

CENTRAL SECURITIES DEPOSITORY

CONSOLIDATED VERSION

RULES OF OPERATIONS OF THE CENTRAL SECURITIES DEPOSITORY

Skopje, December 2013

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Pursuant to article 39 of the Law on Securities, article 18 of the Company Charter and the Decision issued by the Securities and exchange Commission of the Republic of Macedonia no. UP 1 08-237 dated 14.01.2013, the Central Securities Depository AD Skopje adopted the consolidated version of the :

RULE OF OPERATIONS OF THE CENTRAL SECURITIES DEPOSITORY

1. MEANING OF THE TERMS

The terms listed below and used in these Rules, in the instructions and other acts passed by the Central Securities Depository, as well as in agreements concluded with the members, with issuers and with holders of securities, shall, unless the content of individual provisions indicates otherwise, have the following meaning:

Accrued interest: interest on debt securities which should be compensated to the holder of the security by the buyer upon purchase.

Securities exchange: authorized securities exchange.

Blocking: a procedure in line with which after the sale of securities, the Central Securities Depository designates the securities so that they may only be transferred on in a settlement procedure on the settlement date.

Deletion of securities: deletion of securities from the Depository, which is performed due to the maturity of a security (in cases of debt securities), termination of issuer, changes in the status of the issuer etc

Gross settlement: a system of settlement under which the transfer of securities is performed separately for each executed transaction.

Cross check: additional check of data entered as an electronic entry in the Central Securities Depository by way of comparison of such data with other databases maintained by relevant institutions in the Republic of Macedonia.

Settlement date: specified date on which the Central Securities Depository settles transactions in securities.

Agreed (planned) settlement date: a date which has been agreed as a settlement date between the participants in a trading transaction.

Actual settlement date: settlement date which is later than the agreed settlement date since the trading transaction which was unsuccessful was settled in some of the subsequent settlements.

Trading date: date on which the trading in securities was executed.

Securities issue: issue of new securities in accordance with the Law on Securities.

Registration: the procedure of registration of legal and natural persons which have expressed an interest in purchasing securities which are newly issued in a private offering of securities, and registration of securities through an authorized securities exchange in a procedure of public offering of securities.

Representative: natural person which under the law is authorized to dispose with securities on behalf of the holder.

Closing of account: the procedure applied by the Central Securities Depository to delete from the computer systems the electronic record on a holder of securities and his/her positions.

Issuer: a legal entity which in the system of the Central Securities Depository is obliged and responsible to deliver on the obligations arising from the issued securities.

ISIN: unique non-repeatable identification number which under the international standards is assigned to securities. Its structure is defined with ISO 6166. Securities at an ISIN level may be held in the depository with an active or a blocked status, depending on whether at the moment there is legal ground to suspend actions associated with a given security (decision of a competent authority).

Delivery versus payment: a procedure of transfer of securities and transfer of money which ensures that the transfer of securities is simultaneous and subject to payment, or full synchronization (simultaneous) of the transfer and the payment.

Client of a member: natural or legal person under whose order and for whose account a member of the Central Securities Depository executes a transaction in securities.

Commission: Securities and exchange Commission of the Republic of Macedonia.

Computer system: software application on the basis of which the Central Securities Depository performs its functions and which operates on a relevant hardware platform.

Communication network: method of electronic connection of the Central Securities Depository and its members and regulated exchanges.

Finality and irrevocability of settlement: legal protection in that the transfer of money and securities cannot be revoked.

Finally failed transaction: transaction which has not been settled within the deadline specified in the Law on Securities and these Rules, nor could it have been settled with the application of the rules on the Guarantee Fund.

User: legal or natural person using the services of the Central Securities Depository, without taking a direct part in the work of the Central Securities Depository .

Corporate actions: actions regarding payment of dividend, interest and principal in the case of bonds (so called distributive corporate actions), securities split or reverse split, merger, acquisition and other changes in status (so called capitalization corporate actions), as well as privileges (ex. preferred right to purchase stocks) to which the holder of securities is entitled (so called privileged corporate actions).

Ordering party: holder of securities account or a person authorized by him which by filing the order for registration or change of ownership positions in the Central Securities Depository acquires or alienates any right registered on the securities account.

Failed transaction: transaction in securities which has not been settled by the agreed date of settlement.

Net settlement: a system of settlement of money by calculation of all obligations arising from sale and purchase transactions of the participant in the settlement on the settlement date.

Non-trade transfers: an act of transfer of ownership of securities which is not a result of a trade in securities (non-trade transfer under the Law on Securities and transfer of securities which is executed by the Depository on the basis of corporate actions in accordance with the Law on Trade Companies, record of restrictions on the transfer of restricted accounts of securities and record of deletion of restrictions, payments made with denationalization bonds, transfer of securities from issuer's account in the primary market, payment of dividend in stocks, stock borrowing, reduction in base capital by way of withdrawal of stocks, transfers from and to securities accounts which are not a result of change of ownership, and other as specified in the law) .

Authorized person: authorized broker or a person employed by a member of the Depository performing a function of a guardian of assets (custodian) and account operator in the Depository.

Restrictions and liens: restrictions on disposal with the rights registered on the account of a holder of securities or the issuer.

Account operator: operator of an account held with the Depository performs tasks of opening and closing of accounts of holders of securities and accounts of issuers and registration and transfer of securities on the accounts held with the Depository. Account operators may also be other participants in the work of the Depository who meet the conditions laid down in these rules.

Opening of an account: a procedure in line with which the Central Securities Depository opens for the first time an account in the form of an electronic record on a holder or issuer of securities.

Settlement period: time between the trading date (T) and settlement date (S).

Power of attorney holder: a legal or natural person authorized by the holder of the account or the issuer to act on his behalf.

Cancelled registration: transaction concluded on a regulated exchange of securities in a procedure of a public offering of securities which failed.

Settlement: final transfer of securities and money between the participants in the transaction by way of transfer of ownership positions on the securities accounts held with the Central Securities Depository and transfer of money on accounts held with the National Bank.

Forced settlement: settlement of transactions in security accounts which are subject to restrictions not associated with the disposal with securities (right to vote, dividend) or settlement of transactions in securities which are subject to restrictions on disposal and the sale of which is executed by the order of a competent authority (authorized enforcement agents, Public Revenue Office). The transaction may not be forced if the restriction is a result of a court decision. Forced settlement also refers to settlement of transactions in securities which are not reserved.

Trade transfer of securities: a system which allows an electronic transfer of ownership of securities as a result of settlement of transaction in securities concluded on an authorized securities exchange or an over the counter market.

Borrowing of securities - a procedure conducted when there is insufficient number of securities on the sale side, and the Depository creates conditions whereby the members may obtain the required securities by borrowing from the client or the member holding such securities in order to ensure that the transaction is settled. The general rules of the procedure are defined by the Securities and exchange Commission and the Depository issues detailed guidelines on borrowing of securities.

Temporary SIN Code (security identification number): number allocated by the Central Securities Depository for the purpose of identification of securities in respect of which there is a procedure of issue and registration under way. Following the completion of the issue and registration procedure, the temporary SIN is replaced with ISIN (international security identification number) code.

Allocation of trade transactions: identification of holders of securities who have executed transactions in securities which is made by the members of the Central Securities Depository.

Enforcement of pledge right refers to transfer of ownership of securities from the pledgor to the pledgee if the conditions specified in the Law on Contractual Pledge are in place.

Reservation: a procedure referring to the sale of securities with which a member of the Central Securities Depository marks the securities of his client for sale.

Log trail: a procedure which allows a chronological trailing of all changes in the data held in the computer system of the Central Securities Depository.

Free ownership position: a certain quantity of securities which may be disposed with freely, or a quantity of securities in respect of which there is no record in the Central Securities Depository of any lien having been registered.

