



## **NATIONAL BANK OF THE REPUBLIC OF MACEDONIA**

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Pursuant to Article 47 paragraph 1 item 6, in accordance with Article 7 paragraph 1 item 3 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12 and 43/14), Article 31 paragraph 7 and Article 34 of the Law on Foreign Exchange Operations (Official Gazette of the Republic of Macedonia No. 34/01, 49/01, 103/01, 51/03, 81/08, 24/11, 135/11 and 188/13), the National Bank of the Republic of Macedonia Council adopted the following

### **DECISION on the manner and the terms for buying and selling foreign currency**

#### **I. GENERAL PROVISIONS**

1. This Decision sets forth the manner and the terms for buying and selling foreign currency on the foreign exchange market.
2. The following foreign means of payment shall be bought and sold on the foreign exchange market: foreign currency, foreign currency cash, cheques, letters of credit and other payment instruments denominated in foreign currency and convertible into foreign currency.
3. Foreign exchange market shall comprise of buying and selling foreign currency:
  - between banks and other entities (legal entities and natural persons, residents and nonresidents), excluding transactions with natural persons (residents and nonresidents) for buying and selling foreign currency cash;
  - among banks;
  - between banks and the National Bank of the Republic of Macedonia (hereinafter: the National Bank);
  - between the National Bank and government authorities.

Legal entities and natural persons, residents and nonresidents shall buy and sell foreign currency as specified by the Law on Foreign Exchange Operations.

4. Foreign means of payment denominated in foreign currencies that are published on the Foreign Exchange Rates List of the National Bank shall be bought and sold on the foreign exchange market.
5. The following transactions shall be concluded on the foreign exchange market:
  - spot transactions, with a settlement date of up to two working days after the conclusion of the transaction;
  - forward transactions, with a settlement date of more than two working days after the conclusion of the transaction;
  - swap transactions, simultaneously agreeing upon spot and forward transactions.

The calculation of forward rate in case of futures and swap transactions shall use Act/360 method, except for the British pound, which shall use the Act/365 method.

Transactions on foreign exchange market shall also include transactions of converting foreign currencies in denars and vice versa in cases of approving and repayment of foreign currency loans among residents.

6. The rate used when buying and selling foreign currency shall be agreed upon by both parties.

The rate shall present the cost in denars, per one or hundred units of foreign currency, rounded to minimum two decimal places.

7. Foreign exchange market transactions shall be negotiated by a direct contact, via telephone, electronically and by other means of communication.
8. Contractual transactions shall be concluded by signing a ticket, which is legally effective as the sale deed, under the applicable provisions of the Contract Law.
9. Transactions shall be settled in accordance with the standard settlement instructions exchanged between the parties.

## **II. INTERBANK FOREIGN EXCHANGE MARKET**

10. Interbank foreign exchange market shall be a part of the foreign exchange market where banks buy and sell foreign currency and foreign currency cash among each other.

11. Banks conclude foreign currency transactions on the interbank foreign exchange market via electronic trading platform used by the majority (two thirds) of banks.

In case of inoperability of the electronic trading platform, foreign currency transactions shall be negotiated by telephone.

12. Each working day, the bank participant in the interbank foreign exchange market shall quote spot bid and ask rate for the euro, with precision of four decimal places, for the amount of Euro 30,000.

The spread between the quoted bid and ask rate for euro may not exceed 0.25 denars.

Banks quote bid and ask rates for other currencies at the request of a bank.

13. Transaction for buying and selling foreign currency shall be regarded as concluded when the bank that receives an offer for buying or selling foreign currencies accepts the offer.

A ticket shall be prepared for the concluded transaction, which will be signed electronically.

If the electronic ticket cannot be signed, it shall be prepared in paper and signed by the parties.

Banks shall mutually exchange lists of authorized signatories to verify paper tickets.

14. Transactions in foreign currency cash shall be agreed by telephone and other means of communication and shall be verified by signing an electronic ticket or a paper ticket.

### **III. PARTICIPATION OF THE NATIONAL BANK IN A FOREIGN EXCHANGE MARKET**

15. The National Bank shall buy and sell foreign currency and foreign currency cash with banks and government authorities on the foreign exchange market.
16. The National Bank shall buy and sell foreign currency with banks for the purposes of ensuring stability to the exchange rate of the Denar against the Euro, in environment of imbalance between the supply and the demand on the foreign exchange market, which leads to an appreciation or depreciation of the exchange rate.
17. The National Bank shall buy and sell foreign currency with market-makers on the foreign exchange market in the Republic of Macedonia.

When selecting the market-makers on the foreign exchange market in the Republic of Macedonia, the National Bank shall take into account certain criteria:

- the bank's share in total turnover in transactions with clients (legal entities and natural persons, residents and nonresidents) exceeds 5% in the last three years, or
- the bank's share in total turnover in transactions with banks on the interbank foreign exchange market exceeds 5% in the last three years, or
- the share of bank's foreign exchange liabilities in the total foreign exchange liabilities of the banking system exceeds 5% in the last three years.

The National Bank and the market-makers shall govern mutual rights and obligations by concluding a market-maker contract on the foreign exchange market in the Republic of Macedonia.

Provisions in the market-maker contract on the foreign exchange market in the Republic of Macedonia shall be uniform for all market-makers and it shall be posted on the National Bank website.

The National Bank shall list, on its website, all banks that signed a market-maker contract on the foreign exchange market in the Republic of Macedonia.

18. The National Bank shall execute transactions for buying and selling foreign currency with market-makers through an electronic trading platform on the interbank market.
19. Notwithstanding items 17 and 18, in case of larger imbalance between supply and demand on the foreign exchange market, which is a result of adverse movements in the balance of payments or withdrawal of foreign currency deposits by banks' clients, the National Bank may buy and sell foreign currency to all banks.
20. To maintain an adequate level of foreign currency cash, the National Bank shall buy and sell foreign currency cash with banks.
21. The National Bank shall carry out transactions for buying and selling foreign currency and foreign currency cash with government authorities.

### **IV. DATA ON FOREIGN EXCHANGE MARKET DEVELOPMENTS**

22. For the purposes of monitoring the foreign exchange market developments, banks shall submit, to the National Bank, data on transactions concluded with

clients (residents and nonresidents, legal entities and natural persons) for buying and selling foreign currency.

The Governor shall adopt instructions for the coverage of data on transactions concluded on the foreign exchange market and the manner of submission to the National Bank.

## **V. CLOSING PROVISIONS**

23. This Decision shall supersede the Decision on the manner and the terms for buying and selling foreign currency in the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 53/02).
24. This Decision shall enter into force on the eighth day from the publication in the Official Gazette of the Republic of Macedonia and shall apply from 1 July 2014.

**D No. 02-15/III-2/2014**  
**27 March 2014**  
**Skopje**

**Dimitar Bogov**  
**Governor**  
  
**Chairman**  
**of the National Bank of the Republic of**  
**Macedonia Council**