



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

---

Pursuant to Article 19 paragraph 2 and Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of North Macedonia (Official Gazette of the Republic of Macedonia No. 158/ 10, 123/12, 43/14 153/15 6/16 and 83/18 and Official Gazette of the Republic of North Macedonia No. 110/21 and 74/24), the National Bank of the Republic of North Macedonia Council has adopted the following

### **DECISION on CB bills**

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

1. This Decision sets forth the conditions and rules for issuing denar CB bills (hereinafter: CB bills) of the National Bank of the Republic of North Macedonia (hereinafter: the National Bank).

2. CB bills are short-term, discount securities for monetary purposes, issued in dematerialized form by auctions and kept in the Register of CB bills with the National Bank (hereinafter: The Register)

3. The right to participate in CB bill auctions shall belong to banks, foreign banks' branch offices and savings houses (hereinafter referred to as: counterparty/ counterparties) that meet the following criteria:

- are required to maintain reserve requirement with the National Bank (hereinafter: Counterparties):
- are participants in the Macedonian Interbank Payment System (hereinafter referred to as: MIPS) and
- have access to the National Bank Electronic System for CB bills (hereinafter: electronic system).

4. The National Bank Executive Board shall decide on the type of tender, the interest rate in volume tender and/or maximum interest rate tender, the offered amount of CB bills, as well as other auction features referred to in Chapter II and III of this Decision.

#### **II. AUCTIONS**

5. The prospectus shall determine the type of tender for conducting the CB bills auctions: volume tender or interest rate tender.

6. In a volume tender, the prospectus shall define the interest rate and the amount of CB bills shall be either limited or unlimited.

In case of volume tender, the counterparties may bid only in amounts (CB bills par amount).

In case of volume tender and limited amount the National Bank can determine the maximum amount of bid by counterparty, according to the percentage share of counterparty's denar liabilities without currency clause which are subject to reserve requirement, in total denar liabilities without currency clause that are subject to reserve requirement, during the fulfillment period when the auction is conducted. The maximum amount of the counterparty's offer shall be equal to the amount obtained by applying the appropriate percentage share in the amount of CB bills as specified in

the prospectus. Before the auction, the counterparties shall be informed of the maximum amount of offer by e-mail.

If the counterparty submits an offer in an amount higher than the maximum amount of offer referred to in paragraph 3 of this item, the offer shall be accepted only up to the determined maximum amount.

7. In an interest rate tender, the prospectus shall state the amount of CB bills and the maximum interest rate (minimum price) can be determined.

The counterparties shall bid in amounts (CB bills par amount) and prices (interest rates), rounded to 4 decimal digits of accuracy.

The price of 100 units of CB bills par value shall be calculated by the formula:

$$C = \frac{100}{1 + \frac{KS * D}{36000}}$$

where,

*C* = price of 100 units of CB bills par value;

*KS* = interest rate on annual basis (in %);

*D* = number of maturity days.

8. The auctions shall be conducted on a regular basis in accordance with the Indicative Calendar published before the beginning of the current year on the National Bank website.

Notwithstanding paragraph 1 of this Article, the National Bank may conduct an extraordinary auction. The National Bank shall inform the counterparties about the extraordinary auction by telephone or e-mail.

### **III. PROSPECTUS**

9. All counterparties shall receive a prospectus, specifying the terms of participation in the auction, through the electronic system.

10. The prospectus shall contain:

- auction date;
- time of auction and time of receiving bids for participation in the auction;
- type of tender for carrying out the auction;
- mark of the auction in the following format CBYYYY/NNN-DDD;

*where,*

*CB implies that they are Central Bank bills; YYY denotes the year of CB bills issuance;*

*NNN is the ordinal number of the auction and*

*DDD denotes the number of days of the CB bills maturity.*

- CB bills due date;
- amount of CB bills and
- price rounded to 4 decimal digits of accuracy in the case of volume tender, or interest rate tender with determined minimum price, in accordance with the defined interest rates.

The prospectus may also include the maximum amount of the individual bid, as a percentage of the amount offered at the auction.

The counterparties can participate in the auction with one bid. The minimum amount for participation in the auction shall equal Denar 5,000,000. Each increase above the minimum amount shall be made by adding rounded amounts of Denar 1,000,000.

#### **IV. BIDS FOR PARTICIPATING IN AUCTIONS**

11. Within the period for receiving bids, the counterparties shall submit auction bids through the electronic system. At the time of receiving the bids, the National Bank shall have no insight in the data indicated by the counterparties in their bids.

The submitted bids shall be irrevocable after the expiration of the deadline for receiving bids.

In case of technical problems on the side of the counterparty when using the electronic system, the counterparty may participate in the auction by submitting bids to the National Bank by e-mail or recorded phone extension, no later than the auction time referred to in the prospectus.