Settlement account: a special account of a member of Central Securities Depository held with the National Bank for settlement of cash obligations arising from concluded transactions in securities.

Issuer's account: an electronic record in the Central Securities Depository for registration and maintaining of the number of issued securities by the issuer and from which securities are distributed to the holders' accounts.

Securities holder's account: an electronic record in the Central Securities Depository identifying the holder of securities and his ownership positions. One holder of securities may only have one owner's account with the Central Securities Depository. Several types of accounts are opened with the Central Securities Depository for various purposes:

- Owner's account - account for securities with information on all types of securities held by a legal or natural person, foreign or domestic, which are free from liens. Holders of securities may use only their respective owner's accounts for the purposes of trading and otherwise disposing with (non-trade transfers) securities.

- Restricted account - securities account recording securities with which the holder may not dispose for various reasons (decisions of competent authorities, registered pledge over securities etc). Holders of securities may not use this account either for trading purpose or for non-trade transfers. As an exception, securities held on a restricted account may be traded if the restriction refers to some other right conferred in the ownership of securities which is not associated with disposal (such as voting right, dividend) unless such rights are subject to a restriction imposed by a court decision. In cases where the disposal with securities is restricted by an authorized entity (enforcement officer, Customs Administration, Public Revenue Office and other entities authorized by law), securities held on a restricted account may be disposed with only by that authorized entity.
- Co-owners' account - securities account where securities registered are not fully owned by the account owner, but they are also owned by other persons - owners. Ownership stakes of all owners are registered on co-owners' account. Only one co-owner is registered as the account holder and as such, he has the right to disposal and execution of transactions from and to the co-owners' account but only on the basis of a written consent by the other co-owners. The holder of the account is at the same time the person exercising the rights arising from the securities (dividend, payment of principal and interest).
- Representative account - securities account opened with the Depository on the basis of the regulation regulating the issue of legally appointed representative (ex. in case of minors, individuals who have lost their business capacity, pension and investment fund management companies), or on the basis of a certified power of attorney by virtue of which the holder of securities grants the management and disposal with securities and the exercise of the rights attached to such securities to a third party - representative. The person represented is at all times the owner of securities held on the representative account.

When a representative securities account is opened with the Depository, legally valid documentation is submitted, depending on the relation between the two persons (in case of minors, consent by the legal custodians, for persons who have lost their business capacity, a Decision issued by the competent social care center, for pension and investment fund management companies - a Decision issued by the competent authority - SC etc). If the account operator opens a representative account with the Depository through an authorized participant, the authorized participant shall submit an application with the Depository containing a statement by the authorized participant that the account is opened on the basis of an act issued by a competent authority.

The voting right attached to securities registered on the representative account is exercised by the representative.

When a representative account is closed and the securities are transferred on the owner's account of the represented person, evidence is presented to the Depository that the legal ground for representing the owner of the securities has ceased.

- Custodian account - a securities account in the name of an authorized participant in the securities market or a bank which is a custodian of assets of pension and investment funds, opened on the basis of an agreement on safekeeping securities and/or an agreement on safekeeping of assets of pension and investment funds where ownership positions for the account of a third party are registered. The owner of securities on this account is never the authorized securities exchange participant and/or the bank which is the custodian of assets of pension and investment funds, but the person/s for whose account the authorized participant and/or the custodian bank of pension and investment funds' assets, takes care of their securities (investor). When a custodian account is opened, the authorized market participant and/or the custodian bank of pension and investments funds' assets files an application with the Depository on a standard form prescribed by the Depository containing a statement by the authorized participant that the application is based on a concluded agreement with the client and a statement that the authorized participant has the necessary approvals and licenses issued by competent institutions. One authorized securities exchange market participant and/or a bank which is the custodian of assets of pension and investment funds may open one custodian account for one investor. The rights and obligations associated with securities trading are regulated between the investor and the authorized participant.

If there are conditions in place warranting the replacement of the authorized participant and/or the custodian bank of pension and investment funds' assets, the new authorized participant and/or the custodian bank of pension and investment funds' assets shall effect the change in the Depository by submitting the documents mentioned in the above article as well as evidence that the ground for the delivery of custodian duties of the previous custodian has ceased.

The depository shall not be responsible for maintaining ownership data on securities if an authorized securities market participant who acts as a custodian on the territory of the Republic of Macedonia opens a custodian account for providing custodian services in his name and for the account of a foreign custodian.

- Portfolio account - securities account opened by an authorized securities market participant. Securities managed by the authorized participant on behalf and for the account of the investor - ordering party, which are segregated from the assets of the authorized participant shall be registered on the portfolio account. The owner of securities on the portfolio account is the investor - ordering party.

The portfolio account is opened with the Depository after an application is filed on a standard form prescribed by the Depository containing a statement by the authorized participant that the application is based on an agreement concluded with a client and a statement that the authorized participant has all necessary approvals and licenses issued by competent institutions.

One investor may not have multiple portfolio accounts in the name of the same authorized securities market participant.

After the termination of the Agreement on managing a portfolio of securities, the authorized participant shall submit to the Depository a notification on the type and quantity of securities to be transferred onto the owner's account of securities held by the investor. If the agreement provides that the compensation for the authorized participant be in securities, the authorized participant shall state in the notification submitted to the Depository which securities by type and quantity shall be transferred on the owner's account of the authorized participant.

An authorized market participant may open a portfolio securities account on behalf of an investment fund management company or a investment advisory company which is licensed to manage a portfolio of securities issued by the Commission. The authorized participant shall open , the portfolio account on behalf of an investment fund management company and for the account of a client is using the service "management of funds for the account of an individual client", or on behalf of the investment advisory company and for the account of a client using the service "management of portfolio of securities at the order and for the account of an individual client by applying the procedure specified in paragraphs 1 and 2 of this point. The owner of the securities is the client and they are segregated from the assets of the investment fund management company and the investment advisory company. When opening the account, the investment fund management company and the investment advisory company concludes an agreement for brokerage with an authorized securities market participant. After the expiry of the validity of the agreement on management of funds for the account of individual clients, or the agreement on management of portfolio of securities at the order and for the account of an individual client, the investment fund management company and the investment advisory company shall submit a notification to the Depository specifying the type and the quantity of securities transferred onto the owner's securities account of the client (if there are any securities left on the portfolio account).

- Omnibus account – is opened in the name of the authorized securities market participant and/or in the name of a bank which is the custodian of the assets of pension and investment funds for the account of an individual non-resident client, or multiple non-resident clients.

One authorized securities market participant and/or the bank which is the custodian of assets of pension and investment funds may open one or several omnibus accounts

with the Depository for an individual non-resident client or for multiple non-resident clients. The identity of the clients of the authorized securities market participant and/or of the bank which is the custodian of the assets of pension and investment funds whose securities are registered on the omnibus account is known only to the authorized securities market participant and/or the bank which is the custodian of the assets of pension and investment funds. The owner of securities is the client and they are segregated from the assets of the authorized market exchange participant and/or the bank which is the custodian of the assets of pension and investment funds.

The authorized securities market participant and/or the bank which is the custodian of the assets of pension and investment funds are liable for the accuracy of data required for the purpose of identification of non-resident clients whose securities are registered on omnibus securities accounts.

The omnibus account is opened after an application is filed on a standard form by the authorized securities market participant and/or the bank which is the custodian of the assets of pension and investment funds prescribed by the Depository containing a statement by the authorized participant that the application is based on an agreement concluded with the client and a statement that the authorized participant has all the necessary approvals and licenses issued by competent institutions without additional attachments.

The authorized securities market participant and/or the bank which is the custodian of assets of pension and investment funds shall provide from their clients when initiating a business relationship, a statement that the client has been made aware of the legislation regulating the trading in securities and in particular with the Law on Securities, the Law on Banks, The Law on Acquisition of Trading Companies and the Insurance Supervision Law, and establish an obligation on the client to submit data on the identity of the owners of securities - his clients on the first call by the authorized participant.

