

**THE NATIONAL BANK  
OF THE REPUBLIC OF MACEDONIA LAW  
(REPUBLIC OF MACEDONIA NATIONAL BANK LAW)**

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**I. GENERAL PROVISIONS**

**Article 1**

**This Law regulates the organization and operation of the National Bank of the Republic of Macedonia (hereinafter the National Bank of Macedonia).**

**Article 2**

**The National Bank of Macedonia shall act as an issuing bank.**

**Article 3**

**The National Bank of Macedonia shall act independently and bear responsibility for the stability of the Denar, the monetary policy and the overall liquidity of payments in the Republic of Macedonia and abroad.**

#### **Article 4**

**The Republic of Macedonia shall guarantee the obligations of the National Bank of Macedonia.**

**The National Bank of Macedonia shall not undertake payment obligations in lieu of other legal entities and physical persons based on its responsibility for the overall liquidity of payments in the country and abroad.**

#### **Article 5**

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

#### **Article 6**

**At the end of the current year, the National Bank of Macedonia shall adopt a projection of the monetary and credit developments in order to secure the stability of the Denar and control the mass of money in circulation.**

#### **Article 7**

**Based on the projection stipulated under article 6, the Assembly of the Republic of Macedonia shall pass a decision on the goals and tasks of the monetary, credit and foreign exchange policies.**

## **Article 8**

**The National Bank of Macedonia shall supervise and review events and developments in the monetary, credit and foreign exchange policies as well as foreign credit relations and regularly notify the Assembly of the Republic of Macedonia accordingly.**

**The National Bank of Macedonia shall submit semiannual and annual reports on the implementation of the goals and tasks of the monetary, credit and foreign exchange policies to the Assembly of the Republic of Macedonia. The National Bank of Macedonia shall also submit an annual financial statement for the previous year together with the annual report.**

## **II. FUNCTIONS OF THE NATIONAL BANK OF MACEDONIA**

### **1. Regulation of Money Mass in Circulation**

## **Article 9**

**Within the scope of rights and liabilities and in compliance with the determined goals and tasks of the monetary, credit and foreign exchange policies, the National Bank of Macedonia shall assign the measures for their implementation.**

**The measures for the implementation of the monetary, credit and foreign exchange policies entail:**

**1) Establishing the level of obligatory reserves of banks and savings houses in the National Bank of Macedonia;**

**2) Purchase and sale of securities of the National Bank of Macedonia;**

**3) Purchase and sale of domestic or foreign transferable short-term securities;**

**3-a) Purchase and sale of bank deposits;**

**4) Approval of short-term loans to banks based on domestic or foreign transferable short-term securities, under condition that the banks have provided guarantees for the securities;**

**5) Approval of short-term loans to banks based on certain documents for purposes determined through a decision passed by the Assembly of the Republic of Macedonia;**

**6) Approval of loans to banks with repayment terms not exceeding three months with guaranteed bonds of the Republic of Macedonia and securities of the National Bank of Macedonia;**

**7) Establishing collectable and payable interest rates of the National Bank of Macedonia;**

**8) Issuing and withdrawing money through purchase or sale of foreign currency on the foreign exchange market in compliance with the law; and**

**9) Limiting the extent and rate of the bank's investment growth for a specific period of time.**

**Should the monetary results diverge from the established monetary framework, the National Bank of Macedonia is obliged to undertake additional measures within its competence bearing the responsibility for the stability of the Denar.**

**The measures stipulated under paragraph 2 of this article shall apply equally to all banks unless otherwise determined by law. The National Bank of Macedonia shall decide which measures designated in this article shall apply to savings houses and under which terms.**

## **Article 10**

**The National Bank of Macedonia shall designate the level of obligatory reserves of banks and savings houses by prescribing a certain percentage (rate) from deposits and all other funds.**

**The National Bank of Macedonia may designate the level of obligatory reserves by prescribing distinct percentages (rates) according to the type, term and amount of deposits and other funds of banks and savings houses, or decide that no reserves are required on certain deposits and other funds.**

**In exceptional cases, the National Bank of Macedonia within a period of three months at the latest, in addition to allocating obligatory reserves stipulated under paragraphs 1 and 2 of this article, may also allocate obligatory reserves applying minimal percentages (growth rates) on investments or deposits and other assets of banks or savings houses.**

**The National Bank of Macedonia shall assign the level of interest rates applied for the computation and payment of interest on the allocated obligatory reserves of banks or savings houses in the National Bank of Macedonia.**

## **Article 11**

**The National Bank of Macedonia shall assign the process and terms of computing and allocating the obligatory reserves on a separate account.**

**Banks and savings houses may use the allocated obligatory reserve funds in the course of the month for maintenance of their daily liquidity under the conditions designated by the National Bank of Macedonia.**

**The National Bank of Macedonia shall pay interest on the obligatory reserve funds and determine fees for inaccurately computed and utilized obligatory reserves and for approved usage of obligatory reserves.**

## **Article 12**

**The National Bank of Macedonia shall issue securities based on the decision determining the extent, terms and other conditions for underwriting and repayment of the securities.**

**Banks and savings houses may underwrite securities of the National Bank of Macedonia.**

**The National Bank of Macedonia may impose mandatory underwriting of securities on banks and savings houses as a measure for maintenance of their minimal liquidity.**

**The National Bank of Macedonia assigns the interest rate level for interest payments to banks for mandatory underwriting of securities.**

