

**LAW ON AMENDMENTS TO THE NATIONAL BANK OF THE REPUBLIC OF
MACEDONIA ACT**

Article 1

After Article 14 of the National Bank of the Republic of Macedonia Act (Official Gazette of the SRM no. 26/92, 4/93, 29/93 and 17/96), a new article is added which reads:

“Article 14-a

The National Bank of the Republic of Macedonia may extend credit to the Deposit Insurance Fund in case of deficiency of funds for payment of the insured savings deposits.

The credit under paragraph 1 of this Article shall be allocated from the reserve funds of the National Bank of Macedonia.

The terms for extension of the credit under paragraph 1 of this article shall be stipulated by the National Bank of the Republic of Macedonia.”

Article 2

Article 21 shall be deleted.

Article 3

The word “illiquidity” from Article 26 shall be replaced with the word “liquidity.

Article 4

Paragraph 2 of Article 27 shall be replaced with two new paragraphs which read:

The National Bank of the Republic of Macedonia may exclude from the payment transactions system an illiquid bank or a savings house.

In case of exclusion of an illiquid bank or a savings house from the payment system, the National Bank of Macedonia shall notify the following institutions:

- the Parliament of the Republic of Macedonia
- the Government of the Republic of Macedonia
- the Assembly of the bank, or savings house

Article 5

Article 51 is followed by a new Article 51-a that reads:

“Article 51-a

The National Bank of Macedonia shall not be liable for the harms caused to third parties which may appear due to the actions undertaken by supervisory agencies for maintenance of the stability and safety of individual bank or the entire banking system.”

Article 6

The paragraph 2 of Article 51-a which becomes Article 51-b shall be deleted. Therefore, the paragraph 3 becomes paragraph 2.

Article 7

In Article 52 paragraph 1, after the item 13 four new items 14, 15, 16 and 17 shall be added that read:

“14. Determination of deadlines for elimination of the identified irregularities;

15. suspension of the managing body of the bank or savings house and authorization of a representative of the National Bank of Macedonia to organize the bank or savings houses' operations;

16. ban on performance of all or particular banking operations for a certain period of time and

17. ban on acceptance of savings deposits.”

The existing item 14 shall become item 18.

Article 8

The paragraph 2 of Article 52 shall be deleted.

Article 9

After Article 52-a, a new Article 52-b shall be added that reads:

“Article 52-b

The National Bank of Macedonia may receive information from the supervisory bodies of other countries on the supervision of internationally active banks.

The National Bank of Macedonia may provide the supervisory bodies of other countries with information on the supervision of internationally active banks.

The National Bank of Macedonia may approve on-site examination of foreign banks, or foreign bank branches in the Republic of Macedonia by supervision agencies of the home country of the bank.

A copy of the report on the accomplished examination under paragraph 3 of this Article shall be submitted to the National Bank of Macedonia within two months upon completion of the examination.

The information from paragraphs 1 and 2 of this Article, as well as the report from paragraph 4 of this Article shall be considered a business secret.”

Article 10

After the word “representative” in Article 67 paragraph 1, coma (,) is added, as well as the words: “i.e. member of Management Board”.

Article 11

In Article 70 paragraph 1, after item 28 a new item 28-a shall be added which reads:

“28-a. decides appeals against decisions in first degree brought by the Governor.”

After the paragraph 1 a new paragraph 2 shall be added which reads:

“The Council of the National Bank of Macedonia shall decide upon appeals against decisions brought by the Governor of the National Bank of Macedonia, without participation of the Governor and the Deputy Governor.”

Article 12

Article 100-b two new Articles 100-v and 100-g shall be added which read:

“Article 100-v

The National Bank of Macedonia shall guarantee the contracts for time deposits, concluded prior to the enforcement of this Act, till the date of their maturity.

Article 100-g

The provisions of Article 10 of this Act refer to the election and reelection of the members of the Council of the National Bank of Macedonia, after this Act enters into force.”

Article 13

The words “from 150 to 250 salaries” under Article 94 paragraph 1 shall be replaced with the words “from Denar 150.000 to 300.000”, while the words “economic offense” from the same article shall be replaced with the words “minor offense”.

The words “from eight to ten salaries” under paragraph 2 shall be replaced with the words “from Denar 30.000 to 50.000”.

Article 14

The words “from eight to ten salaries” under Article 95 paragraph 1 shall be replaced with the words “from Denar 30.000 to 50.000”, while the words “economic offense” from the same article shall be replaced with the words “minor offense”.

Article 15

This Act shall enter into force on the eighth day after the date of its publication in the Official Gazette of the Republic of Macedonia.

236.

According to Article 110 of the Constitution of the Republic of Macedonia and Article 70 of the Rules and Procedures of the Constitutional Court of the Republic of Macedonia (Official Gazette of the Republic of Macedonia no. 70/92), the Constitutional Court of the Republic of Macedonia on the session of December 23-24 1998, brought a

DECISION

1. ON ABOLISHING Article 70 paragraph 2 item 18 of the Law on Amendments to the National Bank of the Republic of Macedonia Act (Official Gazette of the Republic of Macedonia no. 37/98) which reads: "besides the actions that can be undertaken against bank or savings house, the Governor shall also undertake other actions that he considers necessary to be enacted";
2. This decision causes legal action from the date of publication in the Official Gazette of the Republic of Macedonia.
3. Based on initiative submitted by Aleksandar Manevski Ph.D. from Skopje, the Constitutional Court of the Republic of Macedonia, with a decision U. no. 165/98 from October 7, 1998, initiated a procedure for assessment of the constitutionality of the laws mentioned in item 1 of this decision, since its compliance with the Constitution of the Republic of Macedonia was put in question.
4. At the session, the Court determined that in accordance with Article 7 paragraph 2 item 18 of the Law on Amendments to the National Bank of the Republic of Macedonia Act, besides the actions that can be undertaken against bank or savings house, the Governor shall also undertake other actions that he considers necessary to be enacted.
5. In accordance with Article 14 paragraph 1 of the Constitution of the Republic of Macedonia, a person may not be sentenced for an act which, prior to the conduct, it had not been stipulated by the law or other regulation as a criminal act and for which a sanction had not been determined.

This provision stipulates that the perpetrator may not be sentenced for an act, which prior to its conduct it had not been stipulated by the law or other regulation as a criminal act and for which a punishment had not been determined.

Respecting the fact that the Governor of the National Bank, as organ with full power in it, besides the measures that the National Bank of the Republic of Macedonia overtakes against the banks that are not obeying the Law, and that are taxatively listed in the Law, with the present item no. 18 is entitled to overtake other measures that he/she finds appropriate to be taken against a certain bank, without ascertaining which measures are to be taken, and what are the cases in which they correspond as necessary. The Court has found that this provision is not according to the Constitution. This is because of the presence of the division of the power on three branches: legislative, executive and judicial, the Court has found that the Governor can not be authorized to decide the measures alone by himself and to decide in which cases it is necessary to apply them.

6. Based on the aforementioned, the Court decided as in item 1 of this decision.
7. This decision was brought by the Court composed of the President of the Court Milan Nedkov, Ph.D. and the justices Bahri Isljami, Nikola Krleski, Ph.D., Olga Lazova, Stojmen Mihajlovski, Ph.D., Jovan Proevski, Ph.D., Besim Selimi, Josif Talevski, Ph.D. and Todor Djunov, Ph.D.

U. no. 165/98
December 23 – 24, 1998
Skopje

President
of the Constitutional Court of the
Republic of Macedonia
Milan Nedkov, Ph.D.