The Depository shall execute the transfer of securities registered on another securities account onto the omnibus account following an application by the authorized securities market participant. Attached to that application shall also be an application by the holder of securities registered on another account.

The Depository shall transfer the securities from the omnibus to another securities account following an application by the authorized securities market participant and/or the bank which is the custodian of assets of pension and investment funds who shall submit to the Depository a valid document containing identification data on the client and a request for transfer onto another securities account signed by the client or his legal representative. The Depository shall execute the transfer of securities from one omnibus account to another omnibus, owner's, custodian or representative account in accordance with the filed request.

The right of insight or reservation of securities registered on an omnibus account may be exercised only by an authorized person employed by a member of the Depository on whose name the omnibus account is held.

- State account - securities account on which government securities are registered which under the legislation in force may be used at the order placed by state authorities and institutions for various purposes. This account is used only for the purposes of receiving securities as payments. It is not used for any other purpose.
- Group sell and buy account - securities accounts opened in the name of a Depository member and used for the purpose of settlement of group and block trades.
- Account for unidentified owners - account which is opened in the name of the issuer of securities on which owners of securities are registered in respect of whom the issuer is not in a position to provide accurate data. Until submitting accurate data to the Depository, securities of such owners are retained on the account for unidentified owners. Joint stock companies registered for the first time in the Trade registry after the commencement of operations of the Central Registry of RM must submit full data on all stock owners.

Account holder: a natural or a legal person in whose name the securities account is held.

Ownership position: a given quantity of securities registered on a securities account.

Custodian bank or Custodian: a bank that provides services of custody over securities (safekeeping of securities which entails opening and maintenance of securities account in its name and for the account of a client in the Depository, opening and maintaining of securities accounts for its clients who are not owners of the said securities for the account of their clients, and other securities related services at the order of a client (payment of due receivables by issuers arising from matured securities, interest and dividend for the account of holders of such securities, notification of shareholders' assembly dates and representation in such assemblies, payment of tax liabilities of the client arising from securities held by the client and the like).

Ticker code: a designation of a security assigned by a regulated securities exchange.

Security trading: sale or purchase of securities in exchange for cash assets.

Over the counter trading - trading which is not executed on an exchange or another publicly organized market.

Clearing: a procedure of calculation of obligations arising from the executed transactions in securities and the procedure of preparation for the settlement of transactions by checking the availability of the required securities and money.

Member of Central Securities Depository : a legal entity which may issue instructions for transfer of securities and money in the system in accordance with established rules, through the Central Securities Depository.

Central Securities Depository (CSD): institution in charge of administration of a registry of securities in the Republic of Macedonia and of clearing and settlement of obligations arising from the executed transactions in securities, which also provides additional services to issuers.

2 GENERAL PROVISIONS

2.1 These Rules shall regulate issues pertaining to the function and services performed by the Central Securities Depository (hereinafter: Depository), the rights and obligations of the Depository in the performance of its functions, registration of issuance of securities in the form of an electronic record, registration of the rights (including ownership) attached to securities, opening of securities accounts, registration and change of ownership, clearing and settlement of securities transactions, the rights and obligations of Depository Members, notification of issuers and holders of securities, method of protection against errors made by the Depository in the performance of its functions and other issues under the remit of the Depository, as well as the provision of additional services by the Depository.

2.2. The Depository provides the following services to its members, issuers and holders of securities:

- registration of securities in the Depository;
- notification of issuers and holders of securities of the balance on their accounts;
- clearing and settlement of obligations arising from securities transactions;
- delivery of services associated with corporate actions;
- other services associated with ownership and transaction of securities which are under the remit of the Depository.

The method of provision of services by the Depository is regulated with these Rules and the instructions issued by the Depository.

Membership requirements, the method of dispute resolution (arbitration) and termination of membership, as well as the special code of conduct and discipline are regulated with separate rulebooks issued by the Depository in accordance with the Law on Securities.

2.3. In the performance of its activities, the Depository abides by the following principles:

- reliability and efficiency in the administration of the registry of securities
- seamless settlement of trade transactions;
- honesty in its conducting business;
- right of every applicant fulfilling the requirements to become a member of the Depository;
- equality and parity of members of the Depository and the users of its services;
- regular reporting of the members of the Depository and the users of its services;

- efficient and amicable resolution of disputes between the Depository and its members, the issuers and holders and between the members.

2.4. The Depository is responsible for proper and timely performance of all of its obligations pertaining to the entry of orders made by holders of accounts and by members of the Depository in a manner and within the terms specified with these Rules and the instructions issued by the Depository.

The Depository is responsible for protection and safety of data held on securities account.

The Depository is liable for the damage, including lost profit, which has occurred as a result of inaccuracy or loss of data on securities maintained in an electronic format.

2.5. The data maintained by the Depository shall as a rule be considered confidential. The Depository, its bodies and employees shall keep the confidentiality of data they have obtained in the performance of their work.

The obligation of entities explained in the foregoing paragraph of this point referring to the keeping of data confidentiality shall remain in effect after their employment has been terminated or their duty discharged, though for not longer than five years.

2.6. The Depository shall not be held liable for any oversights or delays in the provision of services if the oversight or delay has occurred as a result of force major, a decision by a state authority or for other reasons beyond its control.

2.7. The Depository has an adequate information, computer and communication system for registration of securities, settlement of trade transactions and execution of non-trade transfers of ownership. To ensure efficient and secure operation, the Depository takes measure of physical protection of data in its computer system, designs software solutions for controlled access by the members to the system and an efficient system of data back up.

2.8. The Depository provides a software solution for tracking of every access and changes made by authorized persons in the the Depository in a chronological order (activity tracking).

The original documentation which is the ground for making entries and changes in the database shall be kept by the Depository for a period of not less than five years.

2.9. For the purposes of ensuring maximum accuracy of data entered in the Depository, cross checks are made of the data with the databases maintained by other bodies and institutions maintaining registries and records of public legal character.

3. MEMBERS OF THE DEPOSITORY

3.1. Members of the Depository (hereinafter: members) may be brokerages, banks, insurance companies and fund management companies, Members may use all the services provided by the Depository on behalf and for the account of their clients or on their own behalf and for their own account. The requirements and the procedure of admission as a member is specified with separate Membership rules of the Depository.

3.2. The rights and obligations of the Depository and its members are specified with these Rules, the Membership Rules and the Code of Conduct and Discipline and the instructions issued by the Depository.

3.3. In their legal relations with the Depository, with the other members of the Depository and in their legal relations with their clients members shall fully respect and apply the provisions of these Rules, of the Membership rules, the Code of Conduct and discipline, the Instructions issued by the Depository, the Tariff list and the other legal acts of the Depository.

3.4. Depository members shall notify immediately the Depository of all changes which may impact their participation in the operations of the Depository.

3.5. Members shall settle their financial and other obligations to the Depository and the other members of the Depository in an orderly and timely fashion and in the manner and under the terms specified in these Rules, instructions and other acts.

The Depository shall settle its financial and other obligations to its members in an orderly and timely fashion and in the manner and under the terms specified in these Rules, instructions and other acts issued by the Depository.

3.6. Depository members are fully liable to their clients whom they represent and are under the obligation to compensate the damage in cases of illegal actions, negligence or failure to deliver on the obligations towards their clients, including cases where a member has taken advantage of a client's account in the Depository against the rules and without and authorization.

3.7. Depository members who have access to the computer system of the Depository shall act in accordance with the instructions issued by the Depository which specify the technical standards of the computer and communication equipment for access to the computer system of the Depository, including the use of a program support provided by the Depository.

