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**Welcome to the Depository-  
Information Gathering Project.**

Before beginning, we suggest that you:  
print the entire document for review on  
paper; review the Glossary of Terms.  
Each will assist you with answering the  
questions. For help, contact: Robin D.  
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Note

**\* When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.**

**\* Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.**

**\* Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.**

**\* Any responses that appear in open text boxes should be deleted if the information is no longer applicable.**

SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

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*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

**Response Necessary/Eligibility Question**

**1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."**

**Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?**

Yes

**1a. Please explain:**

**Response Necessary/Eligibility Question**

**2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries."**

**Does your institution: (Choose all that apply.)**

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

**2a. Please explain:**

**2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:**

Under the Law on Securities of the Republic of Macedonia, all type of Securities except the Treasury Bills issued by National Bank of Republic of Macedonia are registered by the CSD.

**3. What type of legal entity is the institution? (Choose all that apply.)**

Private Company

**3a. Please explain:**

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

For profit

**4a. If other, please explain:**

**5. Please provide the names of the owners and their ownership interest percentages.**

KOMERCIJALNA BANKA AD SKOPJE 15% BROKERSKA KUKJA FERSPED BROKER AD SKOPJE 15% EUROSTANDARD BANKA AD SKOPJE 14,833% NLB TUTUNSKA BANKA AD SKOPJE 9,033% STOPANSKA BANAKA AD SKOPJE 7,033% SPARKASE BANKA MAKEDONIJA AD SKOPJE 5,95% TTK BANKA AD SKOPJE 5,566% HALK BANKA AD SKOPJE 5,033% OTHER SHAREHOLDERS 22,55% SHARES

**6. Please answer the following:**

**6a. What is the date of establishment of the depository?**

10/Oct/2001

**6b. What is the date that the depository's operations began?**

26/Nov/2001

**7. Under what regulation or statute is the depository established and governed?**

Law on Securities of the Republic of Macedonia, decision 07-3961/1 from October 26,2005 National Gazzete 95/2005 Statute of CSD, 10 October 2001 Link to website: [www.cdhv.mk](http://www.cdhv.mk)

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**

[www.cdhv.mk](http://www.cdhv.mk)

**7c. Please supply document(s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

The Board of Directors is comprised of 8 members. The members are representatives of the Depository's shareholders (Banks, Brokerage Companies) and part of the members are independent. They have equal responsibilities regarding

the functioning of the company. According to the Law on Securities, at least one third of the members of the Managing Board are individuals that are not employees of the Depository, or in connection with some of the shareholders, members of the Depository or other legal entities that are participants of the Macedonian Securities Market (independent members of the Board). The members of the Board are elected by the shareholders. The independent members should be known experts in the area of economics, financial or business law.

**7e. What are the election procedures?**

The Board members are elected by the shareholders of the company (a minimum of 51% votes of the represented shares at the general meeting are participating in the election of the Board members. A minimum of 51% of the total number of issued shares must be represented at the shareholders meeting). The President of the Board of Directors and the executive member are elected by its members.

**7f. What is the maximum length of time a board member can serve?**

According to the Statute of the CSD, not more than 4 years, with a possibility to be re-elected.

**7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?**

The Board of Directors decides with a majority of votes, regarding issues concerning the activities of the Depository. Each member has a right to one vote. The vote of the President of the Board will prevail in cases where the votes are equally divided. The Board has broad authorizations in the management of the Company, with exception of the authorizations that are given to the General Assembly by the Law on Trading Companies.

**7h. Who is responsible for regulating the board members?**

The Macedonian SEC and the shareholders of the CSD.

**Response Necessary/Eligibility Question**

**8. Rule 17f-7 requires that an Eligible Securities Depository “is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act”, with section 2(a)(50) establishing that “foreign financial regulatory authority’ means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.”**

**Who regulates the activities of the depository? (Choose all that apply.)**

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

**8a. Please explain:**

**9. Please provide the name of regulatory authority(ies) identified in question 8:**

The Macedonian Securities and Exchange Commission. MSEC has been an Ordinary Member of the International Organization of Securities Commissions (IOSCO) since 1994.

**Response Necessary/Eligibility Question**

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

Regulatory authorities?, Independent accountants?

**10a. Please explain:**

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

The Macedonian Securities and Exchange Commission

**11a.**

Fines, Restrictions on depository activities., Suspension of depository activities.

**11b. Please explain:**

**Name of Authority #2 (please answer 11c):**

**11c.**

**11d. Please explain:**

**12. Has there been any use of such enforcement actions in the last three years?**

No

**12a. If yes or other, please explain:**

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

Auditor's Report 2013

**13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**

**13c. If more than one document for 13b, please upload the additional document here:**

**13d. Please insert web link(s) for 13b here:**

**13e. If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards).**

**Share Capital (then please answer 13f):**

**13f. Reserves (then please answer 13g):**

**13g. Retained Earnings:**

**13h. If other, please explain:**

**Internal Audit**

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

Internal audit department is established on June 2012 and is responsible for financial and operational internal audit.