12. The bids that fail to meet the terms specified in this Decision shall be rejected.

#### **V. PRINCIPLES OF BID ALLOTMENT**

13. Depending on the type of tender, the bids shall be allotted according to certain principles.

In case of volume tender, when the total demand exceeds the supply, the bids shall be allotted proportionately to the bid amount (a principle of proportional allotment). When the amount of CB bills is unlimited, the counterparties' bids shall be accepted in full.

In case of interest rate tender, the bids shall be allotted by their bidding price (interest rate), starting from the highest price (the lowest interest rate) – principle of priority of the bidding price (interest rate). If several counterparties bid with the same lowest accepted price (interest rate), and the total demand exceeds the supply, the bids shall be allotted proportionately to the bid amount (a principle of proportional allotment).

The bids shall be allotted in accordance with the principle of proportional allotment using the following formula:

$$P = A * (V_2 / V_1)$$

where,

P = accepted part of the counterparty's bid (the bid at the lowest accepted price);

A = counterparty's bid (counterparty's bid at the lowest accepted price);

$V_1$  = total bid amount of all counterparties (total bid amount of the counterparties at equal lowest accepted price);

$V_2$  = total amount accepted by the National Bank (total amount of bids at the lowest accepted price).

If, while applying the principle of proportional allotment, there is a need to increase the realized amount as a result of mathematical rounding of the realized amount, the realized amount may be increased relative to the offered amount.

## VI. AUCTION RESULTS

14. The auction results shall be communicated to the counterparties through the electronic system, and shall be published on the National Bank website.

In the case of interest rate tender, the auction results, in addition to data on the total realized amount, shall also contain data on the weighted (average) price (interest rate) at the auction, as well as the minimum and the maximum price (interest rate) of the accepted bids.

The weighted (average) price shall be calculated using the following formula:

$$\text{Weighted price} = \frac{\sum_{i=1}^n C_i * P_i}{\sum_{i=1}^n P_i}$$

where,

C=price of the accepted bid; PP =

amount of the accepted bid; n =

number of accepted bids.

In case of volume tender, the auction results shall include data on the realized amount.

15. Each counterparty shall have an access to the own auction result through the Electronic System.

The auction results shall contain accepted and/or unaccepted bids.

The accepted bids shall be implemented according to the offered terms and in compliance with the auction results.

## VII. PAYMENT AND REGISTRATION OF CB BILLS

16. The counterparties shall pay the discounted amount of CB bills of the accepted bids on the National Bank's account, on the day of the auction.

The discounted amount shall reflect the price and the appropriate interest rate at which the participants purchase CB bills on the primary market.

The discounted amount shall be calculated by the following formula:

$$DI = \frac{NI * C}{100}$$

where,

DI- discounted amount;

NI - nominal amount;

C - the price.

17. The National Bank shall record the CB bill in the Register once the counterparties make the payment.

The National Bank shall issue certificate on CB bills ownership.

18. If the participant fails to pay-in the adequate amount of accepted bids at the auction, the National Bank shall not register the CB bills in the Register by the amount of unpaid funds and shall

calculate a penalty interest on the amount payable by the counterparty.

The counterparty shall pay the penalty interest in accordance with the paragraph 1 of this item within eight days after the date of the occurrence of the obligation.

The National Bank Executive Board may limit the right of participation in the CB bills auction of a counterparty that failed to pay the appropriate amount of funds at the last auction, in accordance with paragraph 1 of this item.

### **VIII. DISRUPTION OF THE AUCTION PROCESS**

19. The CB bills auction process may be disrupted in the event of:

- power supply interruption;
- failure of the communication equipment and servers;
- Vis major and
- other factors that disrupt the auction process continuity

In the event of any of the above risks, the CB bills auction shall be canceled. The National Bank shall additionally inform the counterparties on the date and the time of the next CB bills auction.

20. In event of technical problems with the National Bank in the utilization of the electronic system, the counterparties shall be informed on the prospectus and the auction results by telephone, e-mail, or other notification method. The counterparties shall submit CB bills auction bids through a recorded extension call, an e-mail or other written notification method.

### **IX. TRADE, SETTLEMENT AND PAYMENT**

21. CB bills may be traded on the secondary market among counterparties.

CB bills shall be traded on the secondary market to the working day which precedes the CB bills due date, inclusive.

The Executive Board shall adopt Instructions for settling transactions with issued CB bills.

22. The National Bank shall make payment of the CB bills par value on their due date.

### **X. TRANSITIONAL AND CLOSING PROVISIONS**

23. Savings houses may participate at CB bills auctions until 1 June 2025, although they are not MIPS participants.

24. Once this Decision enters into force, the Decision on CB bills (Official Gazette of the Republic of Macedonia No. 263/22) shall become void.

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

**No. 02-40305/4**  
**28 November 2024**  
**Skopje**

**Governor**  
**and Chairperson**  
**of the National Bank of the Republic of**  
**North Macedonia Council**  
**Anita Angelovska Bezhoska**