Depository members shall abide by all safety measures for access to the computer system and data protection against unauthorized use by third parties, as well as by other measures specified in the instructions issued by the Depository.

Depository members are liable for the actions of their employees which are contrary to these Rules and the instructions issued by the Depository.

3.8. The Depository shall send notices in a manner and under the terms prescribed in these Rules.

Members shall verify the accuracy and completeness of all notices received from the Depository and notify immediately the Depository if they have not received the notice within the specified deadline or if they challenge the accuracy of data or the completeness of the notice.

If a member does not challenge the accuracy and completeness of the notification within 24 hours following the receipt, it shall be considered that the member has confirmed the accuracy and completeness of the notice and that it has waived its rights to challenge errors or oversights in the notice.

3.9 Employees of the members of the Depository who in the course of their work gain access to data associated with its operation shall keep the data confidential.

The obligation laid down in article 1 of this article shall remain in effect after the termination of employment with the member of the Depository, though for no longer than five years.

3.10 The Depository shall submit a document (invoice) to the entities to which it provides services specified in point 2.2. paragraph 2 with calculation of the fee for the service delivered by the Depository, which the entities shall pay.

The fees for the provision of services by the Depository are specified in a tariff list.

In addition to the fees for the services rendered by the Depository, the tariff list shall also specified the penalties for any violation of these Rules and the instructions issued by the Depository.

3.11. The Commission shall provide its consent to the tariff list of the Depository.

3.12. The tariff list of the Depository shall be published in the Official Gazette of the Republic of Macedonia and on the web site of the Depository.

3.13. The members and the Depository shall make efforts so settle their disputes amicably.

In the event of a failure to settle a dispute the competent court shall be the court having substantive and territorial jurisdiction.

4. REGISTRATION OF SECURITIES

4.1. The Depository maintains records on issued securities and on ownership positions, the rights of holders of securities, the unique identification of securities and their holders, any restrictions in the exercise of rights, rights of third parties associated with securities and other data pertaining to those rights, executes transfers on securities accounts and provides other services associated with the keeping of records on securities.

The procedure of registration of securities specified in these Rules and the instructions issued by the Depository are also applied to the issue and registration of foreign security certificates.

4.2. All securities are registered in the Depository in a procedure, conditions and manner specified in these Rules and in the instructions issued by the Depository and in line with secondary legislation issued by the Commission. The instructions on registration of securities which require a procedure and special documentation for registration in accordance with these Rules are issued by the Executive Director of the Depository.

The Depository drafts technical instructions on the use of the computer system which it submits to its members. The technical instructions are updated after each computer system upgrade.

The instructions on registration of securities and the technical instructions on the use of the computer system shall be submitted to the Securities and exchange Commission of the Republic of Macedonia within three days from the issue date.

4.3. Each security is assigned an ISIN number upon registration in the Depository. ISIN number contains data on the issuer, the rights of the holders attached to the security and other elements of the security.

The procedure, the conditions and the method of assigning ISIN numbers are specified in instructions issued by the Depository.

The Depository first assigns a temporary SIN number to each new issue in respect of which the procedure is under way for the purpose of identification of the security during the registration procedure. Following the issue, the Depository assigns the international ISIN number.

4.4. Securities are registered on accounts held with the Depository.

For the purposes of registration of securities specified in paragraph 1 of this point, the Depository shall open accounts to the issuers and holders of securities.

Opening and closing of securities accounts, registration, changes and deletion of ownership positions on the accounts of holders of securities, as well as other actions associated with

any changes that may have taken place on the accounts held with the Depository shall be performed by a single account operator.

The method and the procedure of opening and closing of accounts and the types of accounts held with the depository are prescribed in the law and in these Rules.

In the event of an appeal procedure and on the basis of a decision issued by the Securities and exchange Commission on registration in the Depository of the issuer's book of stocks, the Depository shall make an entry into the book of shares after the decision issued by the Commission becomes effective, unless the Commission decides that the entry shall be done previous to that.

The Depository shall submit at a request made by the issuer of securities a special report on all transfers of ownership of stocks issued by that particular issuer for a specified period of time. The report is submitted within three days following the date of receipt of the request.

4.5. The data on the issuer registered in the Depository contain information on:

- Name, abbreviated name and registered office of the issuer;
- Other data for identification of the issuer as required by the instructions;
- ISIN number;
- type of security;
- total number of issued securities;
- nominal value of the security;
- total value of securities under by ISIN number;
- rights and obligations attached to the security
- any restrictions in the exercise of the rights and time limits for discharge of obligations of the issuer.

4.6. The account of the security holder contains data on:

- holder's account number;
- data for identification of the holder (for a natural person: name and surname, address and UPIN, and for legal entities: name, registered office and Entities PIN);
- ISIN number of the security held by the holder, type of security, род и класа
- total number of securities by ISIN number and their nominal value;
- rights attached to securities held by the owner of the account;
- any restrictions in the exercise of the rights;
- rights of third parties attached to the securities (pledge and the like) and
- other data associated with the rights attached to securities, restrictions on the transfer and injunction prohibiting disposal.

4.7. In any new securities issue the issuer submits to the Depository an approval by the Securities and exchange Commission. If the issue amount is lower than EUR 25 000, the issuer submits to the Depository only a decision by the competent body of the issuer on securities issue.

After the receipt of the decision made by the Commission for new securities issue by way of public offering, the Depository assigns a temporary SIN code to the securities in the amount equivalent to the number of securities or in the amount equivalent to the number of lots specified in the decision on the new issue. When submitting the decision, the issuer of the new issue submits to the Depository an agreement with a commercial bank for opening a special account for the purposes of receiving money during the subscription procedure. The issuer must waive with the agreement the right to dispose with the money held on the special account and authorize the Depository to receive notifications of any inflows on that account and to dispose with the funds after the receipt of the Decision on entry of basic capital increase issued by the Central Registry of RM. Disposal with funds on the special account of the issuer is done by the Depository by way of a written order given to the commercial bank.

The authorized securities exchange participant who in the procedure of public offering participates on the purchase side receives payments made by the persons who have subscribed to securities on his settlement account held with the National Bank. The amount of money that has been paid by the persons who have subscribed to the security in one trading day and that has accumulated on the settlement account of the authorized participant held with National Bank shall be paid by the authorized participant on the special account of the issuer designated for receipt of money as specified in the foregoing paragraph of this point, on a daily bases by not later than 15:00 hours. The amount of money paid on the account of the authorized participant by the persons who have made an order for purchase of securities which are publicly offered and whose order has not been executed shall be returned by the authorized participant by not later than 9 o'clock on the next business day on the accounts of persons who have placed orders.

Following the expiry of the subscription deadline, the Depository shall notify the Commission and the issuer on the number of subscribed securities and the amount of money on the special account of the issuer.

If the issue is successful and after the receipt of the decision on entry of basic capital increase issued by the Central Registry of RM, the Depository shall make an order to the business bank where the special account has been opened for the transfer of money on a regular account of the issuer, and at the same time it shall transfer the securities on securities accounts of the persons who have subscribed to the new securities issue. If the object of the public offering are own shares, the obligation of the Depository to exchange money for securities shall arise after the issuer has submitted a notification of subscribed and paid-in securities.

The issuer shall submit to the Depository evidence that a notice of subscribed and paid-in securities has been submitted to the Commission and an announcement has been made to the public. Within 2 days following the decision on entry of the basic capital or the notice of subscribed and paid-in securities, the Depository shall effect the settlement in accordance with paragraph 4 of this point.

If the public offering of securities (issue or sale of own stocks) is not successful immediately after the receipt of the notification on subscribed and paid-in securities, the Depository shall issue an order to the commercial bank where the special account of the issuer is held for the return of the money to the accounts from which payments have been made. The authorized participant, immediately after the receipt of the money on his settlement account held with the National Bank shall return the money to the accounts of persons who subscribed to the security. All such subscriptions to securities shall be recorded by the Depository as cancelled subscriptions.