### **Article 13**

**The National Bank of Macedonia assigns the type, level, terms and other conditions for purchases and sales of domestic and foreign transferable short-term securities and may buy and sell securities to banks and savings houses directly, through public sale, the inter-bank money market and the short-term securities market.**

### **Article 13-A**

**The National Bank of Macedonia may buy or sell bank and savings houses deposits directly, through public sale or on the inter-bank money market and short-term securities market.**

### **Article 14**

**The National Bank of Macedonia assigns the level, the utilization and repayment terms and other conditions for approval of short-term loans to banks and savings houses directly, through public sale, or on the inter-bank money market and the short-term securities market on the basis of:**

**1) Domestic and foreign transferable securities backed by bank**

**guarantees that mature within one year;**

**2) Certain documents for purposes determined through a decision**

**passed by the Assembly of the Republic of Macedonia; and**

### **3) Certain securities as collateral.**

**The National Bank of Macedonia determines the types of securities and documents that may support the approval of loans according to the provisions of this article.**

## **Article 15**

**The National Bank of Macedonia assigns the common discount rate.**

**The National Bank of Macedonia assigns the interest rates imposed on all loans and receivables or interest payments on deposited funds in the National Bank of Macedonia.**

## **Article 16**

**The National Bank of Macedonia issues and withdraws money by way of purchase and sale of foreign currency on the foreign exchange market in compliance with the law and the enacted monetary and foreign exchange policies.**

## **Article 17**

**The National Bank of Macedonia may limit the range and the dynamics of the investment growth of banks and savings houses should it be a prerequisite for the administration of the aims and tasks of the monetary and credit policies in cases when the aims and tasks cannot be effected through other measures within the authorizations of the National Bank of Macedonia.**



**Should it be required that the measure stipulated under paragraph 1 of this article be employed for a period exceeding three months, the National Bank of Macedonia is obliged to request approval for further implementation of the measure from the Assembly of the Republic of Macedonia.**

**No bank or savings house may be exempt from the restriction under paragraph 1 of this article, whereas various restrictions and restriction exemptions may be prescribed in cases when credits and other bank or savings houses investments are intended for specific purposes.**

## **2. Liquidity Maintenance of Banks and Savings Houses**

### **Article 18**

**In order to maintain the liquidity of banks and savings houses, the National Bank of Macedonia adopts decisions:**

- 1) Prescribing the level, conditions and method of maintaining minimal liquidity of banks and savings houses;**
- 2) Prescribing the mandatory framework of the term structure of bank and savings houses investments;**
- 3) Prescribing the method of utilizing the obligatory reserves with the National Bank of Macedonia for the maintenance of liquidity of banks and savings houses;**

**3-a) Prescribing the level and the method of constituting the special reserves of banks as a safeguard against potential losses;**

**3-b) Determining the types and levels of the banks and savings houses guarantee capital;**

**4) Determining the framework for banks and savings houses when providing guarantees on securities issued by enterprises, and for the banks and savings houses issuance of guarantees and securities;**

**5) Determining conditions for the formation of special banks and savings houses reserves in order to maintain the liquidity of payments against personal savings deposits and current accounts in Denars;**

**6) Prescribing the level, the terms for utilization and repayment and other conditions when approving short-term loans to banks for maintenance of day-to-day liquidity based on certain securities; and**

**7) Prescribing the minimum general conditions for the banks and savings houses credit worthiness.**

**The measures stipulated under paragraph 1 of this article shall apply equally to all banks unless otherwise determined by law. The National Bank of Macedonia designates which measures under this article shall apply to savings houses and under which conditions.**

## **Article 19**

**The National Bank of Macedonia may impose an obligation on banks and savings houses to hold a portion of the funds in their accounts and in certain liquid investments as a minimum for the maintenance of their liquidity.**

**The National Bank of Macedonia may impose an obligation on banks and savings houses in order to maintain the structure of their investments within the maturity terms and to coordinate it with the fund sources according to their terms.**

## **Article 20**

**The National Bank of Macedonia prescribes the conditions and the utilization procedure of obligatory reserves in banks and savings houses for the maintenance of their day-to-day liquidity.**

**When utilizing the obligatory reserves with the National Bank of Macedonia, banks and savings houses may not extend loans nor make other investments.**

## **Article 21**

**The National Bank of Macedonia guarantees for personal savings deposits and Denar current accounts in banks within the level of the Denar counter value of 10,000 DM per individual deposit.**

**With respect to the guarantee stipulated under paragraph 1 of this article, the obligations of the National Bank of Macedonia occur in the following instances:**

**1) When banks lack sufficient funds on their giro-account for ongoing payments against personal savings deposits and current accounts in Denars, and when obligatory funds have been employed for maintenance of liquidity according to the provisions under article 19 of this Law, and**

**2) When banks declare bankruptcy and are unable to settle debts against personal savings deposits and current accounts in Denars as determined by law.**

**The National Bank of Macedonia passes a decision defining the occurrence of obligations stipulated under paragraph 2 of this article, the administering method and the conditions under which banks may utilize and repay loans.**

## **Article 22**

**Based on the obligation to guarantee personal savings deposits and current accounts in Denars, the National Bank of Macedonia may impose a special reserve on banks for the maintenance of liquidity in payments against personal savings deposits and current accounts in Denars.**