**14b. Please list the date of your last internal audit:**

30/Jun/2014

**Please list the period that the audit covered:**

01/Jan/2014

**to**

30/Jun/2014

**14c. How frequently does the internal audit occur? (Choose one.)**

Two or more times a year (please answer 14e)

**14d. If less than annually, please explain:**

**14e. Are the results of the internal audit publicly available?**

No

**14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

**14g. If minor or material exceptions were found, what actions were taken? Please describe:**

**15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 15a)

**15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.**

B & LJ, Boro i Ljupco DOO Skopje

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

05/Mar/2014

**15c. Please list the period that the audit covered:**

01/Jan/2013

**to**

31/Dec/2013

**15d. How frequently does the financial audit occur? (Choose one.)**

Annually (please answer 15f)

**15e. If less than annually, please explain:**

**15f. Are the results of the financial audit publicly available?**

Yes

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**15h. If minor or material exceptions were found, what actions were taken? Please describe:**

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 16a)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

The Macedonian Securities and Exchange Commission

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

16/Dec/2013

**16c. Please list the period that the audit covered:**

24/Dec/2012

**to**

16/Dec/2013

**16d. How frequently does the operational audit occur? (Choose one.)**

Annually (please answer 16f)

**16e. If less than annually, please explain:**

**16f. Are the results of the operational audit publicly available?**

No

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

**16h. If minor or material exceptions were found, what actions were taken? Please describe:**

## **PARTICIPANTS AND PARTICIPATION**

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*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Brokers (please answer 17e), Foreign Institutions (please answer 17m)

**17a. How many Bank participants are there currently? (then please answer 17b)**

4

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Other (please answer 17d)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

**17d. Please explain:**

The Participants must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by the Macedonian Securities and Exchange Commission. The Rules are published at the CSD web site [www.cdhv.mk](http://www.cdhv.mk)

**17e. How many Broker participants are there currently? (then please answer 17f)**

6

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Other (please answer 17h)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

**17h. If other, please explain:**

The Participants must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by the Macedonian Securities and Exchange Commission. The Rules are published at the CSD web site [www.cdhv.mk](http://www.cdhv.mk)

**17i. How many Individual participants are there currently? (then please answer 17j)**

**17j. Please select the features included in the eligibility requirements for Individual participants. (Choose all that apply.)**

**17k. Where can a description of the specific eligibility requirements for Individual participants be found?**

**17l. If other, please explain:**

**17m. How many Foreign Institution participants are there currently?**

None. However, there is no prohibition against Foreign Institutions participating in the CSD as long as they meet the same participation requirements as Domestic Institutions.

**17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)**

Other (please answer 17p)

**17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?**

**17p. If other, please explain:**

The Participants (domestic or foreign) must fulfil the conditions prescribed in the CSD Rules of Operations and the Membership Rules of the CSD to become a member of the CSD. Both of these regulations are approved by the Macedonian Securities and Exchange Commission. The Rules are published at the CSD web site [www.cdhv.mk](http://www.cdhv.mk)

**17q. If you have selected "Other entities" above, please explain:**

**17r. Indicate how many "Other entities" are currently participants?**

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

**17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?**

**17u. If other, please explain:**

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

No

**18a. If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?**

No fixed amount but not more than 15% of the shareholders capital according to the Law on Securities, Article 35.

**18b. If other, please explain:**

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

Yes

**19a. If other, please explain:**

### **Conditions of Participation**

**20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Established terms and conditions of participation, By-laws of the depository, Rules of the depository

**20a. Please explain:**

### **Response Necessary/Eligibility Question**

**21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."**

**Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

Other (please answer 21a)

**21a. If no, other or not applicable, please explain:**

The custodial function or activity is performed as one of the activities by the CSD members. There is no differentiation between other members and custody members since the custody is treated as a service that can be provided by the CSD members (banks and brokerage houses).

**21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)**

Other (please answer 21c)

**21c. Please explain:**

In Macedonian CSD for this case is used special type of securities account - Custodian account. Custodian account is securities account in the name of authorized participant on securities market or custodian bank of pension and investments funds, opened on the base of contract for safekeeping of securities or/and contract for keeping the



property of pension and investments funds and on which are kept ownership positions on behalf of third person. The owner of securities on this account is never the authorized participant of securities market or custodian bank for pension and investments funds, but the person on which behalf the authorized participant and/or or custodian bank of pension and investments funds takes care for securities (investor).