In the event of a failed public offering of securities, money is returned together with the total amount of the deposit interest rate for the amount of money paid for all the persons who subscribed to the publicly offered securities with an authorized participant. The Depository shall order within 6 days the commercial bank to pay the said amount on the account of the authorized participant who will in turn within 6 days distribute the money to each person who subscribed to the securities proportionally to the amounts of money paid-in for the subscribed security.

Once the issue is registered with the Central Registry, the issuer shall submit to the Depository an extract from the registration of the issue in the Trade registry.

Securities issuers who under the law are not under the obligation to submit an application for approval for securities issue, nor do they have an obligation to submit a notice to the Commission, shall submit to the Depository an act of issuance (decision), a prospectus, and a list of persons who shall acquire the securities. The issuer shall provide identification data on every person as specified in p.4.6 of these Rules.

If the object of the public offering are own stocks, the Depository shall freeze the stocks on the issuer's account and assign a temporary SIN code for the amount mentioned. Provisions from this point on new issue shall apply to all other matters.

The National Bank of RM shall issue their Rules to regulate the procedure of issuance and over the counter trading in securities issued by the National Bank of RM or the Ministry of Finance of RM.

The Depository, after it has received the documentation of paragraph 1, shall assign to the issuer an ISIN number for that issue. If the issuer does not hold a securities account, the Depository shall open a new securities account to him. If those are securities of the second or subsequent series conferring the same rights as the security already issued by the same issuer, the Depository shall not assign a new ISIN number by it shall attach the newly issued number of securities to the existing ISIN number.

After the securities issue subscription period is closed, respecting the principle delivery versus payment the Depository shall register the paid-in securities as ownership position on the accounts of securities holders. If a security holder does not have a security account, the Depository shall open a security account to him.

4.7 The Depository shall request from the issuer on each registration of new stocks and basic capital increase which are a result of changes in the status set out in the Trade Companies Act a decision issued by the relevant authority in charge of entry in the Trade Registry and an approval on securities issue extended by the Securities and exchange Commission.

When a new trade company is established or the basic capital is increased with a non-monetary contribution consisting of securities, the Depository shall effect the transfer of securities from the securities account of the owner - founder to the securities account of the newly founded or existing trade company following the submission of the registration from the Central Registry - Registry of Trade Companies and other legal entities. This procedure is also applied in cases of basic capital increase or establishment of a trade company with in-kind contributions consisting of stocks registered in the Depository, whose registered office is abroad, after the submission of the registration of the change made in the original registry of the company being established or increasing its basic capital with an in-kind contribution.

Decrease of basic capital and other corporate actions executed in accordance with the provisions of the Law on Trade Companies (stock split or reverse split etc.), the execution of which impacts on stocks already registered as issued by the trade company, are registered in the Depository after the submission of the registration in the Central Registry - Registry of trade companies and other legal entities.

When there is a transformation of a joint stock company or a company limited by shares into a trade company with a different status, the stocks issued by that company are removed from the active system of the depository, and statements of securities accounts are not sent to the holders and the issuer.

4.8. A separate account for registration of restrictions and liens on securities and other accounts may be opened in the Depository if the law so provides, or in line with a decision issued by a competent authority or in line with these Rules.

Other accounts may also be opened in the Depository.

4.9. The procedure of registration of securities on the accounts in the Depository entails the following actions:

1. Receipt of the application with the relevant attachments filed by the ordering party and determination as to whether they are complete, in order and regular;

2. Entry of the application in the Depository;
3. Notification of the made entry.

The Depository performs these actions in a procedure and in a manner specified in a separate instruction.

4.10. Order for registration of securities on the owner's account or of any changes on the account may be made by the holder of the account or a person he/she authorizes.

4.11. If the object of the registration on the account is a final and effective decision of the court or an enforcement officer or a body of the state administration which was received directly from the body that has made the decision, the account operator shall fill in the order and make the ordered registration or changes on the account of the holder of securities after the order has been signed by an authorized person.

4.11. In cases of enforcement based on a court decision, appraisal and sale of stocks to settle claims of creditors, the Depository shall act in accordance with the Enforcement Procedure Law (Official Gazette of RM, number 59/2000) and the Law on Enforcement.

4.12. After it has been established that the order is duly and fully filled in, entry is made in the Depository on the basis of the data stated in the order.

Entries of orders in the Depository are made by an account operator.

Entries of data on the accounts in the Depository are made in accordance with these Rules, instructions and other acts issued by the Depository.

4.13. Ownership positions and changes that takes place with the entry of the order on the accounts in the Depository produce a legal effect from the moment of entry on the accounts in the Depository (principle of constitutionality).

4.14. Changes in the accounts maintained by the Depository may take place only:

- on the basis of trading in securities;
- on the basis of non-trade transfers.

4.15. Change of ownership of securities is effected by way of transfer from a free ownership position on the securities account of the existing holder to the securities account of the new holder.

4.16. Transfer of ownership of securities arising from trading in securities is executed by way of transfer from the account of the seller of securities to the account of the buyer of securities as a result of the procedure of clearing and settlement of transactions in securities specified in these Rules.

4.17. Transfer of ownership of securities arising from non-trade transfers is executed on the basis of orders made by the holder of the account,

a final and effective decision by the court and a competent authority of state administration, inheritance, gift, and enforcement of a pledge right.

In case of entries on securities accounts described in the previous paragraph of this point, relevant documentation is attached to the order.

4.18. Transfer of ownership of securities on the basis of inheritance, gift and other basis which are not linked with organized trading shall be performed by the operator on the account by way of transfer of securities from a free ownership position of the granting party to the account of the receiving party. Inheritance, gift and other basis which are not linked with organized trading, are registered on the basis of an act duly issued by the court, or on the basis of a notary certified agreement and a competent authority.

4.18. Transfer of securities held by self employed persons, artisans and other entities registered as self employed, in the event of termination of activity shall be effected by way of transfer of securities from the account of the previous holder to the account of the self employed person, artisan and other entities registered as self employed on the basis of a decision on Termination of activities issued by the competent Ministry.

4.18.6 Restrictions on disposal with securities of joint stock companies held by the Fund for Pension and Disability Insurance are executed only on the basis of a final court decision and an act issued by a competent authority.

4.19. Entry is also made in the Depository of any changes in the ownership positions on securities accounts which refer to acquisition of rights attached to securities as well as changes in ownership positions for the purposes of entry of other facts important in relation to legal affairs associated with securities. Such changes are with reference to the entry of pledge over securities (fiduciary transfer), interim measures of injunction prohibiting alienation and lien on securities for the purposes of seizure and mandatory enforcement of securities. In addition to the changes mentioned above, the account operator shall effect the adequate entry onto the account of the holder and on the basis of a decision by the court or some other competent authority and other effective executive title document, certified agreements, if it is a case of facts of significant having an impact on legal matters associated with securities.

4.20. The method and the procedure of entry of pledge over securities on the account of the owner in the Depository shall be agreed between the Depository and the Collateral Registry.

In the enforcement of a pledge the Depository shall effect a transfer of pledged securities from the securities account of the pledgor to the securities account of the pledgee, only if the conditions and the procedure provided in the Law on Contractual Pledge are met and carried out in full. The transfer will

be effected in the Depository by way of a non-trade transfer if the following documentation is submitted:

- Application for a transfer of ownership of securities by a certified notary
- Record of acquisition of the right of ownership on a pledged item prepared by a certified notary to which all evidence required under the Law on Contractual Pledge shall be attached,
- Pledge agreement with a clause confirming the consent of the debtor to the transfer of pledged securities in accordance with article.23 of the Law on Contractual Pledge,
- Confirmation on notification sent to the debtor that the creditor has initiated a procedure for enforcement of the pledge.