## **Article 23**

**The National Bank of Macedonia assigns the level, the utilization and repayment terms and other conditions for approval of short-term loans to banks and savings houses in order to maintain their day-to-day liquidity.**

**The National Bank of Macedonia shall approve loans according to paragraph 1 of this article based on the attainable securities of banks and savings houses, particularly on the basis of:**

- 1) Securities of the National Bank of Macedonia;**
- 2) Securities issued by the Republic of Macedonia;**
- 3) Bonds which the Republic of Macedonia is legally obliged to compensate or guarantee;**
- 4) Specific discounted bills of enterprises;**
- 5) Securities of banks and other issuers; and**
- 6) Commercial bills;**

## **Article 24**

**The National Bank of Macedonia may not purchase domestic or foreign transferable short-term securities through banks and savings houses, nor approve loans to banks and savings houses which have not fulfilled the conditions specified in article 18, paragraph 1, item 7 of this Law.**

**With the exception of the provision under paragraph 1 of this article, the National Bank of Macedonia may approve loans for maintenance of day-to-day liquidity to banks and savings houses which have fulfilled the conditions for utilization of loans validated through a decision passed by the National Bank of Macedonia.**

## **Article 25**

**The institution in charge of payment operations is obliged to submit immediately to the National Bank of Macedonia all disposable data within its authority on the basis of which the insolvency of banks or savings houses may be determined.**

**The institution in charge of payment operations shall notify the National Bank of Macedonia every ten days of the banks' or savings houses' state of solvency.**

**The National Bank of Macedonia prescribes the conditions under which the insolvency of banks and savings houses is determined.**

## **Article 26**

**The National Bank of Macedonia shall declare the date of insolvency of banks and savings houses and subsequently notify:**

- 1) The Assembly of the Republic of Macedonia;**
- 2) The institution in charge of payment operations;**
- 3) The board of the bank or savings house;**

### **3. Liquidity Maintenance in Foreign Payments**

#### **Article 27**

**In order to maintain the overall liquidity of the Republic of Macedonia in the matter of foreign payments, the National Bank of Macedonia shall pass decisions and prescribe measures that are to be applied within the framework of its rights and responsibilities.**

#### **Article 28**

**In order to maintain the liquidity in foreign payments, the National Bank of Macedonia shall purchase and sell foreign currency on the inter-bank foreign exchange market and perform other activities determined by law.**

#### **Article 29**

**The National Bank of Macedonia may open accounts abroad.**

**The National Bank of Macedonia handles the permanent and current reserves of the Republic of Macedonia with the exception of the current foreign currency portion which is handled by the authorized banks.**

### **Article 30**

**In order to maintain the liquidity of the Republic of Macedonia in the matter of foreign payments within the established foreign exchange policy, the National Bank of Macedonia may prescribe: an obligation to declare foreign payments in advance, and an obligation for authorized banks to hold certain amounts in foreign currency or in liquid foreign currency investments as a minimal reserve for liquidity maintenance in foreign payments as well as other measures for which the National Bank is authorized by law.**

### **Article 31**

**The National Bank of Macedonia may participate in transactions on foreign exchange markets abroad.**

### **Article 32**

**The National Bank of Macedonia undertakes measures to attain the level and structure of the settlement and utilization of foreign loans and observes and controls the establishment of foreign credit relations in compliance with the determined foreign exchange policy and the law.**

### **Article 33**

**The National Bank of Macedonia ensures the implementation of foreign monetary and financial agreements.**

### **Article 34**



**The National Bank of Macedonia may incur debts abroad in its own name and on its own account for the maintenance of liquidity in foreign payments.**

**The National Bank of Macedonia may accept loans as stipulated under paragraph 1 of this article only on the basis of law with repayment terms which are not to exceed one year.**

#### **Article 35**

**The National Bank of Macedonia may incur debts on its own behalf, whereas debts incurred on behalf of the Republic of Macedonia must be supported by law.**

### **4. Issuance of Banknotes and Coins**

#### **Article 36**

**Banknotes and coins bearing the denomination of the Denar are the legal tender on the territory of the Republic of Macedonia.**

#### **Article 37**

**All obligations, rights and operations expressed in the form of money, installed in the Republic of Macedonia among enterprises, other domestic legal entities and citizens, and also**

**among domestic and foreign citizens are expressed in Denars and are effected in tender bearing the denomination of the Denar, unless otherwise determined by law.**

#### **Article 38**

**The monetary unit of the Republic of Macedonia is assigned through a separate law.**

#### **Article 39**

**The National Bank of Macedonia issues banknotes and coins, assigns the denominations and the basic earmarks of the banknotes and coins.**

**The National Bank of Macedonia passes a decision on the circulation and withdrawal of banknotes and coins.**

#### **Article 40**

**The National Bank of Macedonia supplies the institution in charge of payment operations with banknotes and coins.**

**The National Bank of Macedonia bears expenses for delivery of cash to organizational units of the institution in charge of payment operations. The National Bank of Macedonia also bears expenses for replacement of damaged banknotes and withdrawal of worn out banknotes that are effected on its behalf by the institution in charge of payment operations.**

#### **Article 41**

**The lowest denomination in circulation for the settlement of the final calculation in cash and non-cash payment operations and in account books is assigned by the National Bank of Macedonia in accord with the Government of the Republic of Macedonia.**