**21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law (s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.**

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

By public announcement, Other (please answer 22a)

**22a. Please explain:**

By Letter of Notification delivered to Participants and as a news announcement on the CSD's web site

### **Governance of Participants**

**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

The depository, The depository's regulator

**23a. Please explain:**

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

Fines, Restrictions on participation, Suspension of participation, Termination of participation

**24a. Please explain:**

**25. Has there been any such enforcement actions in the last three years?**

Yes (please answer 25a)

**25a. If yes, please explain, including information relative to any suspensions of depository participants:**

The CSD AD Skopje is an SRO according to the Macedonian Securities Law. The institution has Operation Rules, Members Rules, Arbitration Rules and Discipline and Conduct Rules. All of these acts are approved by the Securities and Exchange Commission of the Republic of Macedonia. The Depository has authority to temporarily or permanently suspend a member if the member breaches any of the bylaws of the Depository. In the past three years there have been cases of temporary suspensions mostly for breaching the Rules of operation regarding timely cash transfers for settlement purposes. There has been no permanent suspension due to breaching of the above mentioned acts.

**25b. If other, please explain:**

### **DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS**

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*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

#### **General**

**26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

Government securities, Equities, Corporate bonds

**26a. Please name the other security types:**

**27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)**

Yes by law for settlement, but not for all instrument types (please answer 27a), Yes by law for safekeeping, but not for all instrument types (please answer 27b)

**27a. Please list the instrument types for which it is not compulsory by law to:**

**(i) settle in your depository**

Treasury Bills issued by National Bank of the Republic of Macedonia

**(ii) safekeep in your depository:**

Treasury Bills issued by National Bank of the Republic of Macedonia

**27b. Please list the instrument types for which it is not compulsory by market practice to:**

**(i) settle in your depository**

Treasury Bills issued by National Bank of the Republic of Macedonia

**(ii) safekeep in your depository:**

Treasury Bills issued by National Bank of the Republic of Macedonia

**27c. If neither/other, please explain:**

**28. Settlement and Safekeeping Percentages**

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

equities - 40,544 % government securities - 59,456 % corporate bonds - 0,00 %

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

equities - 74,135 % government securities - 25,852 % corporate bonds - 0,012 %

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

No

**29a. If third parties are employed, please indicate which services they supply (then please answer 29b):**

**29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?**

**29c. If you acknowledge responsibility, please indicate whether your responsibility is assumed (Choose all that apply.)**

**29d. If you acknowledge responsibility for agents, your responsibility is assumed for losses (Choose all that apply.)**

**29e. If other, please explain:**

**29f. Please specify limit:**

29g. Please specify limit:

29h. If other, please explain:

29i. If other, please explain:

30. Has any participant suffered any losses in the past three years due to the depository's performance?

No

30a. If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter. (Choose all that apply.)

30b. Corporate Action. Please specify number of instances:

30c. Corporate Action. Please specify total loss in USD:

30d. Settlement Process - Securities. Please specify number of instances:

30e. Settlement Process - Securities. Please specify total loss in USD:

30f. Settlement Process - Cash. Please specify number of instances:

30g. Settlement Process - Cash. Please specify total loss in USD:

30h. System Outage. Please specify number of instances:

30i. System Outage. Please specify total loss in USD:

30j. If Other, please explain:

30k. For Other, please specify number of instances:

30l. For Other, please specify total loss in USD:

30m. If other, please explain:

**Other Services**

31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

Central Bank

31a. Please name banks:

31b. If neither/others, please explain:

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Depository

**32a. Please name banks appointed by depository:**

**32b. If others, please explain:**

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

Depository

**33a. Please name banks appointed by depository:**

**33b. If others, please explain:**

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

Depository

**34a. Please name banks appointed by depository:**

**34b. If others, please explain:**

**35. Please indicate services you provide. (Choose all that apply.)**

Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c), Other (please answer 35d)

**35a. Automatic securities lending facility is provided for: (Choose all that apply.)**

**35b. If other please explain:**

**35c. Collateral Handling: please provide details:**

The CSD manages collateral according to the steps listed, below: Pledge and Pledgor execute a legal agreement. The Pledge Agreement is registered at the Pledge Register. The Pledge Register validates legal agreement's details with the CSD CSD verifies legal agreement's details Pledge Agreement is recorded and effectuated by the Pledge Register The CSD blocks the shares in the CSD system CSD notifies the Pledge Register of shares blocked on the basis of the Pledge agreement. In placing the pledge the CSD systems will insure that shares pledged as collateral are frozen for the term specified in the legal agreement and as such these shares can not be traded. Additionally, the CSD system will ensure that the Beneficial Owner's voting rights and Corporate Action Rights remain with the Beneficial Owner. Since 2006, CSD provides settlement for repurchase purposes with Government bonds and Government bills

**35d. If other services, please explain:**

Interest Payments, Issue Redemptions, Corporate Actions (Interest Payments, Bonus Shares, etc.) and variety of reports for the issuers, splits and mergers of ISIN's, asimilation of ISIN's, Shareholders Companies Takeover services

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

Credited to the securities account upon actual receipt by the depository., Other (please answer 36d)

**36a. Credited to the securities account: (Choose all that apply.)**

**36b. If other please explain:**

**36c. Name of entity:**

**36d. If other, please explain:**

The Payment system (MIPS) of National Bank of the Republic of Macedonia (NBRM) will be used in cases where the CSD is responsible for distributing money on behalf of Issuers. In the event of the CSD distributing money, the Issuer must place money in a separate CSD account at the NBRM. From the CSD account at the NBRM, the CSD will then send individual payment orders for each holder entitled to payment, to the banks of the holders. After banks have received the money, the banks are responsible for transferring the money to the individual holders accounts. The CSD system automatically sends Transfer Orders to the NBRM when the payments are due (Payment Date). If there are insufficient funds in the CSD account, the entire payment transfer fails. If the payment transfer fails, the transfer has to be re-sent.