The transfer shall be effected in a regular procedure of settlement if it is a case of enforcement of a pledge by way of sale of pledged securities and settlement of the pledgee from the proceeds of securities in accordance with point 5.30 of these Rules.

In both cases of enforcement of a pledge the new holder of securities shall acquire securities free of any restrictions.

4.21. Registration on the account of the holder of securities for the purposes of seizure and sale of securities, for the purposes of mandatory collection of claims shall be effected by the Depository on the basis of an order issued by the court of competent jurisdiction or an enforcement officer by clearly designating the securities of the holder of the account with an injunction prohibiting alienation of or lien on seized securities.

4.22. Registration on the account of the holder of securities for the purposes of interim measure injunction prohibiting alienation and lien on securities shall be effected by the Depository by marking the account of the owner on the basis of an order issued by a basic court and for the purposes of securing in kind settlement to the benefit of the creditor. Following the registration of the interim measure the holder of the account in the Depository is not allowed to alienate or establish a lien on the said securities, nor is registration on the account on the basis of an order made by the owner is allowed.

4.23. Registration on the account of the holder of securities of an interim measure and mandatory collection against securities is made on the account of the holder of securities in the Depository, on the basis of an order issued by a court of competent jurisdiction or a competent authority which has issued the decision on registration of the interim measure or mandatory collection.

Following the designation of a blocked ownership position no subsequent registration on the basis of an order by the holder of the account is allowed.

4.24. Registration on the account of the holder of securities of a new power of attorney holder is made by the issuer or the Depository on the basis of a duly issued order by the holder of the account - grantor of the power of attorney for the purposes of registration of data by the voting holder of the power of attorneys.

The power of attorney holder is registered in the Depository on the account of the holder of securities on the basis of a power of attorney granted by the account holder.

4.25. Deletion of securities from the accounts maintained in the Depository is done on the basis of an order issued by a competent authority or on the basis of a court decision.

4.26. The competent authority may instruct the issuer to delete a specific security only in cases of corporate actions arising from changes in the status which give rise to termination of validity or replacement of the said security.

4.27. The Depository shall delete a specific security on the basis of a final and effective court decision.

4.28. The Depository shall delete a specific security after all the obligations associated with the said security have been settled in a manner and under the terms specified in the instruction issued by the Depository.

4.29. Closing of an account of a securities holder is done in the Depository when no ownership is registered on that account

4.30. Closing of an account of an issuer of securities is done in the Depository on the basis of an order issued by a court of competent jurisdiction with a final decision on completion of a bankruptcy or liquidation procedure as well as on the basis of an effective decision issued by the competent body of a Joint stock company registered in the Trade registry for conversion of the company into another form of trade company.

4.31. Opening and closing of securities accounts, registration, changes and deletion of ownership positions on from the accounts of security holders, as well as other actions related to changes on the accounts maintained in the Depository is done solely by the account operator.

4.32. The account operator shall take actions after having checked whether the order mentioned above is complete, in order and valid, and in particular:

- the identity of the ordering party;
- correctness and character of the power of the authorization;
- validity and correctness of the order;
- check if the ownership position is free.

4.33. Under these rules, only the account operator and the authorized broker may reserve ownership positions on the securities accounts after they have been granted the authorization thereto by the holder of securities or his/her legal representative.

The authorization may refer only to the reservation of securities for future sale, or only to insight to the balance of the securities account, or both to reservation and insight to the securities account.

In addition to the authorized broker and the Depository, the right to insight to omnibus and custodian account may also be granted to an authorized person in employment with a member of the Depository performing a function of a guardian of assets (custodian), for omnibus and custodian accounts opened in the name of the said member.

The authorization is registered on the securities by an authorized broker or by the account operator at a request by the holder of the securities account.

The authorization for insight only for reservation only, or for both insight and reservation on a restricted account may be registered only by the account operator at a request of an authorized broker or an authorized person in employment with a member of the Depository performing a function of a guardian of assets (custodian), for omnibus and custodian accounts opened in the name of the said member.

4.34. Reservation of ownership positions on accounts of a holder of securities shall be effected by the account operator and the broker on the basis of an order made by the account holder.

4.35 The Depository shall automatically freeze ownership positions on the account of the holder after having received information from the Exchange on executed transactions in securities.

4.36. The operator of accounts in the Depository shall notify the ordering party of any identified errors, authorizations and other documents submitted to the Depository and forward the said documents to him for corrections, modifications and additions.

The account of the issuer who is a subject to a bankruptcy procedure shall be removed from the active system of the Depository, and the issuer and the holders shall receive statements of their security accounts.

The issuer's account shall be retained in the historical database of the until the completion of the bankruptcy or liquidation procedure Depository.

4.37. As an exception, the account operator may make corrections of the identified obvious errors on the basis of the regulation on personal data protection.

5. CLEARING AND SETTLEMENT OF TRANSACTIONS IN SECURITIES

5.1. The Depository shall perform clearing and settlement of transactions in securities.

5.2. The object of clearing and settlement in the Depository shall be all transactions in securities executed on a regulated securities exchange AD Skopje (hereinafter: Exchange) and on securities markets regulated by the National Bank of the Republic of Macedonia (over the counter markets).

5.3. Transactions in securities executed on the Exchange are settled in accordance with the Law on Securities and the Exchange procedures on the intended settlement date.

Transactions executed on over the counter markets shall be settled in accordance with the secondary legislation issued by the National Bank of the Republic of Macedonia.

5.3. Settlement of transactions in the case of sale of state owned capital, when the seller is a state authority and the buyer is a foreign natural or legal person may also be executed in foreign currency.

To that end, the state authority acting as a seller shall open a foreign currency account with the National Bank of the Republic of Macedonia, which is the foreign currency agent of state authorities.

The National Bank of the Republic of Macedonia and the state authority shall conclude an agreement to regulate the powers of the Central Depository with reference to handling the account for the purposes of settlement in accordance with the legal principle „Delivery versus payment“.

Following the settlement, the Central Depository shall issue to the National Bank of the Republic of Macedonia an order instructing it where to transfer the proceeds from the sale.

The amount of the settlement fee under the applicable tariff shall be paid by the state authority against an invoice after the expiry of one month for the previous month."

5.4. The Depository shall perform the clearing and settlement of transactions in securities on the basis of the data on executed transactions received from the Exchange and the National Bank of RM regarding the settlement of over the counter transactions.

Data on executed transactions in securities shall be submitted by the Exchange to the Depository in an electronic format on the date of execution by not later than 15:30 hours. The method of submission and confirmation of

received data on executed transactions in securities shall be agreed between the Exchange and the Depository.

5.5. Data on transactions in securities executed on the Exchange as in point 5.4. shall contain at a minimum the following elements

- ISIN number of the security
- Identification number of the transaction from the Exchange
- Quantity
- Identification number of the buying broker
- Buyer's securities account number in the Depository
- Identification number of the selling broker
- Seller's securities account number in the Depository
- Price of trading on the Exchange
- Unit price (per security)
- Date of trading
- Planned settlement date
- Status of transaction
- Exchange / market code

5.6. Following the receipt of data on transactions executed on the Exchange and the National Bank, the Depository shall archive the data and initiate the procedure of clearing and settlement.

5.7. Following the receipt of from the Exchange it shall be considered that the transactions in securities executed on the Exchange are irrevocable and the members of the Depository may not unilaterally make any changes or cancel the transactions.

5.8. Notwithstanding 5.7., the Depository may make changes or cancel transactions in securities only in case of a request made by the Exchange for the purposes of removing errors made in the execution of the transaction by the members or because of unpredictable errors in the trading system of the Exchange.

The method and the procedure of cancellation or changes to the transaction specified in paragraph 1 of this point shall be regulated jointly by the Exchange and the Depository.