#### **Article 42**

**Banknotes and coins that are withdrawn from circulation shall cease to be the legal tender and their replacement shall be established within the terms and procedures determined by a decision of the National Bank of Macedonia.**

#### **Article 43**

**The National Bank of Macedonia replaces banknotes and coins that are inappropriate for circulation as follows: worn out banknotes are replaced in full, whereas damaged banknotes and coins are replaced under conditions determined by the National Bank of Macedonia.**

#### **Article 44**

**The Government of the Republic of Macedonia passes a decision on the issuance of banknotes for emergency requirements of the state in cases of an immediate military threat or a state of war.**

#### **Article 45**

**The production of banknotes and coins is under the authority of the National Bank of Macedonia.**

**A legally authorized organization carries out the production of banknotes in the Republic of Macedonia and abroad under exception.**

## **5. Operations on Behalf of the Republic of Macedonia and the Armed Forces of the Republic of Macedonia**

### **Article 46**

**The National Bank of Macedonia accepts funds in its deposit from the Republic of Macedonia, conducts credit and other bank operations for the needs of the armed forces of the Republic of Macedonia and for other defense requirements determined by law, in addition to other credit and bank operations stipulated by law on behalf of the Republic of Macedonia.**

**The operations of the National Bank of Macedonia referred to in paragraph 1 of this article are conducted separately from the monetary, credit and foreign exchange policy operations.**

### **Article 47**

**The following are considered monetary funds of the Republic of Macedonia as stipulated under article 46, paragraph 1 of this Law: state budget funds, state fund resources for crediting the development of economically underdeveloped regions, and funds belonging to the state authorities and organizations with the exception of the health care fund.**

## **Article 48**

**The National Bank of Macedonia may approve loans to the State for the requirements of the state budget which are not to exceed 5% of the total budget level for each current year.**

**Loans may be approved to the State according to the provisions of this article solely within the projection of the monetary and credit policies.**

## **6. Special Authorizations of the National Bank of Macedonia and Supervisory Operations**

## **Article 49**

**The National Bank of Macedonia supervises the implementation of the measures imposed by the monetary, credit and foreign exchange policies and the regulations on foreign exchange operations and foreign credit relations, foreign exchange of goods and services and banks and savings houses foreign commercial endeavors.**

**Should irregularities be discovered following the supervision stipulated under paragraph 1 of this article, the National Bank of Macedonia shall undertake measures against the respective bank or savings house and its management.**

**The National Bank of Macedonia prescribes the conditions and methods of supervision implementation, as well as the type, terms, order and standard procedure when undertaking such measures.**

## **Article 50**

**When administering the supervision as specified under article 49 of this Law, the National Bank of Macedonia is entitled to inspect account books and other documents of banks, savings houses and of the beneficiaries of funds acquired in accordance with articles 14 and 23 of this Law.**

**Banks and savings houses are obliged, at the request of the National Bank of Macedonia, to submit the required data for the administration of the supervision specified under article 49 of this Law.**

**The National Bank of Macedonia administers the supervision specified under article 49 of this Law by inspecting reports and other documents obtained from banks and savings houses, and through inspection of data and disposable documentation related to the implementation of regulations by banks and savings houses.**

## **Article 51**

**The measures stipulated under article 49, paragraph 2 of this Law that are taken against a bank or savings house entail:**

- 1) Suspension of purchasing securities specified under article 13  
and loan approvals specified under articles 14 and 23 of this  
Law for a period of 10 to 30 days;**
- 2) Limitation of investment increase for a period of 30 to 60 days;**
- 3) Suspension of foreign payments with the exception of payments**

**against matured foreign credits and convention obligations for a period of 10 to 60 days;**

**4) Restriction of incurred foreign debts for a period of 30 to 60 days;**

**5) Proposition forwarded to the authorities of the bank or savings house that the manager be suspended or removed from duty; and**

**6) Other measures determined by law.**

**The measures specified in this article and the term of their duration are pronounced through a decision passed by the Governor of the National Bank of Macedonia which becomes final in the administrative procedure.**

## **Article 52**

**If legal operation can not be ensured through the measures taken against the bank or savings house within the period designated under article 51 of this Law, the National Bank of Macedonia shall collect all receivables from the respective bank or savings house.**

**Should the supervision determine actions punishable by law in the operation of a bank or savings house, the Governor of the National Bank of Macedonia or the appointed proxy shall file a complaint to the respective authorities.**

## **Article 53**

**The National Bank of Macedonia supervises foreign trade and foreign exchange operations of enterprises and individuals within its authorities determined by the regulations on foreign trade and foreign exchange operations.**

**Should the National Bank of Macedonia discover actions punishable by law through the supervision stipulated under paragraph 1 of this article, it shall file a complaint to the respective authorities.**

#### **Article 54**

**The National Bank of Macedonia notifies the Assembly of the Republic of Macedonia twice yearly of the administered supervision and of the measures taken.**

#### **Article 55**

**The National Bank of Macedonia assesses whether the conditions prescribed by law have been fulfilled for founding of banks or savings houses, and issues a license for their establishment and operation.**

**The National Bank of Macedonia authorizes the bank for transactions abroad according to the assessment on the fulfillment of the prescribed conditions.**

**The National Bank of Macedonia supervises the implementation of the prescribed conditions of operation, the operation of banks and savings houses and undertakes measures to eliminate the discovered irregularities.**