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Other (please answer 37d)

**37a. Credited to the cash account: (Choose all that apply.)**

**37b. If other please explain:**

**37c. Name of entity:**

**37d. If other please explain:**

Since the commencement of CSD operations, share and bond Issuers have not requested the CSD to process the distribution of the cash dividends or interest payments. However, the depository system and operational staff currently possess the necessary technical and business capabilities to effectively complete the required procedures. In the current environment the CSD will process Corporate Action distributions in one of two ways: (i) create a list of eligible shareholders or bondholders, calculate disbursement amounts and provide results to the Issuer, or (ii) create a list of eligible shareholders or bondholders and deliver to the Issuer. Due to its online connectivity with the NBRM, the CSD could, if requested by the Issuer and provided with appropriate shareholder information, distribute cash dividend and interest payments on Payable Date.

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

**38. Please list all depositories or settlement systems to which you have an electronic link.**

-

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

Not applicable

**39a. Please explain:**

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

Not applicable

**40a. If no or other, please explain:**

*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

Other (please answer 41d)

**41a. If yes, please indicate number: (Choose one.)**

**41b. If more than one account what is the maximum?**

**41c. If other, please explain:**

**41d. If other, please explain:**

Under Securities Law , only CSD participants (brokerage houses and banks) and asset management companies can have more than one account (one ownership account, but more custody or portfolio accounts) . Investors can have only one owner's account, except for the cases where there are restrictions on part of securities owned by holder (pledge, sell, buy ..)

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

Yes (please answer 42a)

**42a. If yes, is segregation required or simply permitted?**

Required (please answer 42b), Other (please answer 42e)

**42b. How does segregation occur? (Choose all that apply.)**

By separately designated participant accounts., By separately designated beneficial owner accounts.

**42c. If other, please explain:**

**42d. If other, please explain:**

**42e. If other, please explain:**

In case of omnibus accounts, depository has no record of the beneficial owners. All other types of accounts are maintained at beneficial owner level.

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

Yes (please answer 43a)

**43a. If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?**

Yes

**43b. If other, please explain:**

**44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:**

**44a. By the participant's clients?**

Not applicable

**44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:**

**44c. If other, please explain:**

**44d. By the intervening authorities controlling insolvency or other proceedings?**

Yes (please answer 44e)

**44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:**

The intervening authority will be authorized to have insight in the assets of the participants and make decisions on the behalf of the participant in order to protect the assets and insure all stakeholders rights are protected.

**44f. If other, please explain:**

**44g. By the participant's creditors?**

No

**44h. If yes, please describe briefly under what conditions access would be granted to the participant's creditors:**

**44i. If other, please explain:**

**44j. By the depository's creditors?**

No

**44k. If yes, please describe briefly under what conditions access would be granted to the depository's creditors:**

**44l. If other, please explain:**

**45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

Computer file (please answer 45b), Computer tape (please answer 45b)

**45a. If other, please explain:**

**45b. In which format is the source data maintained?**

Format of the source data is SQL Server 2008 Database. Data is stored in primary and backup locations. Each location consists of the following databases: Main Database - Storage of current information about Securities; securities accounts, actors which are issuers, account holders, account operators, brokers and transactions. History Database - Storage of completed transactions and changes. Shadow Database - Storage of information about all legal entities and persons in the Republic of Macedonia. Transactional replication is established between primary and backup locations, so on the backup location, the format is also SQL Server 2008 Database. A Hot Backup is maintained, meaning that each transaction is written in the Primary location and in Backup location at the same time. All transactions (trade, non-trade, transactions related to securities accounts) have been stored in the History Database since the inception of CSD operations in 2001.

**Response Necessary/Eligibility Question**

**46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."**

**Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?**

Yes (please answer 46b)

**46a. If no or other, please explain:**

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

Other (please answer 46c)

**46c. If other, please explain:**

Subsequent to each trade related and non -trade related transfer of securities, a Statement of Account is sent to each owner of account involved via post. Under the By-Laws of the CSD any shareholder may request and receive a Statement of Account from the CSD upon request, or a tailor made report.

**47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)**

Other (please answer 47a)

**47a. If other, please explain:**

Records in the system are kept for an indefinite period of time

SETTLEMENTS

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*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a), Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

There are no CSD variations on Model 2 as stated in the IOSCO & CPSS Recommendations for Securities Settlement Systems. Also, there are no CSD variations on Model 1 as stated in the IOSCO & CPSS Recommendations for Securities Settlement Systems. BIS Model 2 is used for settlement of trades concluded on Stock Exchange while BIS Model 1 is used for settlement of trades of Government securities from OTC Market

**48b. If other, please explain:**

**Question 48 Help:**

*Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.*

*Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds*



transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.

Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.

**49. Are the cash and security movements simultaneous?**

Yes

**49a. If cash and security movements are not simultaneous, please indicate the duration of the timing gap. (Choose one.)**

**49b. If other, please explain:**

**49c. If other, please explain:**

OWNERSHIP OF SECURITIES

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*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in dematerialized form.

**50a. If other, please explain and identify amount held in this other form as a percentage of total depository holdings:**

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

Not applicable

**51a. If certain designated securities are held outside the depository, please indicate under which conditions these securities would be held outside the depository:**

**51b. If depository eligible securities are required to be centrally immobilized at the depository, where and with whom are the certificates safekept? (then please answer 51c)**

**51c. Are these certificates:**

**51d. If registered, how are the depository eligible securities registered?**

**51e. If other, please describe:**

**51f. If in the name of a separate nominee, please identify by name the nominee used:**

**51g. If other, please explain:**

**51h. If depository eligible securities may be held either in or out of the depository, are these certificates:**

**51i. What are the control features for receipt of certificates to the depository (e.g., authentication procedures, re-registration)? Please describe:**

**51j. If other, please explain:**

**51k. If other, please explain:**

**52. If securities are dematerialized:**

**May dematerialized security positions be re-certificated and held outside the depository?**

No (please answer 52a)

**52a. Are the securities held: (Choose all that apply.)**

Through book-entry at the depository

**52b. Please identify which types of entities may act as registrars: (Choose all that apply.)**

**52c. Please explain:**

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

Other (please answer 52l)

**52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one.)**

**52f. Please describe:**

**52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:**

**52h. Please describe:**

**52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

Under the Law on Securities from October 2005 there is possibility to have more than one Securities Depository. However, the CSD is for now the only registrar for all companies in Macedonia. The CSD applies, under the specifics of the Law on Securities, all appropriate authentication, reconciliation and confirmation procedures to insure the accuracy of shareholder information contained in the Shareholder Register and Bondholder Registers

**52j. If other, please explain:**

**52k. If other, please explain:**

**52l. If other, please explain:**

The securities are recorded by book entry at the depository.

**Response Necessary/Eligibility Question**

**53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system’s own assets from the assets of participants.”**

**Does the depository maintain records that identify the assets of each participant and segregate the system’s own assets from the assets of participants?**

Yes

**53a. If other, please explain:**

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

**54a. If other, please explain:**

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

No

**55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)**

**55b. Please describe:**

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55d. Please explain:**

**55e. If a lien is placed on a participant’s account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

Yes (please answer 55f)

**55f. If yes, please indicate whether: (Choose one.)**

Other selection criteria is used (please answer 55g)

**55g. Please explain:**

The only case when the Depository can place a lien according to The Rules for operation of the Guarantee Fund is when the participant/his client is short on cash to settle a transaction. If the transaction fails and is not settled in 30 days period, Participant will be permanently excluded from membership, and the Depository is entitled to sell the securities that were not settled in the failed transaction.

**55h. If no, please indicate whether the entire account will be subject to the lien.**

**55i. If other, please describe:**

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

No

**55k. If yes, are the restrictions accomplished by:**

**55l. Please explain:**

**55m. If other, please explain:**

**55n. If other, please explain:**

Accounts at the CSD are maintained at the level of Beneficial Owner and as such a participant's account which has been designated for its clients, can not exist.

**55o. If other, please explain:**

## **56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

Yes (please answer 56a)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

When corresponding money or other consideration is transferred. (please answer 56c)

**56b. Please describe:**

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

On the depository books

**56d. Please describe:**

**56e. If other, please explain:**

## **HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT**

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*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

Other (please answer 57a)

**57a. Please describe:**

The data is transferred by the issuer to the depository once the security becomes depository eligible. According to the Securities Law the issuer is liable for the correctness of the submitted data until the moment of entry in the depository system.

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

Not applicable

**58a. Please explain:**

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

1 to 2 days

**59a. Please specify:**

**59b. If other, please explain:**

**60. During the process of lodging securities into the depository, can the securities:**

**Be traded?**

No (please answer 60c)

**60a. During the process of lodging securities into the depository, can the securities:**

**Be settled?**

No (please answer 60d)

**60b. During the process of lodging securities into the depository, can the securities:**

**Have ownership transferred?**

No (please answer 60e)

**60c. If they cannot be traded, or if you answered other, please explain:**

The rights arising from dematerialised securities are constituted upon their registration at the Depository. This includes the rights of transferring the securities by trade or non-trade transfers.

**60d. If they cannot be settled, or if you answered other, please explain:**

The rights arising from dematerialised securities are constituted upon their registration at the Depository. This includes the trading the securities which predates settlement.

