



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 48 paragraph 1 item 3 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 158/2010), and item 6 paragraph 3 of the Decision on issuance, trade and payment of central bank bills of the National Bank of the Republic of Macedonia ("Official Gazette of RM" no. 42/2011), the Governor of the National Bank of the Republic of Macedonia adopted the following

Instructions on settlement of transactions with issued CB bills

1. The settlement of the transactions with CB bills on the secondary market shall be performed immediately, but no longer than one business day from the day of conclusion of the transaction.

No settlement of transactions with CB bills on the maturity date shall be performed.

2. The settlement of transactions with CB bills on the secondary market shall be performed according to the "delivery v.s. payment" principle, which provides final transfer of ownership of CB bills in the depository given simultaneous transfer of funds to the Macedonian Interbank Payment System (hereinafter referred to as: MIPS).

3. Participants in the settlement of transactions with CB bills shall be the banks and the National Bank of the Republic of Macedonia (hereinafter referred to as: the National Bank), which shall submit instructions for settlement of outright transactions and repo transactions with CB bills in the capacity of purchasing bank, i.e. selling bank.

In case of repo transactions, the purchaser from the General repo agreement shall submit settlement instructions on the purchase date as a purchaser of CB bills, while on the repurchase date, as a seller of CB bills. The seller from the General repo agreement shall submit settlement instructions, on the purchase data as a seller of CB bills, while on the repurchase date, as a purchaser of CB bills.

4. The banks shall submit the instructions for settlement of transactions with CB bills to MIPS and to the Electronic System of the National Bank for matching of the messages for transfer of funds (field for DVP code) and messages for transfer of CB bills ownership (hereinafter referred to as: Matching system).

The banks shall submit instructions for settlement of transactions with CB bills on the settlement date, from the moment MIPS becomes available to the entities responsible for conducting the payment operations for submission of messages for transfer of funds to the moment when MIPS ceases to receive messages for transfer of funds from the entities responsible for conducting payment operations, according to the MIPS Term Plan.

The banks shall submit the instructions for settlement of transactions with CB bills in form of standard electronically signed messages for transfer of ownership, i.e. transfer of funds, pursuant to the Standard for purpose and format of MT 99 messages in the Matching system and the Standard for the purpose and the format of the messages in MIPS.

When purchasing CB bills, the purchasing bank shall send message for transfer of funds from its regular account to the regular account of the seller in MIPS.

The message for transfer of funds shall contain DVP field which shall state instructions for CB bills transfer of ownership.

When selling CB bills, the selling bank shall send message for transfer of the CB bills ownership to the Matching system.

The banks may withdraw the messages for transfer of funds and the messages for transfer of CB bills ownership before they are matched, or settled.

5. The matching system shall control and compare the elements of the message for transfer of funds (field for DVP code) and the message for transfer of ownership and it shall report on errors if any.

The control and the comparison of the elements of the message for transfer of funds and the message for transfer of ownership of CB bills shall be performed pursuant to the Standard for the purpose and format of MT 199 messages in the Matching system.

6. If the message for transfer of funds and the message for transfer of ownership of CB bills fail to be matched until the expiration of the period set forth in paragraph 2 of item 4 of these Instructions, the messages for transfer of ownership of CB bills shall be deemed invalid, while the funds shall be paid back to the purchasing bank by default by the Matching system.

In instances of errors under paragraph 1 of item 5 of these Instructions, and invalid messages under paragraph 1 of this item, the settlement of the transactions shall remain unrealized and without consequences for the National Bank.

7. If the message for transfer of funds and the message for transfer of ownership of CB bills match, the National Bank shall verify the stock of the seller's CB bills in the depository.

If the seller has enough amount of CB bills, the transfer of the funds and the ownership of CB bills shall be made simultaneously.

8. The result of the settlement shall be reported to both the purchasing bank and the selling bank through the Matching system.

9. These Instructions shall enter into force on the date of their publishing in the "Official Gazette of the Republic of Macedonia".

With the effectuation of these Instructions, the Rules for settlement of transactions with issued CB bills ("Official Gazette of the Republic of Macedonia" no. 84/2005) shall become void.

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Skopje

Governor
of the National Bank of the Republic of
Macedonia
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