#### **Article 56**



**Based on the findings of the supervision stipulated under article 55 of this Law, the National Bank of Macedonia proposes that the bank or savings house implement the following actions:**

- 1) Increase the amount of capital funds, reserves and special reserves as insurance against risk of loss;**
- 2) Close down certain branch offices and agencies;**
- 3) Temporarily suspend crediting of certain founders, of persons in the capacity of founders and of clients;**
- 4) Suspend granting of credits for a certain period;**
- 5) Write off receivables when the requirements stipulated by law have been met;**
- 6) Withhold the calculation and entry of interest on assets with a certain degree of collectability;**
- 7) Replace certain managerial personnel; and**
- 8) Eliminate other irregularities by undertaking or preventing specific activities.**

**The proposals specified under paragraph 1 of this article are submitted to the bank or savings house in writing and must indicate the acceptance term.**

**Should the bank or savings house fail to accept the proposal within the term specified under paragraph 2 of this article, the Governor of the National Bank of Macedonia shall pass a decision pronouncing the activities listed under paragraph 1 of this article as a measures against the bank or savings house. This decision shall define the term of implementation.**

**The decision under paragraph 3 of this article shall be considered as final.**

### **Article 57**

**Based on the conducted supervision, should the National Bank of Macedonia conclude that the financial situation may worsen and that possible financial recovery may be threatened with the continued operation of the bank or savings house, the National Bank of Macedonia may pass a decision suspending all bank or savings house operations with the exception of payments against personal savings deposits and Denar and foreign currency accounts for a maximum of 13 days and appoint a National Bank employee with special authorizations and responsibilities to supervise the implementation of this decision.**

**The decision under paragraph 1 of this article designates the instances in which the employee of the National Bank of Macedonia with special authorizations and responsibilities may issue orders to other bank or savings house employees.**

### **Article 58**

**The National Bank of Macedonia prescribes the minimum extent, the form and content of the economic and financial auditing program and of the economic and financial auditing report on banks and savings houses.**

**The National Bank of Macedonia may request that the bank or savings house provide a report on the economic and financial auditing of their annual financial statement and operation within a specified term.**

**Should the National Bank of Macedonia decide that the report under paragraph 2 of this article does not comply with the specified auditing standards nor with the prescribed extent, form and content of the economic and financial auditing report on banks and savings houses, it may request that the bank or savings house provide a new report prepared by another authorized auditor within a specified term and in compliance with the law.**

## **7. Operation and Development of the Information System**

### **Article 59**

**The National Bank of Macedonia, banks and savings houses maintain records, collect, process and display figures and information when implementing the monetary, credit and foreign exchange policies as well as the special authorizations of the National Bank of Macedonia referring to:**

**1) Monetary and credit movements; and**

**2) Foreign economic relations.**

**Banks and savings houses submit the data specified under paragraph 1 of this article in accordance with the instructions prescribed by the National Bank of Macedonia.**

### **Article 60**

**For the purpose of development coordination and efficient functioning of the information system, the National Bank of Macedonia passes regulations that are to provide:**

**1) Standard procedures and terms for maintenance of records, collection, processing, display and transmittal of figures and information; and**

**2) Protection of data collected through the information system of the National Bank of Macedonia.**

#### **Article 61**

**The methods and the scope of maintaining records, collection, processing, display and transmittal of figures and information which may be of interest to entities of the information system are prescribed by the National Bank of Macedonia in compliance with the law.**

### **8. Other Operations of the National Bank of Macedonia**

#### **Article 62**

**The National Bank of Macedonia may purchase and sell gold and other precious metals.**

**The National Bank of Macedonia may export and carry abroad monetary gold and import and bring monetary gold from abroad either as gold coins or bullion.**

### **Article 63**

**The National Bank of Macedonia performs operations in the name of and on behalf of the Republic of Macedonia in the matter of obtaining and repaying foreign loans of the state unless otherwise stipulated by regulations or agreements for specific loans.**

### **Article 64**

**The National Bank of Macedonia assigns its standard commission rate for the services rendered.**

## **III. BODIES OF THE NATIONAL BANK OF MACEDONIA**

### **Article 65**

**The Council and the Governor of the National Bank of Macedonia constitute the bodies of the National Bank of Macedonia.**

### **Article 66**

**The Governor of the National Bank of Macedonia and eight members chosen among professional and competent personnel constitute the Council of the National Bank of**

**Macedonia. Members of the Council of the National Bank of Macedonia can not be appointed representatives of banks or savings houses.**

**The Governor of the National Bank of Macedonia acts as the President of the Council of the National Bank of Macedonia.**

**The members of the Council of the National Bank of Macedonia are appointed by the Assembly of the National Bank of Macedonia for a period of seven years.**

**A member of the Council of the National Bank of Macedonia can not be appointed for two consecutive terms.**

**The Council of the National Bank of Macedonia and all its members shall answer to the Assembly of the Republic of Macedonia regarding the fulfillment of functions and tasks of the National Bank of Macedonia determined with this Law and other laws.**

#### **Article 67**

**During the sessions, the Council of the National Bank of Macedonia resolves matters within its competence.**

**The decisions passed by the Council of the National Bank of Macedonia are published in the Official Gazette of the Republic of Macedonia.**