**60e. If ownership cannot be transferred, or if you answered other, please explain:**

The rights arising from dematerialised securities are constituted upon their registration at the Depository. This includes the rights of transferring the securities by trade or non-trade transfers.

**61. Are securities immediately available for delivery upon transfer to the depository?**

Yes

**61a. If no: Securities are unavailable for:**

**61b. If more than 4 weeks, please specify:**

**61c. If other, please explain:**

**61d. If other, please explain:**

**62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.**

All securities held at the Depository are dematerialised. The only securities held outside of the Depository are the Treasury Bills issued by the National Bank of Republic of Macedonia. These are also dematerialised. The procedures/facilities of the Macedonian Depository are exceeding the efficiency in handling the securities held by the National Bank, since the Depository is a specialised institution established by Law for maintaining a register of securities and all activities connected to the securities among which corporate actions related activities.

**63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)**

Not applicable.

**63a. Please specify:**

**64. How long does it usually take to remove securities from the depository? (Choose one.)**

Not applicable

**64a. Please specify:**

**64b. If other, please explain:**

**65. While the securities are being removed from the depository, can they:**

**65a. Be traded? (Choose one)**

Not applicable

**65b. Please explain:**

**65c. Be settled?**

Not applicable

**65d. Please explain:**

**65e. Have ownership transferred?**

Not applicable

**65f. Please explain:**

#### STANDARD OF CARE

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*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

#### **Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

Not applicable

**66b. If yes, please check all of the following that apply:**

**66c. If other, please explain:**

**66d. If other, please explain:**

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

Yes (please answer 66f)

**66f. If yes, please check all of the following that apply:**

Other (please answer 66g)

**66g. If other, please explain:**

In the event of electronic theft of securities by a CSD employee(s), the CSD is liable under the appropriate provisions of the Civil Law. The amount of liability resulting from a decision under the Civil Law would be determined as a result of court proceedings.

**66h. If other, please explain:**

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

Not applicable

**66j. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66k. If other, please explain:**

**66l. If other, please explain:**

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

Other (please answer 66p)

**66n. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66o. If other, please explain:**

**66p. If other, please explain:**

In the event of direct damages caused by the CSD due to its errors, omissions or fraud, the CSD is liable under the appropriate provisions of the Civil Law and Law on Obligations. The amount of liability resulting from a decision under the Civil Law would be determined as a result of court proceedings or bilateral agreement to compensate the losses.

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

Not applicable

**66r. If yes, please check all of the following that apply:**

**66s. If other, please explain:**

**66t. If other, please explain:**

**66u. Does the depository guaranty settlement?**

Other (please answer 66w)

**66v. Please explain how this is accomplished. What are the procedures and safeguards that permit the depository to guaranty settlement?**

**66w. If other, please explain:**

The Depository operates a Guarantee fund that consists of contributions of all members and its purpose is to guaranty the settlement on the cash side up to the amount of the fund.

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?**

No

**66y. If yes, please check all of the following that apply:**

**66z. If other, please explain:**

**66~. If other, please explain:**

**66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

Not applicable

**66\*. Please define the standard of care applied:**

**66!. If other, please explain:**

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

Yes (please answer 67b)

**67b. Please explain (then please answer 67c):**

The indemnificaton is an established legal institute in the macedonian legal system that is used to compensate the loses of a damaged party

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

The Laws on Obligations and Civil procedure are the systemic laws in which the basis of the indemnification rights are prescribed.

**67d. Insurance**

No

**67e. Please explain (then please answer 67f):**

**67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

Yes (please answer 67h)

**67h. Please explain (then please answer 67i):**

In the event of direct damages caused by the CSD due to its errors, omissions or fraud, the CSD is liable under the appropriate provisions of the Civil Law and Law on Obligations. The amount of liability resulting from a decision under the Civil Law would be determined as a result of court proceedings or bilateral agreement to compensate the loses.



**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

The Laws on Obligations and Civil procedure are the systemic laws in which the basis of the indemnification rights are prescribed.

**67j. Other**

No

**67k. Please explain (then please answer 67l:**

**67l. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**68. Is the depository immune from legal action in its own jurisdiction?**

No

**68a. If other, please explain:**

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

By direct electronic link, By receipt of physical account holding statements

**69a. Please explain:**

**70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?**

No

**70a. How is access given to participants? (Choose all that apply.)**

**70b. Please select type of electronic link:**

**70c. Please explain:**

**70d. If other, please explain:**

See Rules for operations of the CSD section 8. [www.cdhv.org.mk](http://www.cdhv.org.mk)

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

Yes

**71b. If other, please explain:**

**71c. Does each user have a unique user ID?**

Yes

**71d. If other, please explain:**

**71e. Are passwords regularly changed?**

Yes (please answer 71f)

**71f. How often?**

Passwords are changed every 30 days

**71g. If other, please explain:**

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

Yes (please answer 71i)

**71i. How many?**

3

**71j. If other, please explain:**

**72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?**

Yes (please answer 72a)

**72a. Please explain:**

The CSD maintains secure linkages with the Macedonian Stock Exchange (MSE) and the National Bank of the Republic of Macedonia (NBRM). Messaging through these secure linkages are compliant with global standards via the use of ISO data standards and messages in S.W.I.F.T. format .