5.9. Change or cancellation of transaction may be made by not later than 3 hours prior to the settlement on the settlement date.

5.10. In the event of change or cancellation of transaction, the Depository shall make a new calculation of obligations arising from the transaction and inform the Exchange and the members-participants in the settlement of the transaction thereof.

5.11. The procedure of clearing and settlement of transactions in securities in the Depository ensures a final and irrevocable exchange of

securities for money in accordance with the conditions under which the transaction was executed on the exchange and with these Rulesхартите.

5.12. In the procedure of clearing and settlement of transactions only securities registered on designated securities accounts in the Depository which are free from any liens and restrictions may be used, save when the restriction refers to a voting right or dividend or some other restriction which is not associated with disposal, and which is restricted on the basis of a decision issued by a competent authority or an authorized person. If any right which arises from securities holding is restricted with a court decision, such securities may not be used in the procedure of clearing and settlement.

5.13. Settlement of transactions executed on the Exchange shall be made in the Depository on a gross basis, or for all participants in the transaction in securities transfer of securities is made on the basis of each individual transaction executed on a given trading date, and the transfer of money shall be made on a net basis by calculating the obligations of the participants in the settlement from all sale and buy transactions at a level of participant (B1S тoс1e1 II).

5.14. All participants in the settlement who have executed transactions in securities on a given trading day must provide on the settlement date the required quantity of securities (if they acted as sellers) and the required monetary amount (if they acted as buyers) for each individual transaction.

5.15. A member which is the buyer of securities in a given transaction must secure the required monetary amount on its settlement account held with the National Bank by the settlement date.

5.15 When executing a transaction in securities in which the same member of the Depository acts as both the buyer and the seller, that member shall by not later than the settlement date deposit the required monetary amount for settlement of the transaction on a separate account on the Depository held with the National Bank of the Republic of Macedonia.

The settlement of the transaction mentioned in the previous paragraph shall be effected in accordance with point 5.16, paragraph 3 of these Rules.

Monetary amounts deposited in accordance with paragraph 1 of this point shall be deposited back on the account of the member by the Depository after the closure of the cycle of settlement on that day.

If the required monetary amount is not deposited on a separate account of the Depository, the settlement procedure provided in the Rules on establishment and the method of use of the Guarantee fund will be applied.

5.16. The Depository shall submit a detailed report in an electronic format to each member in a given transaction in securities on its obligations on a given settlement date by not later than 09:00 hours on the day following the trading day.

The report mentioned in the previous paragraph of this point shall contain the following elements:

- data that the brokers will receive (on the screen) following the settlement
- comment
- Ticker code
- ISIN
- Transaction identification number
- Buying broker identification code
- Buyer's securities account number in the Depository
- Selling broker identification code
- Seller's securities account number in the Depository
- Quantity
- Trading price
- Accrued interest
- total price (inclusive of accrued interest)
- Trading date
- Planned (agreed) settlement date
- Actual settlement date
- Status of transaction
- Mandatory (in case of a restriction on the securities account which does not hinder the settlement of the transaction in the transaction of securities which are not reserved)
- Identification number of the transaction in CSD

Settlement of exchange transactions is executed in accordance with the schedule aligned with the National Bank.

5.17. In case of debt securities with periodic interest payment, the total monetary obligations of the participant in the settlement shall include the amount of the accrued interest.

5.18. A member shall check in the settlement process the accuracy and the completeness of the report mentioned in point 5.16. of these Rules and notify the Depository if it has not received the report and/or if it challenges the accuracy and completeness of the report. If within three hours from the moment when the report was made available to the members it does not challenge the accuracy and completeness of the report, it shall be considered accurate and complete.

5.19. By confirming the accuracy and completeness of the report mentioned in point 5.16., the members undertakes to meet the obligations contained in the report and thus waives the right to an objection to its rights and obligations contained in the report.

5.20. Members who are participants in a given trade transaction in securities shall list the accounts maintained in the Depository, to

to which the quantity of securities bought or sold in a given transaction shall be allocated, (allocation of transactions).

5.21. Members who participate in the settlement may allocate the securities from a given transaction only to those holders of securities accounts who have provided an authorization in writing.

5.22. As a rule, the allocation of transactions shall be made on the actual trading on the Exchange, or in other words the Depository receives the data thereof when data specified in point 5.4 of these rules are submitted.

5.23. In cases when there is a group or block trading by members who participate in the settlement, The Depository shall open separate accounts for settlement of group and block transactions in securities as follows

:

- account for grouping of securities from several accounts of several clients by way of reservation, with a view to securing the required quantities of the securities in the settlement of the group or block sell transaction (group sell account);
- account for allocation of securities by following settlement of a group or block buy transaction with a subsequent automatic distribution of securities onto several accounts of several clients by way of non-trade transfers executed by the Depository (group buy account).

In cases of settlement of a transaction with a group or block trading, the Depository shall not issue books of securities to companies issuing securities which are subject to group trading as of 11:00 hours on the settlement date.

5.24. Separate securities accounts mentioned in point of these Rules are separately designated in the Depository and the members who participated in the settlement may use them only for reservation of securities for their clients who engage in a group sell and for identifying the accounts of their clients who engage in group buy

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5.25. A member who sells securities in a given transaction must ensure that the required securities are registered on the securities account of their client in the Depository on the settlement date.

5.26. The Depository shall check whether the required securities are registered on the securities account of the holder immediately after the receipt of data from the Exchange as specified in point 5.4. of these Rules and if there is sufficient quantity of securities on the account which is checked, that quantity is frozen until the settlement date.

5.27. If the Depository finds that on the securities account of a members who sells or on the securities account of its client there is insufficient quantity of securities, it shall immediately notify the members selling member who must carry out all activities necessary to secure sufficient quantities of the security by the settlement date.

5.28. The transfer of securities from the securities account of the selling members or of its client to the buying member or to its client shall be executed by the Depository on the settlement date.

5.29. The transfer of funds from the special accounts of buying members in the settlement of given transactions in securities on the accounts of selling members held with the National Bank of the Republic of Macedonia shall be executed on the order issued by the Depository on the settlement date.

5.30. If on the settlement date the conditions for the settlement are met, the Depository shall execute the transfer of securities from the securities account designated by the selling members to the securities account designated by the buying member and at the same time it shall issue an order to the National Bank of the Republic of Macedonia for transfer of monetary amount from the settlement account of the buying member to the settlement account of the selling member (delivery versus payment).

The transfer of securities and monetary amounts mentioned in the previous paragraph of this point of these Rules is final and irrevocable.

5.31. The Depository shall administer the procedure of settlement of transactions in securities in a chronological order of execution of transaction on the Exchange, or on the basis of data it has received to that effect from the Exchange in accordance with point 5.4. of these Rules.

if on the transaction settlement date there is insufficient monetary amount or securities for settlement of transactions in a chronological order, the Depository may execute the settlement of the remaining transactions for which there are sufficient monetary amounts or securities.

5.32 The Depository shall settle all transactions in securities which under the conditions of execution of transactions shall be settled on that settlement date.

If the conditions for a full settlement are not in place on the settlement date, the transaction shall not be settled. The Depository shall notify the participant in the settlement and the Exchange that there are unsettled transactions on that settlement date and the reasons why the transactions have not been settled, and it shall commence the settlement procedure provided in the Rules on establishment and the method of use of the Guarantee fund.

5.33. Monetary claims and obligations arising from the procedure of clearing and settlement of transactions in securities shall refer to the participants in the settlement and their clients. The Depository shall not be liable for the accuracy, entirety and completeness of the fulfillment of mutual monetary obligations between the participants in the settlement and their clients.

6. USE OF DATA AND REPORTING METHOD

6.1. The users of some data on the securities accounts in the Depository are the following:

- issuers of security,
- holders of security, or persons authorized by them
- Depository members,
- regulated securities exchange,
- National Bank of RM
- authorized state authorities and institutions.