#### **Article 68**

**The Council of the National Bank of Macedonia passes the Rules of Order for its operation.**

## **Article 69**

**With respect to the operations of the National Bank of Macedonia which entail proposals and implementation of the monetary, credit and foreign exchange systems and policies, the Council of the National Bank of Macedonia decides on the following:**

- 1) Determining the technique of monetary planning;**
- 2) Adopting the financial plan and the annual financial statement of the National Bank of Macedonia;**
- 3) Adopting the Statute of the National Bank of Macedonia;**
- 4) Establishing the projection of the monetary and credit movements;**
- 5) Assigning measures for the implementation of the monetary, credit and foreign exchange policies;**
  - 5-a) Assigning the type and level of the banks and savings houses guarantee capital;**
- 6) Assigning the base and level of the banks and savings houses obligatory reserves, and determining the procedures, conditions and terms of computation and allocation of the obligatory reserves;**

**6-a) Assigning the level and procedure for the formation of a special bank reserve as a safeguard against potential losses;**

**7) Assigning the method and conditions for utilization of the obligatory reserve for maintenance of the foreign exchange liquidity and refunds of smaller allocations of the obligatory reserve;**

**8) Issuance of securities of the National Bank of Macedonia;**

**9) Determining the level, terms and other conditions for utilization and repayment of short-term loans to banks;**

**10) Assigning the amount and conditions for purchase of short-term securities either directly or through public sale on the inter-bank money market and the short-term securities market;**

**10-a) Assigning the conditions for purchase and sale of bank deposits;**

**11) Assigning the interest rates of the National Bank of Macedonia;**

**12) Limiting the extent and rate of the investment growth of banks and savings houses;**



**13) Assigning the obligations of banks and savings houses regarding the maintenance of minimal liquidity, maintenance of investments according to the maturity terms and reconciliation of investment terms with the fund sources in compliance with the terms;**

**14) Assigning the prerequisite for banks and savings houses in the matter of providing guarantees on securities, the issuance of guarantees and the issuance of bank or savings house securities;**

**15) Determining the responsibilities of the National Bank of Macedonia based on guarantees on personal savings deposits and current accounts in Denars with banks, the method of implementation and the conditions of utilization and repayment of loans on this basis;**

**16) Assigning the obligations of banks and savings houses to hold a special reserve for liquidity maintenance in payments against personal Denar savings deposits;**

**17) Prescribing the minimal solvency conditions to be met by banks and savings houses;**

**18) Prescribing the obligations of the authorized banks to hold**

**certain amounts in foreign currency or in other solvent  
foreign currency investments as a minimal reserve for  
liquidity maintenance in foreign payments;**

**19) Issuing new banknote and coin denominations, designating the  
basic earmarks of new banknotes and coins, final settlement  
of accounts in cash and non-cash payment operations and  
issuance and withdrawal of banknotes and coins from  
circulation;**

**20) Adopting regulations on the operation and development of the  
information system of the National Bank of Macedonia;**

**21) Procedures and conditions of purchasing and selling gold  
and other precious metals abroad and in the Republic of  
Macedonia, and export and overseas shipping of monetary  
gold;**

**22) Approval of loans for the requirements of the Republic of  
Macedonia and the conditions of their repayment;**

**23) Assigning a standard commission rate for the services  
rendered by the National Bank of Macedonia;**

**24) Specifying the conditions and techniques of supervision, the  
types, terms, order and procedure of measures that are to be**

**taken against banks and savings houses;**

**25) Issuance and withdrawal of licenses for the establishment of a bank;**

**26) The prospects and financial justification for the rehabilitation of a bank;**

**27) Bank complaints against decisions to begin actions that are to determine the conditions for the initiation of an insolvency procedure in the bank;**

**28) Assigning the minimal scope, form and content of the economic and financial auditing program and the economic and financial auditing report on banks and savings houses;**

**29) Additional issues and passing of regulations for which the National Bank of Macedonia has been authorized by law unless they are within the competence of the Governor of the National Bank of Macedonia;**

**30) Reports on the implementation of the monetary, credit and foreign exchange policies;**

**31) Risk estimated investments of banks and savings houses and the risk degree such investments involve; and**

**32) Reports on conducted supervision and undertaken measures.**

## **Article 70**

**The Council of the National Bank of Macedonia decides with a majority vote of all members of the National Bank of Macedonia on the management of operations in the National Bank of Macedonia related to the implementation of the monetary, credit and foreign exchange policies, unless otherwise specified by this Law.**

**The Council of the National Bank of Macedonia decides with a two-third majority vote of the whole membership on issues stipulated under article 69, items 1, 2, 4, 5, 7, 12 and 13 of this Law.**

**Should the Council of the National Bank of Macedonia fail to reach an agreement during the resolving process specified under paragraphs 1 and 2 of this article, and should the Governor of the National Bank of Macedonia decide that consequently major disruptions may occur in the economy and on the market when implementing the monetary, credit and foreign exchange policies or cause considerable damages to the State, the Governor of the National Bank of Macedonia shall submit a report to the Assembly of the Republic of Macedonia with views of all members of the Council of the National Bank of Macedonia and pass a decision accordingly.**

**The Council of the National Bank of Macedonia passes a final decision on the disputed issues under paragraph 3 of this article.**

## **Article 71**

**The Governor of the National Bank of Macedonia is empowered to pass instructions on the standard implementation of regulations and decisions of the Council of the National Bank of Macedonia passed according to article 69 of this Law.**