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

Secured, leased, dedicated telephone line, Internet, Fax, Paper/other

**73b. Payment Systems (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73c. Clearing Houses (Choose all that apply.)**

Not applicable

**73d. Registrars (Choose all that apply.)**

Fax, Paper/other

**74. How is access to the physical building controlled? (Choose all that apply.)**

By guards, By electronic keys/personal ID card, Other (please answer 74a)

**74a. Please explain:**

The CSD is housed in the same building complex as the National Bank of the Republic of Macedonia (NBRM) where high security standards are fulfilled.

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

Not applicable; no vault is maintained

**75a. Please indicate frequency of vault counts:**

**75b. Please explain:**

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

The depository guaranty fund covers the loss

**76a. Please explain the process:**

**76b. Please explain the process of how the loss is shared: (Choose one.)**

**76c. If other, please explain:**

**76d. Please explain:**

No answer provided

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

No

**77a. How was the situation resolved? Or if you answered "Other," then please explain:**

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

Yes (please answer 78a)

**78a. If yes, please respond to the following questions:**

**What is the size of the fund (then please answer 78b)?**

44.181,00 Euro

**78b. How is the size of the fund determined? (Choose one.)**

A fixed amount

**78c. If other, please explain:**

**78d. How is the fund financed? (Choose one.)**

Contributions from participants (please answer 78f)

**78e. If so, what is the amount or percentage per owner?**

**78f. If so, what is the amount or percentage per participant?**

3.500,00 Euro

**78g. If other, please explain:**

**78h. Who is covered by the fund? (Choose all that apply.)**

Direct depository participants only

**78i. If other, please explain:**

**78j. When is the guaranty fund used? (Choose all that apply.)**

When a broker defaults, When a direct participant defaults

**78k. If other, please explain:**

**78l. If other, please explain:**

In performing its Clearing functions the CSD system identifies and calculates the value each market participant's Largest Buy Transaction. Under CSD rules for each trading session on the MSE each participant having a Largest Buy Transaction, as valued by the CSD, is required to have the cash value of this transaction on his/her Settlement Account the National Bank. This procedure is a variation of the Lamfalussy Rule recommended by the Bank for International Settlements (BIS) and significantly reduces the possibility of a Buy-Side Cash Fail. Additionally, CSD Rules require each market participant to reserve shares prior to entering a Sell Order for those shares on the MSE. In this manner all Sell Orders executed on the MSE have the shares involved reserved at the CSD pending settlement. Implementation of the Share Reservation Rule has dramatically reduced the possibility of Sell-Side Security Fails. The combination of the Lamfalussy Rule variant and the Share Reservation Rule has resulted in the CSD having only one failed Settlement in over 8 years. Due to the significant level of protection provided by these two mechanisms the CSD does not require a traditional Settlement Guarantee Fund. Implementation of the Lamfalussy Rule variant in effect provides the same protection as a traditional Settlement Guarantee Fund. In the CSDs Fund each participant's contribution is calculated on a daily basis. This system has proved to be a practical economic benefit to market intermediaries in Macedonia who, under the system, contribute to the Guarantee of Settlement on a daily, pay-as-you-go basis.

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

Participant eligibility requirements, Participant financial strength, Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d), Blocking of securities movement before receipt of payment, Blocking payment until securities are moved

**79a. Please explain other loss or default protections:**

**79b. Please explain the requirements:**

**79c. Please explain how these debit caps work:**

**79d. What type or types of settlement controls (Choose all that apply.)**

Controlling DVP settlement (please answer 79f), Simultaneous DVP (please answer 79g)

**79e. Please explain:**

Securities are blocked from Trade Date until Settlement Date

**79f. Please explain:**

Cash positions at the Central Bank are checked from 10:00AM to 11:00AM on Settlement Date

**79g. Please explain:**

Simultaneous DVP is processed at 10:00AM. Cash positions are blocked for one hour afterwards.

**79h. Please identify and explain:**

**79i. Please explain briefly how these work:**

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

Financial requirements for stock exchange membership

**80a. Please explain:**

BUSINESS RECOVERY PLAN

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*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

Yes (please answer 81a)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

Back-up of all computer files, Off-site data storage, Back-up files stored and locked

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

Each system change and/or system enhancement is tested with participants prior to being placed in production. Since 2002 there had been approximately 54 smaller or bigger system changes and enhancements followed by testing.

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

Stock Exchange Each system change and/or system enhancement is tested with Stock Exchange prior to be placed in production. Since 2002 there had been approximately 12 such tests.

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

Central Bank Each system change and/or system enhancement is tested with Central Bank prior to be placed in production. Since 2002 there had been approximately 12 such tests.

