



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

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Pursuant to Article 47 paragraph 1 item 6 and in accordance with Article 21 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, 6/16), the National Bank of the Republic of Macedonia Council adopted the following

### **DECISION on foreign currency deposit with the National Bank of the Republic of Macedonia**

#### **General provisions**

1. This Decision lays down the manner and the terms for placing Euro deposits (hereinafter referred to as: foreign currency deposits) with the National Bank of the Republic of Macedonia (hereinafter referred to as: the National Bank).

2. Banks and foreign bank branches (hereinafter referred to as: banks), which have founding and operating license issued by the Governor of the National Bank, shall be entitled to place foreign currency deposits with the National Bank.

3. The banks shall place foreign currency deposits through auctions carried out by the National Bank.

4. The Governor of the National Bank shall determine the interest rates on foreign currency deposits.

#### **Auctions of foreign currency deposits**

5. The National Bank shall carry out auctions within the scheduled period of conducting.

6. The auctions of foreign currency deposits shall be conducted by applying volume tenders, whereby the offered amount may be limited or unlimited.

7. The National Bank shall submit a prospectus to all banks, indicating the terms and conditions for participating in the auction, through the National Bank's Electronic system for market operations (hereinafter referred to as: Electronic System).

8. The prospectus shall contain:

- date of auction;
- 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 DDYYYY/NNN-DDD, where:
  - the abbreviation DD implies that they are foreign currency deposits;
  - YYYY denotes the year of placing the foreign currency deposits;
  - NNN is the ordinal number of the auction conducted in the current year;
- and

- DDD presents the number of foreign currency deposits' days of maturity.
- date of payment of the foreign currency deposits;
- date of maturity of the foreign currency deposits;
- amount of Euro foreign currency deposits the National Bank offers at the auction;
- foreign currency deposits' maturity date;
- interest rate on foreign currency deposits;
- National Bank's account for payment of the foreign currency deposits and
- minimum amount for participation in the auction and the round-up amount.

The National Bank may, in the prospectus, indicate the maximum amount for participation in the auction.

9. The banks shall submit the bids for participation in the auction through the Electronic System, using their own user name and password. At the time of receiving the bids, the National Bank shall have no insight in the data indicated by the banks in their bids.

The National Bank shall be obliged to provide confidentiality of the terms offered by the banks.

10. The submitted bids shall be irrevocable after the expiration of the deadline for receiving the bids, and the bids that fail to meet the terms specified in this Decision shall be rejected.

11. When the National Bank offers limited amount of foreign currency deposits, and the total demand exceeds the supply, the bids shall be allotted proportionately to the bid amount (principle of proportional allotment).

If in the proportional allotment, a need occurs for increasing the realized amount as a result of mathematical rounding up of the allotted amounts, the National Bank shall have the right to increase the realized amount relative to the offered one.

12. The National Bank shall inform the banks on the auction results electronically.

Each bank shall have an access to its own auction results and to the total results of each auction, through the Electronic System.

13. The banks shall be obliged to pay-in the placed foreign currency deposits on the National Bank's account at the settlement date specified in the prospectus.

14. On the maturity date, the National Bank shall pay the amount of the placed foreign currency deposits and the interest.

The interest rate shall be calculated by applying the following formula:

$$K = \frac{D * k * d}{36000}$$

where:

K - interest on foreign currency deposit

D - amount of foreign currency deposit

k - interest rate

d - calendar number of days

15. The auction process of foreign currency deposits may be terminated in the event of:

- power supply interruption;
- failure of the communication equipment and servers;
- vis major.

In the event of any of the above risks, the foreign currency deposit auction shall be canceled. The National Bank shall additionally inform the banks on the date and the time of the next auction on foreign currency deposits.

In event of technical problems in the utilization of the Electronic System, the National Bank shall inform the banks on the prospectus and the results of the auction by telephone, fax or by using other manner of notification. The banks shall submit the bids for participation in the auction by fax or by using other manner of written notification.

### **Usage of foreign currency deposit**

16. The bank may request early withdrawal, in part or in full, of the foreign currency deposit.

The amount paid by the National Bank on the basis of withdrawal of the foreign currency deposit shall be calculated by the following formula:

$$D_1 = D * \frac{1 + \frac{k * d}{36000}}{1 + \frac{k_1 * d_1}{36000}}$$

where:

$D_1$  - amount of funds paid

$D$  - amount of used foreign currency deposit

$k$  - interest rate on foreign currency deposit

$k_1$  - the rate on the marginal lending facility of the European Central Bank, but not lower than 0.05%

$d$  - calendar number of days from the settlement date to the maturity date of the foreign currency deposit

$d_1$  - calendar number of days from the withdrawal date to the maturity date of the foreign currency deposit

### **Penalty provisions**

17. If the bank fails to pay-in the adequate amount of foreign currency deposits in line with the auction results, the National Bank shall calculate a compensation for the non paid-in funds at interest rate equal to the rate on the marginal lending facility of the European Central Bank, but not lower than 0.05%.

The bank shall pay the compensation defined in paragraph 1 of this item, on the first working day after the date of occurrence of the obligation.

The National Bank shall retain the right to undertake other measures, as well.

### **Final provisions**

18. With the effectuation of this Decision, the Decision on the foreign currency deposit with the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 42/11) shall become void.

19. This Decision enters into force with the day of its publishing in the Official Gazette of the Republic of Macedonia.

**D. No. 02-15/V-1/2016**  
**5 May 2016**  
**Skopje**

**Governor  
and Chairperson  
of the National Bank of the Republic of  
Macedonia Council  
Dimitar Bogov**