## **Article 72**

**The Governor of the National Bank of Macedonia manages and organizes the operations of the National Bank of Macedonia.**

## **Article 73**

**The Governor of the National Bank of Macedonia represents the National Bank of Macedonia.**

**The Governor of the National Bank of Macedonia passes decisions and other general regulations with respect to the operations of the National Bank of Macedonia which have been placed under the competence of the Council of the National Bank of Macedonia through this Law, and notifies the Council of the National Bank of Macedonia of the passed decisions and regulations during the first session.**

## **Article 74**

**Should the Governor of the National Bank of Macedonia suspend the implementation of a decision or regulation of the Council of the National Bank of Macedonia within two days from its adoption, he is obliged to notify the Assembly of the Republic of Macedonia accordingly.**

## **Article 75**

**The Governor of the National Bank of Macedonia is appointed and released from duty by the Assembly of the Republic of Macedonia by proposal of the President of the Republic of Macedonia for a seven year term with the right of reappointment.**

#### **Article 76**

**The Governor of the National Bank of Macedonia answers for his work before the Assembly of the Republic of Macedonia.**

#### **Article 77**

**A Deputy Governor and one or more Vice-Governors are appointed to the National Bank of Macedonia.**

**The Statute of the National Bank of Macedonia defines which activities may be transferred to the Deputy-Governor and to the Vice-Governors that are within the authorities of the Governor.**

**The Assembly of the Republic of Macedonia appoints the Deputy-Governor, by proposal of the Governor, for a seven year term with the right of one reappointment.**

**The Assembly of the Republic of Macedonia appoints the Vice-Governor, by proposal of the Governor, for a four year term with the right of one reappointment.**

### **IV. ORGANIZATION OF THE NATIONAL BANK OF MACEDONIA**

## **Article 78**

**The status of the National Bank of Macedonia is that of a legal entity.**

**The seat of the National Bank of Macedonia is located in Skopje.**

## **Article 79**

**The National Bank of Macedonia may assume membership and participate in the International Financial Organizations. Should this necessitate employment of state budget funds, the Assembly of the Republic of Macedonia must grant its consent.**

## **Article 80**

**The National Bank of Macedonia has a Statute.**

**The Statute defines the organization and operation of the National Bank of Macedonia.**

**The Statute of the National Bank of Macedonia is passed by the Council of the National Bank of Macedonia and approved by the Assembly of the Republic of Macedonia.**

## **Article 81**

**The seal of the National Bank of Macedonia bears the name of the bank in Macedonian language and the coat of arms of the Republic of Macedonia.**

## **Article 82**

**The Statute of the National Bank of Macedonia designates the tasks and duties of the personnel granted special authorizations and obligations, those of the management staff, and the procedure and terms under which these employees are appointed.**

**The Council of the National Bank of Macedonia, by proposal of the Governor of the National Bank of Macedonia, passes decisions on the appointment of employees specified under paragraph 1 of this article.**

**The Statute of the National Bank of Macedonia, by proposal of the Governor of the National Bank of Macedonia and through a decision passed by the Council of the National Bank of Macedonia, may designate appointment of employees who are to perform other tasks and duties.**

## **Article 83**

**The rights, obligations and responsibilities of the National Bank of Macedonia employees are regulated in compliance with the provisions of the State Authorities Law.**

**The Council of the National Bank of Macedonia determines the appropriate implementation procedure of the provisions in the Law stipulated under paragraph 1 of this article.**

## **V. REVENUES, EXPENDITURES AND FUNDS OF THE**



## **NATIONAL BANK OF MACEDONIA**

### **Article 84**

**The National Bank of Macedonia obtains revenues from:**

- 1) Interests and other expenditures on funds deposited abroad;**
- 2) Commission on monetary funds of the State;**
- 3) Interests on directly approved loans;**
- 4) Balances of positive exchange rate differences after reimbursement of negative exchange rate differences;**
- 5) Commission for services rendered;**
- 6) Purchase and sale of securities;**
- 7) Interests on loans and other investments from primary money issue granted to banks and other beneficiaries, and compensation of funds extended to enterprises for permanent usage;**
- 8) Revenues acquired through specific laws; and**

**9) Other revenues earned through its operations.**

## **Article 85**

**The revenues earned by the National Bank of Macedonia, as specified under article 84 of this Law shall cover:**

**1) Interests and other expenditures on foreign loans;**

**2) Interests on funds deposited with the National Bank of Macedonia;**

**3) Interests and other expenditures on securities;**

**4) Expenditures for foreign exchange operations;**

**5) Open negative exchange rate differences after the positive exchange rate differences have been covered;**

**6) Expenditures incurred through specific laws;**

**7) Manufacturing costs of banknotes and coins and shipment to the institution in charge of payment operations;**

**8) Material and replacement costs; and**

**9) Other expenditures of the National Bank of Macedonia incurred though operations.**

**The revenues earned by the National Bank of Macedonia as stipulated under article 84 of this Law shall provide funding for:**

**1) The fixed assets fund;**

**2) The special reserve fund; and**

**3) Salaries, collective consumption and material costs for the operation of the National Bank of Macedonia.**

#### **Article 86**

**Balances from positive exchange rate differences, as stipulated under article 84 item 4 of this Law, are transferred to the special reserve fund of the National Bank of Macedonia on a separate account and may be used to cover negative exchange rate differences.**