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

Local Brokers are participants in the system, so each system change and/or system enhancement is tested with all participants prior to be placed in production.

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

**81g. If other, please explain:**

**81h. If other, please explain:**

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

1 - 4 hours

**82a. If other, please explain:**

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

1 - 4 hours

**83a. If other, please explain:**

**84. Will the depository publicly announce any system interruption?**

Yes (please answer 84a)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

To all direct participants

**84b. If so, please list webpage address:**

**84c. If so, please list all publications:**

**84d. Please explain:**

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

By e-mail, By telephone

**84f. Please explain:**

**84g. If other, please explain:**

**85. In the past three years, has it been necessary to activate the recovery plan in a live situation?**

No

**85a. If yes, how much time was needed to implement the recovery plan? (Choose one.)**

**85b. How much time was needed to recover and restore business to normal operations? (Choose one.)**

**85c. What was the impact to the market? (Choose all that apply.)**

**85d. If other, please explain:**

**85e. If other, please explain:**

#### PERFORMANCE, INSURANCE, AND LOSS

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*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

**86. Has there been any material loss by the depository during the past three years?**

No

**86a. If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:**

**86b. If other, please explain:**

**87. Has the depository been subject to any litigation involving a participant during the past three years?**

No

**87a. Please explain the circumstances and resolution:**

**87b. If other, please explain:**

**88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)**

Yes for two of the last three years

**88a. If other, please explain:**

**89. Does the depository maintain a reserve for operating losses?**

Yes (please answer 89a)

**89a. Please describe and indicate reserve amount:**

443.222,00 Euro

**89b. If other, please explain:**

**90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?**

No

**90a. Please describe:**

**90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?**

**90c. If yes, please describe:**

**90d. If no, why not?**

**90e. If other, please explain:**

**90f. If other, please explain:**

**91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?**

No

**91a. What is the amount of the coverage?**

**91b. What is the amount of the deductible?**

**91c. If other, please explain:**

According to the CSD By-Laws and Rules of Operations, the income of the CSD will be used as a fund for protection from liability resulting from CSD errors.

**92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?**

No

**92a. What is the amount of the coverage?**

**92b. What is the amount of the deductible?**

**92c. If other, please explain:**

**93. Does the depository have insurance for Operational Errors?**

No

**93a. What is the amount of the coverage?**

**93b. What is the amount of the deductible?**

**93c. If other, please explain:**

According to the CSD Rules of operations, the income assets of the CSD will be used as a fund for protection of errors

**94. Does the depository have Errors and Omissions insurance?**

No

**94a. What is the amount of the coverage?**

**94b. What is the amount of the deductible?**

**94c. If other, please explain:**

According to the CSD By-Laws and Rules of Operation, the income of the CSD will be used as a fund for protection from liability resulting from CSD errors.

**95. Does the depository have insurance for the Premises?**

Yes (please answer 95a)

**95a. What is the amount of the coverage?**

176.000 Euro

**95b. What is the amount of the deductible?**

Not applicable

**95c. If other, please explain:**

**96. Does the depository have any other insurance?**



Yes (please answer 96a)

**96a. If so, what is it for?**

Technical equipment

**96b. What is the amount of the coverage?**

42.146 Euro

**96c. What is the amount of the deductible?**

Not applicable.

**96d. If other, please explain:**

**97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.**

Euorlink Osiguruvanje AD Skopje

**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

Eurostandard banka AD Skopje

**97b. What is the term of the policy?**

The term of the policy is one year. Each year the Depository renews the policy.

**97c. Who does the insurance cover? (Choose all that apply.)**

Depository

**97d. If other, please identify:**

**98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:**

**98a. Upload document here:**

**PUBLIC AVAILABILITY**

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**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 99a)

Question 99 Help: The AGC suggests that you consider making your completed questionnaire available to the public - either in response to requests or, if possible, by posting it on a web site. The information provided in response to the questionnaire will be used by the member banks of the Association in compiling Rule 17f-7 risk analyses and may also be furnished by members to U.S. investment companies. The information may also be furnished to other types of institutional investors, or to other parties who have an interest in the securities markets of various countries. However, the Association does not intend to release questionnaire responses directly to the general public. (For these reasons, the members of the Association cannot assure that responses will be treated as confidential or that responses will not become public.)

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 99b)

**99b. Please provide web site address of publicly available questionnaire:**

<http://www.cdhv.mk>

**99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).**

Ms. Darinka Damjanovic

**99d. How would they prefer to be contacted? (Choose all that apply.)**

**99e. Please provide telephone number:**

**99f. Please provide facsimile number:**

**99g. What is the preferred street address for mailing requests?**

**99h. What is the preferred e-mail address for such requests:**

[cdhv@cdhv.org.mk](mailto:cdhv@cdhv.org.mk)

**99i. If other, please describe how you will be making the questionnaire publicly available:**

**100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.**

**Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?**

Yes

**Please provide any comments you have regarding the questionnaire.**

**You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.**

**Please also be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.**