



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 31 paragraph 1 and Article 64 paragraph 1 item 9 of the Law on the National Bank of the Republic of Macedonia, and having regard to Article 14 paragraph 4 of the Law on Foreign Exchange Operations ("Official Gazette of the Republic of Macedonia" No.34/01, 49/01 and 103/01), at its CI session held on July 06, 2002 the National Bank of the Republic of Macedonia Council adopted the following

DECISION

on determining the types of securities that the authorized banks may purchase and sell abroad

1. The authorized banks may purchase and sell securities abroad, issued or guaranteed by Governments or central banks of the member-states of the OECD or by international institutions.
2. As an exemption of item 1 of this Decision, the authorized banks may purchase or sell other securities abroad under the following conditions:
 - a) the security should bear at least the credit rating Baa according to the rating agency Moody's or credit rating BBB according to the rating agency Standard and Poors;
 - b) to have an authorization for issuance, introduction or trading granted by from the Securities and Exchange Commission or similar institution from the member-states of the OECD;
 - c) the security should be unmaterIALIZED ;
3. The authorized banks may purchase and sell the securities stipulated in this Decision in other countries if the following conditions are fulfilled:
 - a) the settlement of the security should be realized according to the delivery versus payment principle;
 - b) the settlement of the security should be realized through the settlement systems Euroclear or Cedel-Clearstream or through the commercial banks with a credit rating A established by the rating agency Moody's or credit rating A established by the rating agency Standard and Poors:
4. Besides the securities stated in item 1 of this Decision, when the securities are in the form of derivatives, the banks abroad may purchase or sell securities when the issuer of the security has at least a credit rating Baa established by the rating agency Moody's or credit rating BBB established by the rating agency Standard and Poors, or the security may be settled through the clearing houses with head offices in the member-states of the OECD;

5. This Decision shall become effective eight days from its publishing in the "Official Gazette of the Republic of Macedonia", and its implementation shall start on October 15, 2002.

D. No. 02-15/CI-17/2002
July 06, 2002
Skopje

President
of the National Bank of the
Republic of Macedonia Council
Ljube Trpeski
Governor

EXPLANATORY NOTE

This Decision defines the type of the securities that may be purchased or sold abroad by the banks authorized by the National Bank of the Republic of Macedonia.

There is a large number of different types of securities that are traded on the world capital markets. In order to inform the investors who are investing their capital about the quality of the securities, Agencies which are exclusively making an evaluation of the quality of the securities depending on of their issuer and the collection risk, were established.

In order to protect the capital of the banks in the Republic of Macedonia from investments in securities that bring high revenues, but are very risky, with this Decision the National Bank of the Republic of Macedonia limited the trade only to the securities which are guaranteed by the governments or central banks of the member states of the OECD (Organization for the Economic Cooperation and Development) which consists of the most developed countries in the world. In addition, the banks from the Republic of Macedonia will be able to trade with the securities which are not issued by the governments and central banks of the OECD member-states, but which have the credit rating BBB according to the largest agencies Moody's and Standard and Poors and to have an approval for issuance, introduction or trading granted by the Securities and Exchange Commission or appropriate institution of the OECD member-states.