**The expenditures stipulated under article 85 item 6 of this Law are within the level of the earned revenues indicated under article 84 item 8 of this Law.**

#### **Article 87**

**All expenditures of the National Bank of Macedonia incurred during operations on behalf of the State shall be covered from the State budget.**

#### **Article 88**

**The financial plan and the annual financial statement of the National Bank of Macedonia are adopted by the Council of the National Bank of Macedonia and approved by the Assembly of the Republic of Macedonia.**

**The Council of the National Bank of Macedonia is obliged to adopt the annual financial statement for the previous year and the financial plan for the current year by February 28.**

**The Council of the National Bank of Macedonia passes 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 89**

**Following the implementation of the provisions under article 85 item 2 and article 86 item 1 of this Law, surplus revenues of the National Bank of Macedonia become State budgetary revenues unless otherwise determined by law.**

**Excess expenditures of the National Bank of Macedonia shall be covered by the special reserve fund of the National Bank of Macedonia. Should these funds be insufficient, excess expenditures shall be covered from State budget funds.**

#### **Article 90**

**A capital assets fund is established for the purpose of obtaining commodities and rights which represent the fixed assets of the National bank of Macedonia.**

**The assets of the capital assets fund are evaluated in the financial plan of the National Bank of Macedonia and defined in the annual financial statement of the National Bank of Macedonia.**

#### **Article 91**

**A special reserve fund is established to cover risks incurred in the operation of the National Bank of Macedonia.**

**The funds of the special reserve fund are allocated from revenues within the level determined by the Council of the National Bank of Macedonia either by way of decision or when defining the expenditures as specified under article 85 paragraph 2 item 2 of this Law.**

**The Council of the National Bank of Macedonia passes a decision on the utilization of funds belonging to the special reserve fund.**

#### **Article 92**

**The Council of the National Bank of Macedonia passes a decision regarding the objective and level of the allocated funds for the requirements under article 85 paragraph 2 of this Law by the date specified for submission of the annual financial statement to the institution in charge of payment operations.**

### **VI. PENALTY CLAUSES**

## **Article 93**

**Banks or savings houses shall be fined between 150 and 250 salaries for business violations in the following instances:**

**1) For failing to observe the determined framework when providing guarantees on securities, extending guarantees and issuing their securities (article 18 paragraph 1 item 4);**

**2) For failing to maintain liquid funds within the scope and structure prescribed by the National Bank of Macedonia (article 19);**

**3) For failing to observe the measures adopted by the National Bank of Macedonia in compliance with this Law ( articles 9, 18, 22 and 31);**

**4) For failing to carry out orders imposed by the National Bank of Macedonia (article 57); and**

**5) For failing to provide a report on the economic and financial auditing of their annual financial statement and operations at the request of the National Bank of Macedonia within the specified period (article 59).**

**The person in charge of the bank or savings house shall be fined between eight and ten salaries for business violations stipulated under paragraph 1 of this article.**

#### **Article 94**

**The responsible employee of the National Bank of Macedonia shall be fined between eight and ten salaries for business violations in the following instances:**

**1) For purchasing transferable short-term securities through banks and savings houses, and for approving loans to banks and savings houses which do not meet the minimal solvency conditions stipulated in this Law (article 24, paragraphs 1 and 2); and**

**2) For failing to conduct supervision or undertake measures within the provided authorities ( paragraph 2 of articles 50, 52, 56 and 57).**

#### **Article 95**

**Employees of banks and savings houses shall be fined between one and two and a half salaries for failing to fulfill orders issued by the employee of the National Bank of Macedonia (article 58 paragraph 2).**

### **VI. TRANSITIONAL AND CONCLUDING PROVISIONS**

#### **Article 96**

**The National Bank of Macedonia is the legal successor of the former National Bank of Macedonia and assumes full control of all rights and obligations.**

#### **Article 97**

**The National Bank of Macedonia shall coordinate its organization, regulations and operations with the provisions of this Law within six months from the date of its enforcement.**

#### **Article 98**

**Until the date this Law enters force, the Governor, Deputy Governor and Vice-Governors who are appointed by the Assembly of the Republic of Macedonia, shall remain in office until the expiration of their terms.**

#### **Article 99**

**The Governor of the National Bank of Macedonia shall perform the functions of the Council of the National Bank of Macedonia until it has been appointed.**

**The Council of the National Bank of Macedonia shall be appointed within 30 days from the date this Law enters force.**



#### **Article 99-A**

**The provisions under article 9 paragraph 2 item 5, and article 14 paragraph 1 item 2 of this Law shall be enforced by March 31, 1994 at the latest.**

#### **Article 99-B**

**On the date this Law enters force, the National Bank of Macedonia shall guarantee deposits and individual current accounts in Denars within the level determined by this Law. Guarantees shall also be provided for fixed term deposits depending on the period which is not to exceed three years from the date this Law enters force.**

#### **Article 100**

**On the date this Law enters force, the National Bank of Macedonia Law (Official Gazette of SRM No. 43/89) shall cease to be effective, and the Law on the National Bank of Yugoslavia and Standard Monetary Operation of the National Banks of the Republics and Autonomous Provinces (Official Gazette of SFRJ No. 34/89, 88/89 and 61/90) shall no longer be enforced on the territory of the Republic of Macedonia.**

#### **Article 101**

**This Law shall enter into force on the date of publication in the Official Gazette of the Republic of Macedonia.**