The users of data mentioned in the previous article shall receive notifications from the Depository in accordance with the law and these Rules and on the basis of mutual cooperation agreements.

6.2. Issuers of securities, depending on the type, the method and the deadline for reporting shall receive the following data from the Depository:

- balance and structure of securities - total and by holder;
- any change in the balance and structure of securities - total and by holder (name and surname/company name, UPIN/RB, number of securities, date of change, grounds for change of ownership, payment of dividend/interest, registered rights or restrictions on securities);
- new securities issue.

The Depository shall send the notifications mentioned in the previous paragraph:

- once per year, free of charge with the balance closing on 31.12 for the previous year in the form of book of shares;
- at a request of the issuer for all other data

The notifications explained in paragraph 2 line 1 of this point shall be sent within 30 days from the end of the calendar year.

The notifications explained in paragraph 2, line 2 of this point shall be submitted within 3 days from the date on which the issuer of securities has submitted a request.

6.3. Holders of securities, depending on the type, method and deadline for reporting, shall receive from the Depository the following data:

- balance of the securities account - separately by account and by issuer,

- any change in the balance of the securities account - total and for each holder separately (number of securities, date of change, ground for change of ownership, payment of dividend/interest, registered rights or restrictions on the securities account),
- new issue of securities.

The Depository allows insight into the books of shares of joint stock companies which may be gained by any stock holder. The Depository charges for the service under the Tariff.

6.4. Depository members are entitled to a partial or full insight into the accounts of their clients in accordance with the authorization granted by their clients.

Persons employed by a member of the Depository, depending on the activities they perform, may have:

- the right to insight into the holder's account
- the right to insight and reservation of securities of the holder
- the right only to reservation of securities of the holder.

The method and the procedure of obtaining data from the previous paragraph of this point is regulated with a separate instruction issued by the Depository.

6.5. The Exchange, depending on the type, the method and the term of reporting shall receive from the Depository data which both institutions shall define with a special Mutual cooperation agreement. The agreement shall regulate all conditions and the procedure of data submission.

6.6. The Depository shall also submit certain data to the state authorities and institutions in accordance with the law.

6.7. The Depository shall submit the data to the entities identified in the law and these Rules in one of the following ways:

- through a computer system,
- registered and ordinary mail,
- through e-mail,
- on a magnetic medium.

6.8. The Depository shall charge the users a fee as per the Tariff of the Depository for the services rendered by sending and invoice for the services provided.

7. PROTECTION AGAINST ERRORS IN THE DEPOSITORY

7.1 Protection against errors in the work of Depository shall be ensured by the bodies and the employees of the Depository.

7.2 The Depository ensures that no damage or loss of data entered shall occur nor shall the main and the historical database be available at all times to the employees and the members of the Depository.

The Depository shall take measures and activities in the operation of the Depository to ensure that illegal and unauthorized changes in the data on the accounts it maintains are not made, so as to avoid the provision of wrong information because, errors in the operations of the Depository, and material damage and losses by the members of the Depository and their clients.

7.3 For the purposes of protection against errors the Depository ensures that:

- every authorized person with access to the operations of the Depository has special authorization and his/her own identification code for entry in the Depository (password);
- the authorized person has access to enter in the Depository only a limited number of previously defined transactions and a limited access to the data in the Depository on the basis of the authorizations granted by his/her clients;
- The Depository will restrict the use of transactions by each authorized person to the extent of the authorizations and by each employee to the boundaries of his/her powers;
- the service for the users of the Depository, the account operator and the brokers archive all incoming and outgoing documents in the Depository;
- all registrations (entries) on the accounts of authorized persons be controlled in a separate procedure regulated on the basis of an instruction on the method and the conditions for registration of securities, thus ensuring double check of securities in the registration and changes of owners;
- all employees of the Depository have the capacity and the authority to work so as to ensure that the system of registration (entry) be made in a professional and responsible fashion
- The Depository provides everyday control of all transactions or changes of owners and issues as well as evidence of all changes made in the Depository, with a possibility of reconstruction of all activities of the Depository;
- The Depository ensures a database which allows insight into the executed transactions and changes entered in the Depository (historical database) at any point in time
- Historical database may not under any circumstances be changed but only upgraded;
- The Depository provides a daily report in an electronic format of all changes made in the database of the Depository in one day, as an archive of daily changes;

- Changes in the main database of the Depository be made by the accounts operator only on the basis of valid documentation;
- Technical interventions in the system of the Depository be made only on the basis of a pre-approved plan by the Director of the Depository without any rights to make changes in the database.

7.4 For the purposes of safety of the system and the possibility of destruction of the entire system, including the main and the historical databases, the Depository shall ensure that there is a real time daily transfer of executed transactions on a Back up system functioning in a separate location chosen by the Depository.

7.5 The Depository shall conduct everyday checks of the balance on the database (number of securities in circulation) and the databases for accounts (securities registered on accounts).

7.6 Removal of any errors shall be made on the basis of an instruction issued by the Depository.

To avoid unauthorized access to the system of the Depository, the Depository provides physical protection of the system and the documentation, thus obviating any risks of deliberate and uncontrolled actions in the database and the system of the Depository.

8 . TRANSITIONAL AND FINAL PROVISIONS

8.1. Data on bonds issued by the Republic of Macedonia for the purposes of repaying the foreign currency deposits guaranteed by the Republic of Macedonia and on the holders maintained by the Payment transactions bureau shall, under the decision on the powers of the institution which will conduct the business of Registry of dematerialized securities ("Official Gazette of RM" бп.40/2000), shall be transferred to the Central Securities Depository in a manner and procedure specified with these Rules and the Rulebook on the content, the method and the procedure of administration of the Registry of bonds in a dematerialized form issued to repay the foreign currency deposits of the citizens guaranteed by the Republic of Macedonia ("Official Gazette of RM", no.75/2000) .

8.2. The Depository shall open an account to the issuer of the bonds - the Republic of Macedonia, with the balance as on the date of transfer from the Registry of bonds.

Any changes that have previously taken place in the Registry of Bonds shall be transferred by the Payment transaction bureau to the Depository as documents of enduring value.

8.3. By opening an account to the issuer, the Depository shall issue regulation for narrow regulation of the issues pertaining to the operations with the bonds.

8.4. The Depository, by opening an account to the issuer, shall open accounts to all holders of bonds unless they already have securities accounts opened on other grounds.

8.5. The rights and obligations of the Payment transactions bureau in relation to the bonds shall be assumed in full by the Depository, unless otherwise specified in the law, a decision of the Government of the Republic of Macedonia and these rules.

8.6. After the assumption of the bonds as specified in point 8.1., the Depository shall make sure that the procedures and the method of operations with the participants in the work of the Depository, the issuer and the bond holders are carried out in an appropriate fashion so that they can exercise their rights without any hindrance, as is defined in the Law on the method and the procedure for repayment of foreign currency deposits of the citizens of guaranteed by the Republic of Macedonia.

8.7. The transfer of ownership of bonds on the basis of use of the bonds in accordance with article 17 of the Law on the method and the procedure for repayment of foreign currency deposits of the citizens of guaranteed by the Republic of Macedonia is effected by way of transfer of bonds from the account of the grantor to the account of the recipient in a manner and procedure specified with these Rules and the instructions issued by the Depository.

8.8. The instructions and the other acts defining the operations of the Depository shall be issued within 30 days from the date of adoption of these Rules.

8.9. With the establishment of the Depository, activities carried out by the Payment transactions bureau as an institution authorized to perform activities of a Central Securities Depository shall be transferred to the Depository.

8.10. These rules shall come into force after the Securities and exchange Commission has give its approval thereto.

President od the Board of Directors
Antiqona Bukleska Mladenovic