

National Bank of the Republic of Macedonia
Financial Stability and Banking Regulations Department



DECISION
amending the Decision on issuing licenses

February 2018

Pursuant to Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15 and 6/16), Article 17 paragraph 5 and Article 22 paragraph 2 of the Banking Law (Official Gazette of the Republic of Macedonia No. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15 and 190/16) and Article 56 of the Law amending the Banking Law (Official Gazette of the Republic of Macedonia No. 26/13), the National Bank of the Republic of Macedonia Council adopted the following

**Decision amending the Decision
on issuing licenses
(Official Gazette of the Republic of Macedonia No. 24/18)**

1. In the Decision on issuing licenses (Official Gazette of the Republic of Macedonia No. 72/13), in item 2 sub-item 2.3.6. paragraph 1 indent 2, the words: "capital adequacy ratio" shall be followed by the words: "capital buffers", while the words: "and asset quality" shall be replaced by the words: "and the exposure to credit risk and other material risks;".

In sub-item 2.6.1. paragraph 1 indent 9, the full stop at the end of the indent shall be replaced with semicolon, followed by two new indents that read as follows:

- "- statement signed by competent body of the legal entity, given under full criminal and material accountability, whether it acts jointly, directly or indirectly, through a formal or informal agreement, with the other persons/entities that intend to found a bank or with other persons/entities, whereby it would have control over the bank;
- schematic representation of the ownership structure of the legal entity to the beneficial owner – natural person."

In sub-item 2.6.2 paragraph 1 indent 5, the full stop at the end of the indent shall be replaced with semicolon, followed by a new indent that reads as follows:

- "- statement given under full criminal and material accountability, whether it acts jointly, directly or indirectly, through a formal or informal agreement, with the other persons/entities that intend to found a bank or with other persons/entities, whereby it would have control over the bank."

In sub-item 2.6.2, paragraph 2 shall be followed by a new paragraph 3 that reads as follows:

"The National Bank, ex officio, may also require additional documents, data and information from an appropriate competent authority in the country or abroad for the purpose of assessing the reputation or integrity of the persons/entities that intend to found a bank.

2. In item 3 paragraph 1 indent 3, the word: "group" shall be followed by the wording: "in the country or abroad".

3. In item 5 sub-item 5.7. paragraph 1, indent 6 shall be amended and read as follows: "- ethical behavior (Code of Conduct);" followed by three new indents that read as follows:

- “- corporate governance (Corporate Governance Code);
- avoiding conflicts of interests;
- method of selection, monitoring of operations and dismissal of members of the Supervisory Board, the Risk Management Committee, the Auditing Committee and the Board of Directors.”.

4. In item 7 paragraph 1 indent 7, the words: "practices and procedures" shall be followed by the words: "noncompliance with the good corporate governance rules,".

In indent 13, the full stop at the end of the indent shall be replaced with semicolon, followed by a new indent that reads as follows:

- “- assessment whether the close connections or organizational or ownership structure of the bank or the group it belongs to do not hinder the performance of an efficient supervision and taking corrective measures on an individual and consolidated basis.”.

5. In item 13 paragraph 1 indent 1, the semicolon at the end of the indent shall be replaced with comma, followed by the wording: "implementing administration, undertaking other measures for resolving the situation, revocation of approvals, revocation of the license for status changes or revocation of the founding and operating license;”.

6. In item 23 paragraph 1 and item 33 paragraph 2, the wording: "item 7" shall be replaced with the words: "items 7 and 13”.

7. Item 29: "Based on the assessment under item 33 of this Decision, the Governor shall adopt a decision on issuing approval for a status change and/or transformation of a savings house into a bank, without a procedure for issuing a temporary license or on rejecting the application within the deadlines prescribed by the Banking Law." shall become item 33-a. and shall read as follows:

"33-a. Based on the assessment under item 33 of this Decision, the Governor shall adopt a decision on issuing approval for a status change and/or transformation of a savings house into a bank, without a procedure for issuing a temporary license or on rejecting the application within the deadlines prescribed by the Banking Law.”.

8. In item 34, paragraph 1 shall be followed by four new paragraphs that read as follows:

"The applicant shall be obliged to fully prepare the application for issuing an approval submitted to the National Bank, to verify and ensure that the application and the documentation submitted to the application do not contain errors regarding the facts or other omissions.

Together with the application, the entire documentation prescribed with the Banking Law and this Decision should be submitted. Other additional documentation may also be required during the procedure, and the National Bank shall notify the applicant thereon.

The National Bank shall review the application for issuing a license from item 1 of this Decision with the complete documentation. "Complete documentation" shall mean documents prescribed in this Decision, documents additionally requested by the National

Bank, and the relevant documents, data and information to be obtained from relevant national and international institutions for deciding upon the application.

In considering the application, the National Bank may use the documents it has about the appropriate bank, legal entity or natural person.”.

9. In item 36, paragraph 2 shall be deleted.

10. Item 37 shall be amended and read as follows:

"37. Provided that the legislation of the home country of the foreign person/entity that intends to found a bank otherwise regulates the matters regarding the documents submitted with the application for issuing licenses under item 1 of this Decision, it shall be obliged to submit:

- an extract from the relevant regulation of the foreign country; or
- a legal opinion from an independent lawyer, whereby a document that will confirm that he/she is an authorized lawyer in the foreign country shall also be submitted together with the opinion.

The documents under paragraph 1 of this item shall clearly and unambiguously state that according to the legislation of the foreign country, a certain document prescribed with this Decision may not be obtained, i.e. there is no competent institution in that country that keeps a record and issues a document as that stipulated in this Decision or clearly and unambiguously state in which manner and through which other document a certain circumstance is proved (e.g. ban on performing a profession, activity or duty)."

11. In Form 2 item 1 sub-item 1.5., the wording: "(if any)" shall be deleted.

12. In Form 4, items 14 and 15 shall be deleted, and item 16 shall become item 14.

13. The proceedings initiated before the entry into force of this Decision, shall be subject to the provisions that were in effect on the date of submission of the application for obtaining approval.

14. This Decision shall enter into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Macedonia.

D. No. 02-15/II-3/2018
1 February 2018
Skopje

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