



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 47 paragraph 1 item 6, and referring to Article 19 paragraph 2 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia", No. 158/2010), the National Bank of the Republic of Macedonia Council adopted this

DECISION

on determining the instruments used as collateral in the conduct of monetary operations

1. This Decision sets forth the instruments used by the National Bank of the Republic of Macedonia (hereinafter: National Bank) as collateral in the conduct of monetary operations with banks and foreign bank branches (hereinafter: banks), for providing or absorbing liquidity on temporal or outright basis.

The instruments referred to in paragraph 1 of this item shall serve for National Bank protection against credit, market and liquidity risks.

2. Instruments used as collateral in the conduct of monetary operations shall include high-quality debt securities.

The National Bank shall use debt securities with residual maturity period exceeding the maturity period of the monetary operations.

The National Bank may decide not to accept the debt securities with coupon interest payment during the monetary operations.

3. The National Bank shall define margin ratios, as a ratio of the value of instruments used as collateral - to - funds.

In the monetary operations for providing Denar liquidity on temporal basis, the value of instruments used as collateral shall exceed the approved funds.

In the monetary operations for absorbing Denar liquidity on temporal basis, the value of instruments used as collateral shall equal the approved funds.

4. The National Bank shall, during the monetary operations, monitor the value of instruments used for collateral, on a daily basis.

If the ratio of value of instruments used as collateral -to- funds falls below the defined margin ratios, the National Bank shall demand margin in funds or in other suitable instruments used as collateral.

On the other hand, if the ratio of value of instruments used as collateral -to- funds climbs above the defined margin ratios, the National Bank shall return the excess collateral on request of the bank.

5. The securities the National Bank uses as collateral instrument in the conduct of monetary operations, and the margin ratios shall be defined in the List of securities for conducting monetary operations, adopted by the Governor.

The List of securities for conducting monetary operations shall be published in the "Official Gazette of the Republic of Macedonia" and at the National Bank's Electronic System for Market Operations.

6. On the date this Decision starts being applied, it shall supersede the Decision on determining the instruments used as collateral in the monetary operations ("Official Gazette of the Republic of Macedonia" no. 84/2005).

7. This Decision shall become effective on the date of its publishing in the ("Official Gazette of the Republic of Macedonia", and shall start being applied on February 1, 2012.

D. No. 02-15/IX-6/2011
15.09.2011
Skopje

Dimitar Bogov
Governor

Chairperson
of the National Bank of
the Republic of Macedonia
Council